



**ORKNEY**  
ISLANDS COUNCIL

**Item: 5**

**Education, Leisure and Housing Committee: 10 September 2025.**

**Devolved School Management.**

**Report by Director of Education, Communities and Housing.**

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## **1. Overview**

- 1.1. Devolved School Management (DSM) was first introduced in Scotland in 1993. It was piloted across seven schools in Orkney in 1994 and then rolled out to the remaining schools from April 1995. The Scottish Government published formal guidelines on DSM in 2006 and made a further revision to those guidelines in 2012.
- 1.2. The most recent national Devolved School Management Guidelines reflects the Education Reform Programme priorities and principles that emerged from the Scottish Government and Convention of Scottish Local Authorities (COSLA) Education Reform Joint Agreement of 2018.
- 1.3. The Scottish Government, in collaboration with COSLA, developed refreshed national DSM guidance. The updated guidance, published in 2019, clarifies national expectations. Collectively, local authorities undertook to review their local DSM schemes in keeping with the updated guidance.
- 1.4. The Revised Devolved School Management Scheme for Orkney, attached as Appendix 1, adheres to the national guidance and sets out how the local scheme will operate.

## **2. Recommendations**

- 2.1. It is recommended that members of the Committee:
  - i. Approve the Orkney Education Service Scheme of Devolved School Management, attached at Appendix 1 to this report.

### **3. Devolved School Management Principles**

- 3.1. Key principles underpinning Devolved School Management (DSM) are identified in the guidance (Scottish Government 2019) as:
- Subsidiarity and Empowerment.
  - Collaboration.
  - Accountability and Responsibility.
  - Clarity and Equity.
- 3.2. The guidance clearly states that DSM schemes must support the Fair Funding Principles and:
- 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.
- 3.3. Devolved School Management provides an opportunity for individual schools to target resources more precisely. Devolved budgets provide the core funds which schools will use to address current and relevant national and local priorities as set out in the Standards in Scotland's Schools etc Act (2000) and the Education (Additional Support for Learning) (Scotland) Act (2004).

### **4. Devolved School Management in Orkney**

- 4.1. It is recognised that if a scheme of Devolved Management is to continue to provide the basis for the successful operation of schools, then it will have to change and adapt to changing circumstances and to new information.
- 4.2. This scheme of Devolved Management will, therefore, be reviewed regularly, not less than once every 3 years, and amended in light of experience and changing circumstances. This review to be undertaken by a group representative of all stakeholders.
- 4.3. The responsibility for securing the adequate and efficient provision of education and for raising standards in the quality of education lies with the Local Authority. Head Teachers are directly accountable to the Authority in the task of managing their schools and should exercise their devolved management responsibilities in a manner consistent with the Authority's responsibilities. The monitoring of

Devolved School Management will be an element of the audit and quality improvement mechanisms employed by the Council.

- 4.4. Within the Devolved School Management, schools must adhere to national and local agreements in such areas as class sizes, staff structures, length of school day.
- 4.5. The integrity of financial recording by each establishment is central to DSM and is liable to interrogation by Internal Audit.

## **5. Consultation**

- 5.1. In preparing the local guidelines (attached at appendix 1), a short consultation, based on the national model, was undertaken with stakeholders (head teachers, business managers and parent councils). This has been followed up in briefings with Head Teachers and Nursery Managers.
- 5.2. While broadly supporting the design principles used, a common comment was that schools should only have responsibility for the budget over which they can exert control.
- 5.3. Examples where they have responsibility, but feel that they have no control, would include rates and utilities. For the time being however these remain within the scheme as devolved as they are integral to the costs associated with a particular establishment.
- 5.4. Examples of costs not within the scheme are Papdale Halls of Residence and School Meals, as well as services or supports which are managed centrally and deployed flexibly depending on need and demand, for example Instrumental Tuition and School Transport.

