

SCHOOL EXPENDITURE PROFILE REPORT

1.0 EXECUTIVE SUMMARY

- 1.1 School education accounts for a significant proportion of local authority expenditure. Audit Scotland published a report in June 2014 analysing education expenditure together with detail and commentary on the attainment and wider outcomes achieved.
- 1.2 The key findings of the Audit Scotland June 2014 report were presented to members of the Community Services Committee in December 2014, with a follow up presentation from Audit Scotland at the March 2015 Committee. Following the presentation, the Community Services Committee requested that a paper, detailing Argyll and Bute school expenditure, be presented at a future committee once the relevant information was available.
- 1.3 This report provides an overview of Argyll and Bute Council's 2014-15 Primary and Secondary school expenditure, categorised at subjective level.
- 1.4 The report also provides some further detail on the allocation of the related elements of Grant Aided Expenditure (GAE) and a comparison with the grant received by the three island authorities.

1.5 RECOMMENDATIONS

It is recommended that the Community Services Committee:

1. Note the expenditure profile of Argyll and Bute schools;
 2. Note the analysis of GAE education related income received by Argyll and Bute Council from the Scottish Government;
 3. Consider how the benchmarking information supports the future scrutiny of Council expenditure on Education Services.
-

SCHOOL EXPENDITURE PROFILE REPORT

2.0 INTRODUCTION

- 2.1 School education accounts for a significant proportion of local authority expenditure. Audit Scotland published a report in June 2014 analysing school education expenditure together with detail and commentary on the attainment and wider outcomes achieved.
- 2.2 The key findings from Audit Scotland's report were presented to members of the Community Services Committee in December 2014, with a follow up presentation from Audit Scotland at the March 2015 Committee. Following the presentation, the Community Services Committee requested that a paper, detailing Argyll and Bute school expenditure, be presented at a future committee once the relevant information was available.
- 2.3 This report provides an overview of Argyll and Bute Council's 2014-15 Primary and Secondary school expenditure, categorised at subjective level.
- 2.4 The report also provides some further detail on the allocation of the related elements of Grant Aided Expenditure (GAE) and a comparison with the grant received by the three island authorities.

3.0 RECOMMENDATIONS

It is recommended that the Community Services Committee:

1. Note the expenditure profile of Argyll and Bute schools;
2. Note the analysis of GAE education related income received by Argyll and Bute Council from the Scottish Government;
3. Consider how the benchmarking information supports the future scrutiny of Council expenditure on Education Services.

4.0 DETAIL

- 4.1 Argyll and Bute Council spent £104.644m on Education in financial year 2014-15, as per the audited financial statements.
- 4.2 Education is the single largest area of council expenditure, accounting for over a third (44%) of the Council's total expenditure on services in 2014-15. This includes a range of Education services and is inclusive of all costs for the service. A breakdown of the service areas and expenditure for the full

£104.644m spent on Education services in 2014-15 is provided in Table 1 below:

Table 1: Total Education Expenditure 2014-15

Category	£m	% Share
Secondary Education	28.165	27%
Primary Education	26.663	25%
Central Costs (includes Support Services, Capital Charges, Pension Adjustments, NDR, Insurances, etc.)	12.439	12%
NPDO	11.843	11%
Additional Support Needs	8.218	8%
Pupil Transport	6.153	6%
Central Education	5.260	5%
Early Years	2.836	3%
Community Education	1.971	2%
School Hostels	1.096	1%
Total	104.644	100%

- 4.3 The two main areas of spend within Education are Primary and Secondary school related and these two areas accounted for approximately 52% of the total expenditure. Table 2 below outlines primary and secondary school expenditure for 2014-15 at subjective level.