## **6. Building Budgets**

- 6.1. Many aspects of the budget allocation process are based on actual costs. As part of budget setting, the out-turn trend, as well as inflation, is also considered. Staffing costs however, which account for around 80% of the budget, are all based on actual costs.
- 6.2. Some aspects of the DSM budget are based on the number of pupils in the school. Given the large number of schools where numbers are small or very small, the concept of a 'budget floor' (minimum allocation) has been applied. The policy also recognises that there are some efficiencies that can be achieved for big or very big schools, consequently the 'multiplier' used to calculate the budget allocation is banded, based on the number of pupils on roll.

- 6.3. In reviewing the historic budget allocation process, some iniquitous distribution points have been noticed. Consequently, while phasing in the new model, some schools will experience a lower budget share, while others will see an increase. 'Levelling up' (so no reduction for any school was necessary, meaning some schools would 'remain the same' and the others would all receive more) was explored, however this was not achievable within the overall budget envelope.
- 6.4. The overall budget envelope, set by the Council each year will ultimately determine the allocation of funds. In order to avoid having to annually review the per capita multipliers, the concept of fractional allocation is built in. This means the formula will generate an initial figure, but this will be proportionally adjusted so the sum of the allocations remains within budget.

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**Implications of Report**

1. **Financial** - The Devolved School Management Scheme operates within the overall annual budget allocation for Education services and must still comply with the Council's Financial Regulations. Consequently, there are no additional financial implications arising from this report.
2. **Legal** - Devolved School Management Guidelines are issued to local authorities by Scottish Ministers under Section 13 of the Standards in Scotland's Schools etc Act 2000. The legal responsibility for securing the adequate and efficient provision of education and for raising standards in the quality of education lies with the Local Authority. Head Teachers are directly accountable to the Authority in the task of managing their schools and should exercise their devolved management responsibilities in a manner consistent with the Authority's responsibilities. Approval of the Scheme of DSM ensures that the Council complies with its obligations under section 13 and the aforementioned guidelines
3. **Corporate Governance** – Not Applicable.
4. **Human Resources** – Whilst there are no immediate Human Resource implications arising out of the proposed changes to Devolved School Management, it is important that Head Teachers and other school management posts should remember that the management of Council staffing, posts and their overall establishment must be carried out in line with agreed Council governance and Human Resources Policies and Procedures, and that governance approval and contracts of employment must be in place before any changes are implemented.

5. **Equalities** – An Equality Impact Assessment is attached at Appendix 2.
6. **Island Communities Impact** – An Island Communities Impact Assessment is attached at Appendix 3.
7. **Links to Council Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Council Plan strategic priorities:
  - ☐ Growing our economy.
  - ☐ Strengthening our Communities.
  - ☒ Developing our Infrastructure.
  - ☒ Transforming our Council.
8. **Links to Local Outcomes Improvement Plan:** The proposals in this report support and contribute to improved outcomes for communities as outlined in the following Local Outcomes Improvement Plan priorities:
  - ☐ Cost of Living.
  - ☐ Sustainable Development.
  - ☒ Local Equality.
  - ☐ Improving Population Health.
9. **Environmental and Climate Risk** - Not applicable.
10. **Risk** - Not applicable.
11. **Procurement** - Not applicable.
12. **Health and Safety** - Not applicable.
13. **Property and Assets** - Not applicable.
14. **Information Technology** - Not applicable.
15. **Cost of Living** - Not applicable.

### List of Background Papers

Devolved School Management (National) Guidelines:

[www.gov.scot/publications/devolved-school-management-guidelines/](http://www.gov.scot/publications/devolved-school-management-guidelines/)

Scottish Government and COSLA Education Reform Joint Agreement of 2018:

[www.gov.scot/binaries/content/documents/govscot/publications/agreement/2018/06/education-bill-policy-ambition-joint-agreement/documents/00537386-pdf/00537386-pdf/govscot%3Adocument](http://www.gov.scot/binaries/content/documents/govscot/publications/agreement/2018/06/education-bill-policy-ambition-joint-agreement/documents/00537386-pdf/00537386-pdf/govscot%3Adocument)

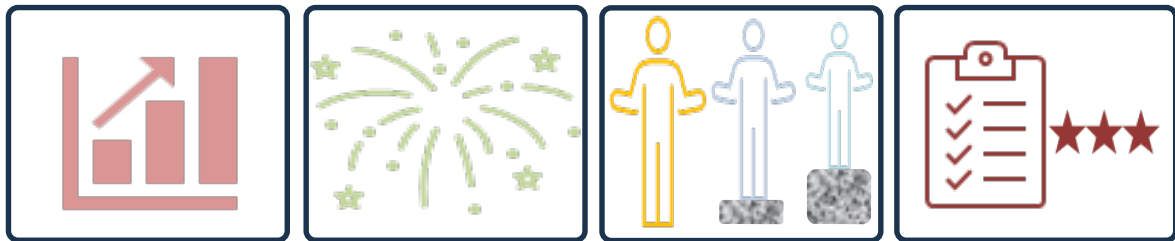
### Appendices

Appendix 1 – Orkney Education Service Devolved School Management (DSM) 2025.

Appendix 2 – Equality Impact Assessment.

Appendix 3 – Island Communities Impact Assessment.

# Orkney Education Service Scheme of Devolved School Management



‘excellence and equity in education’

## August 2025

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## Version Control

Document Reference.	Revision.	Issue Date.	Reason for Issue.	Reviewer.	Sign.
	1.1.	May 2023.	Initial Draft of Revised Scheme in line with new Guidelines.	Service Manager (Area).	
	1.2.	July 2023.	Revised Draft of policy and guidance.		
	2.0	September 2025.	Final.		

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# 1. Introduction

The Scheme of Devolved School Management (DSM) was originally introduced nationally in 1993 to enhance and improve the management of resources at school level. National 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 Scheme of Devolved School Management as part of the wider "Fair Funding to Achieve Excellence and Equity in Education" consultation.

The current national [DSM guidelines](#), published in summer 2019, set out to build and improve on the DSM Guidelines of 2012 and, critically, reflect and integrate with the Education Reform Programme and priorities emerging from the Scottish Government and COSLA Education Reform Joint Agreement of June 2018.

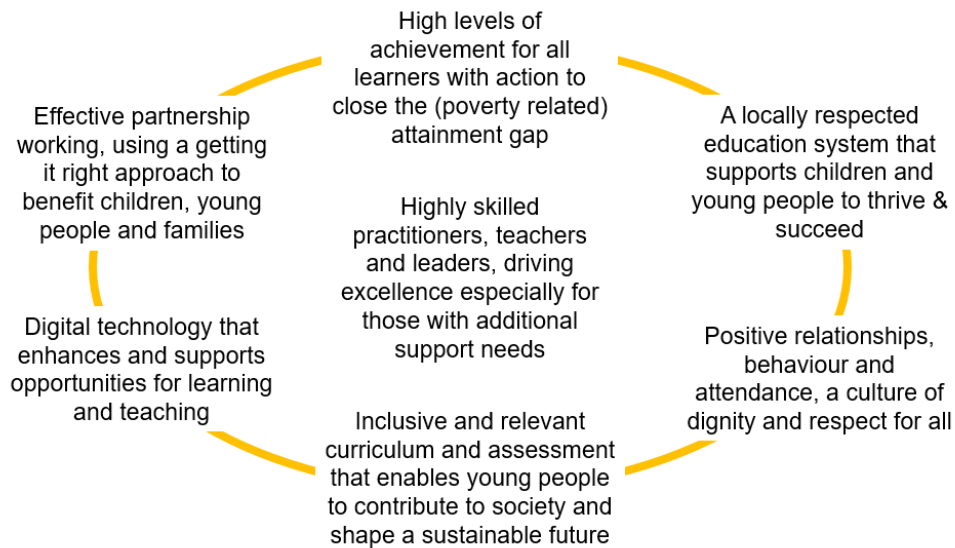
The Orkney Islands Council Scheme of Devolved School Management was originally introduced in 1994. The current scheme is the result of a review and revision to take account of the current economic drivers and conditions, as well as ensure that Orkney Islands Council Scheme of Devolved School Management policy and practice reflects the 2019 Guidelines.