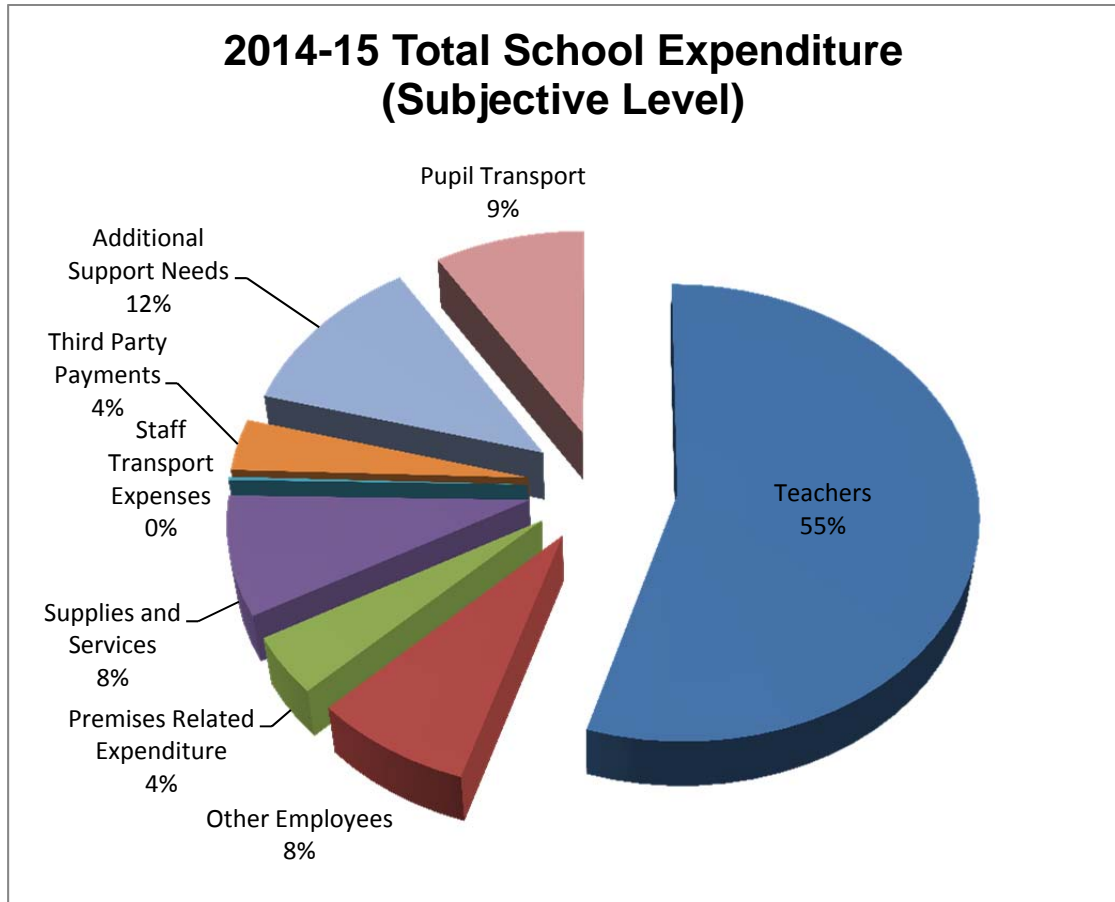
Table 2: Total School Expenditure 2014-15

Subjective Category	Primary £'000	Secondary £'000	Total £'000
Teachers	18,288	19,638	37,926
Other Employees	2,890	2,586	5,476
Premises Related Expenditure	1,687	1,183	2,870
Supplies and Services	3,311	2,538	5,849
Staff Transport Expenses	92	72	164
Third Party Payments	395	2,148	2,543
Total Direct School Expenditure	26,663	28,165	54,828
Additional Support Needs *			8,218
Pupil Transport *			6,153
Total Expenditure			69,199

*Non-devolved school budgets, held centrally and distributed on a needs basis.

- 4.4 The majority of school expenditure in 2014-15 was employee related, with approximately 55% on teaching staff. This percentage information, along with the other subjective categories of education spend, is illustrated in chart 1 below.

Chart 1:



- 4.5 The combined 2014-15 pupil roll for both Primary and Secondary schools was a total of 10,562 pupils. This roll figure, taken with the total direct school expenditure of £54.828m, provides a total average spend per pupil figure of £5,191 for 2014-15. This excludes indirect school running costs such as support service allocations and capital charges as these costs are outwith direct control of the Head Teacher and service.
- 4.6 A breakdown of the total Primary and Secondary school costs outlined above in section 4.5 is included in Appendices 1 and 1.1, these show the average cost per pupil for each individual school. In addition, appendices 2 and 3 provide additional information on the type of expenditure for individual schools.
- 4.7 Benchmarking on spend per pupil across Scotland is carried out by the Improvement Service as part of the Local Government Benchmarking Framework (LGBF). National data is not currently available for 2014-15; the most up to date published data is from 2013-14. The average spend per pupil for Argyll and Bute in 2013-14 was £6,851 and for Scotland £5,514. The split between Primary and Secondary schools is as follows:

	2012-13		2013-14	
	Argyll and Bute	Scotland	Argyll and Bute	Scotland
Primary	5,848	4,752	5,911	4,734
Secondary	7,757	6,427	7,924	6,532
Total	6,744	5,468	6,851	5,514

(Source: Improvement Service website) – Please note these figures are not comparable with the average spend per pupil figure noted at section 4.5 above as these include insurance and support service costs.