The Education Service prepared the Scheme of Devolved School Management scheme through collaboration and consultation with a wide range of stakeholders and continues to encourage participation from stakeholders including, schools and parents.

## 2. The Education Service in Orkney

The overall ambition of the education service is for ‘excellence and equity in education’.

Examples of what this means, in terms of outcomes, are given below:



*Figure 1 Examples of excellence and equity in practice*

Schools are expected to prioritise actions to realise this ambition, within the context for the community they serve.

With this in mind, the Scheme of Devolved School Management is designed to ensure that each school and setting has an equitable allocation of resources to deliver an appropriate learning experience for each child and young person.

### **3. Principles of The Scheme of Devolved School Management (DSM)**

The national determined principles of the Scheme of Devolved School Management (DSM) are:

- Subsidiarity and Empowerment.
- Collaboration.
- Accountability and Responsibility.
- Clarity and Equity.

The Scheme of Devolved School Management supports the operation of the learning estate across the Orkney community.

The Scheme of Devolved School Management is intrinsically linked to the improvement planning process and enables schools to plan for improvement and raise educational attainment within the community served.

The Scheme of Devolved School Management operates within the Council's overarching Financial Regulations and Contract Standing Orders. Through this process decision-making powers and budgetary responsibilities are devolved to managers to respond to local needs.

The Scheme of Devolved School Management takes account of the range of strategic policy frameworks and objectives that impact on children's services including, for example, the National Improvement Framework, the Scottish Attainment Challenge and the 'Promise', as well as Getting it Right for Every Child.

## **4. Role of Parent Council**

Parental involvement is welcomed and recognised as being essential in developing a strong partnership between parents and schools. Research has shown that children do better if their parents are involved in their education. Whatever that sphere of involvement may be it is greatly appreciated and welcomed.

Parent Councils help parents and carers to become more actively and effectively involved in their children's learning. They were established under the Scottish Schools (Parental Involvement) Act 2006 in recognition of the important role that parents can play, both in their own children's learning, and in the life of a school.

The role of the Parent Council is to:

- support the school in its work with children and young people.
- represent the views of parents and carers to Headteacher, Education Authority and Education Scotland.
- encourage links between the school, parents and carers, children and young people, pre-school groups and the wider community.
- report on the Council's activities to the members of the Parent Forum.

Parent Councils play an important part in providing opportunities for parents to get involved in ways that suit them and to support their school in getting the best education for their children and young people.

As part of the routine report to Parent Council meetings, Headteachers should update their Parent Council on their school budget throughout the school year.

## 5. Budget Overview

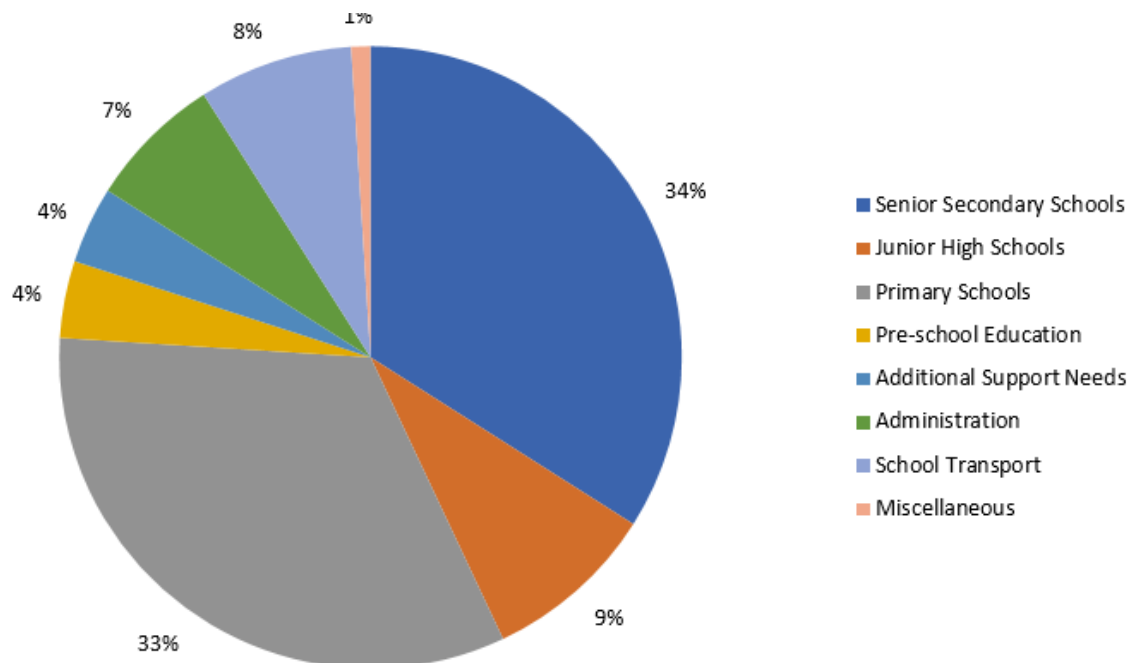
The Scheme of Devolved School Management aims to ensure that there is a balance between democratic accountability in delivering a key public service and the managerial freedom and flexibility to exercise initiative and ensure the efficient and effective use of resources.

Devolved management delegates managerial responsibility to the most appropriate level. Whilst this will result in the majority of the available resources being delegated to individual school level, due account will be given to certain services where an individual school need cannot be reasonably predicted from the outset, or where they relate to the needs of an individual child or young person.

In regard to funding, the Council will continue to be responsible for the overall education budget and the delegation of funding to schools. Head teachers will make decisions on the spending within that delegated budget. The scheme ensures that there is transparency throughout the process and that budgets are allocated equitably.

Orkney Islands Council's revenue budget is routinely published on the Council website and this includes details of the budget allocated to Education.

The figure below illustrates, in general terms, how this budget is then distributed across the various parts of the service:



*Figure 2 illustrative distribution of education budget across education functions*

Whilst heads of establishment are to be given maximum flexibility over their budgets and have access to an oversight of the total running costs for each establishment, 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 an establishment manager.
- have unacceptable levels of risk.
- benefit from economies of scale,

Some examples of this are given below:

- Long term absence cover.
- Home to school pupil transport.
- School meals.
- School Care Accommodation.
- School clothing grants.
- Education Maintenance Allowances.
- Local Authority Information Management Systems (SEEMIS).
- Recruitment.
- Capital expenditure and contracted work on managing the school estate.
- Property Insurance.
- Corporate support function costs for example Finance and Legal functions.

It is important however, that senior leaders are aware of the total cost of running the establishment that they are responsible for, therefore the relevant sector lead will, throughout the year, keep Head Teachers apprised of the overall financial position relating to the establishment they manage.

Where a non-devolved expenditure exceeds the budget set, initial actions legitimately include seeking to balance the overall budget using any underspend within the devolved elements.

## 6. Areas Devolved to schools

The budgets for the following areas are devolved to school managers:

**Teaching (devolved)**, used to cover the cost of – basic pay (with oncosts) of the teaching staff associated with the establishment; (teaching) staff travel costs; (teaching) staff subsistence claims.

**Non-teaching (Devolved)**, used to cover the cost of – basic pay (with oncosts) of the staff (not teachers) associated with the establishment; rates and water rates; (non-teaching) staff travel costs; (non-teaching) staff subsistence claims.

**School Management (Devolved)**, used to cover the cost of – short term cover (supply), including paid Leave of Absence; energy, minor repairs and maintenance, cleaning supplies, other property costs; requisition and other costs directly associated with learning, teaching and assessment, medical supplies (for example, defibrillators and general PPE); costs associated with Information Technology; pupil travel (including excursions and outdoor education); office supplies, telephony, photocopying, other costs in-directly associated with learning, teaching, and assessment (note: administration costs include Early Learning and Childcare, irrespective of the provision of a Nursery Manager).