- 4.8 Generally the trend is that rural councils, including Argyll and Bute, have the greatest cost per pupil. In 2013-14, Argyll and Bute was ranked 4th highest cost per pupil out of the 32 Scottish local authorities, within a range of between £4,894 and £10,949 for the lowest to highest cost. The 3 Councils with a higher cost per pupil than Argyll and Bute are the 3 island councils (Western Isles, Orkney and Shetland).
- 4.9 The LGBF benchmarking information and the total school expenditure for Argyll and Bute Council outlined in section 4.5 and detailed in the appendices are based on different costs therefore the two figures are not directly comparable. The benchmarking information is extracted from the Local Finance Return (LFR) which is submitted annually to the Scottish Government and is produced on a consistent basis across all Scottish Councils therefore this is the best available indication of our performance against other Councils. The information provided at section 4.5, and outlined in the appendices, is to give members a clearer overview of the running costs, based on the costs that are within the control of the service and to provide information which allows for a like for like comparison between individual schools.
- 4.10 Analysis of Grant Aided Expenditure (GAE) for Teachers

- The Council received GAE for Primary Teaching Staff which, for the current year, is a share of £902.5m distributed across all Scottish Councils. There are two indicators used to determine the distribution share. The main indicator is primary school age population, so that every local authority gets the same per pupil funding. For 2015-16, each local authority received £2,378 in GAE funding per pupil. In addition to this, the secondary indicator is the percentage of pupils in small schools (defined as with a roll of less than 70) and the additional GAE funding allocated as a result of this is noted below:

	GAE Per Pupil in Small Schools	% Pupils in Small Schools
Argyll and Bute	£2,475	23.4%
Western Isles	£2,549	27.0%
Orkney	£2,579	28.7%
Shetland	£2,541	26.6%

Argyll and Bute receive a smaller GAE allocation per pupil however this seems fair given that we have a smaller overall proportion of pupils in small schools. In total, the GAE allocation for Primary School Teaching Staff for 2015-16 was £16.812m.

- GAE is also received in relation to secondary teaching staff. Again, the main indicator relates to secondary school age population and distributes £1.142m across all Scottish councils. The secondary indicator is an Island Adjustment and redistributes £3.4m across the three Island Councils. This is a fixed amount and has not changed since 2001-2002. At the 2014 pupil count Argyll and Bute had 675 pupils in island secondary schools, 209 on Islay, 302 on Rothesay, 25 on Tiree and 139 on Mull. This compares with 1,545 in Western Isles, 1,190 in Orkney and 1,448 in Shetland. No additional GAE is received by Argyll and Bute Council for our island secondary school pupils and our GAE allocation is reduced by £58k as a result of the redistribution to the three Island Councils. In total the GAE allocation for Secondary School Teaching Staff for 2015-16 was £19.361m.
- There is an adjustment through the GAE allocation to redistribute funding for Remoteness and Distant Island Allowance. This GAE redistributes £11m from the 29 “mainland” councils to the 3 Island councils. Western Isles receives £3.4m, Orkney £3.1m and Shetland £4.6m. Argyll and Bute pays island allowances with the actual cost in 2014-15 being £0.150m although the estimate used in the GAE allocation for 2015-16 was £0.099m. Overall, in 2015-16, the Council made a net contribution to the 3 Island Councils of £89k despite having a greater number of inhabited islands (costs of £0.150m plus a contribution of £0.089m equates to a cost arising from this indicator of £0.239m). This is despite around 1,000 primary pupils in Argyll and Bute living on islands.

4.11 It can be seen from the GAE allocations, particularly within secondary education, that Argyll and Bute don't receive the same benefit as Island authorities despite having island communities. However, it is worth noting that there is an element of the local government finance distribution known as the floor mechanism which limits the overall reduction in funding or sets a minimum increase in funding for councils. Argyll and Bute Council currently receives benefit from the floor mechanism and given the falling population it is likely to remain in the floor mechanism for the medium term. This floor mechanism allocated £15.556m to Argyll and Bute Council in 2015-16. There are a wider range of indicators that contribute to our funding, for example Special Islands Needs Allowance and additional allocations to cover new responsibilities and it will be important for the Council to understand the overall impact of all the elements on Argyll and Bute Council's funding.

5.0 CONCLUSION

5.1 Argyll and Bute Council spent £104.644m on Education services in 2014-15, of which £54.828m was spent on Primary and Secondary School Education. Information has been provided on the average cost per pupil for each of the schools and benchmarking information showing how Argyll and Bute performs against other Councils in Scotland.

6.0 IMPLICATIONS

- 6.1 Policy – In line with national and council education policy around attainment and achievement
- 6.2 Financial – No implications arising directly from this report
- 6.3 Legal – No implications arising directly from this report
- 6.4 HR – No implications arising directly from this report
- 6.5 Equalities – the report highlights variations across schools
- 6.6 Risk – No implications arising directly from this report
- 6.7 Customer Service – No implications arising directly from this report

Cleland Sneddon
Executive Director of Community Services

Councillor Rory Colville
Policy Lead for Education and Lifelong Learning

4 November 2015

For further information contact:
Ann Marie Knowles, Head of Education,
Tel: 01369 708474,
email: annmarie.knowles@argyll-bute.gov.uk

APPENDICES

- Appendix 1: Primary – Average Spend per Pupil 2014-15
- Appendix 1.1: Secondary – Average Spend per Pupil 2014-15
- Appendix 2: Primary Education Expenditure (per School) at Subjective Level
- Appendix 3: Secondary Education Expenditure (per School) at Subjective Level