**Early Learning and Childcare (ELC)**, used to cover the cost of – basic pay (with oncosts) of the staff; cover (supply), including paid Leave of Absence; Requisition and Other Costs directly associated with the provision; Medical Supplies; Care Supplies (including setting specific PPE); (ELC) staff travel costs.

**Pupil Equity Fund (PEF)**, used to cover the cost of – basic pay (with oncosts) of the teaching staff associated with the establishment; requisition and other costs directly associated with the provision (including directly commissioned project work); staff travel costs; staff subsistence claims.

The Pupil Equity Fund is (effectively) ring fenced and may only be used for PEF related activity.

PEF planning and reporting (spend and impact) are covered by separate guidance.

## 7. Building the Budget

The principles of setting budget types are set out below. Full details are given in Appendix 1. The Head of Education is responsible for ensuring that budgets are built in accordance with the principles and guidance set out within this document.

Where the budget derived from a formula exceeds the total budget available, universal percentage capping will apply. For example, in a particular year, the total DSM budget made available to Head Teachers is actually 99.3% of the formula derived budget. Should this be necessary, the percentage applied will be indicated at the point indicative budgets are published.

Pupil numbers vary from year to year, and also within year. To accommodate this variation, the budget made available to Head Teachers at the start of the financial year will be built on the roll figures recorded at the census point in the previous September. Budgets will then be adjusted following the next census in the following September.

Where there is a significant (percentage) roll change outside of these check points, a review can be requested either by the head teacher or relevant service manager.

**Staffing:** Staffing budgets are built on projected actual costs. Projected staffing will be reviewed and revised annually and the budget adjusted accordingly.

Staff allocations will be based on the Council's current (sector related) Staffing Policies.

Where national targets for teacher numbers (and/or maintaining FTE) have been set, allocations and budgets will reflect this.

The Authority staffs its resourced facilities for pupils with special needs according to the number of pupils and an assessment of their needs.

The real cost of providing staffing is calculated for the forthcoming financial year through the annual staffing exercise, basing the calculation on the actual staff who are expected to be in post, plus an estimate for vacancies (which may thereafter be adjusted). This figure is given to schools as their staffing budget.

From time-to-time staffing budgets may be adjusted, and mandated, through the Council's budget setting process.

Posts that are vacant at the point the budget is set may be calculated at the grade average.

An allowance will be built in during budget setting for anticipated pay awards.

Any changes within staffing including hours of posts, post titles, creation of new posts, extension of existing temporary posts etc. from the agreed establishment, must be made in line with the Council's governance processes and relevant Human Resources Policies and Procedures, before these changes can be implemented.



**Supply Staff:** An overall supply/relief staff budget is included. This is broadly calculated on the number of 'classes' there are in the school, however the budget needs to cover the full range of relief needs.

Any changes within staffing including recruiting supply staff, issuing of fixed term temporary contracts for supply teachers, or temporary contracts for support staff must be made in line with the Council's governance processes and relevant Human Resources Policies and Procedures, before these changes can be implemented.

**Non-Staff Budgets:** In principle these budgets will seek to reflect the rolling average (previous 3 years) with a standard uplift for inflation.

Should this (across all establishments) exceed the total budget allocation available, a uniform percentage reduction will apply. Should this be required, an action will be entered into the service risk register.

**Requisition and Other Costs Directly Associated with Learning:** In principle these budgets will be linked to roll. A minimum (floor) will apply, and an additional uplift will be added to the budget for inner and outer isles schools.

The roll related multiplier will taper (reduce as pupil numbers increase), in order to acknowledge the potential for 'economies of scale' in the bigger settings.

Multipliers will be reviewed annually and adjusted to reflect inflation.

**Repairs and Maintenance:** A corporate programme related to lifecycle repairs and maintenance is managed by the Council's Property Team. This is reviewed annually, in line with the analysis of the Learning Estate Condition Surveys and takes account of the budget available to progress works identified.

Any defects should be reported and logged via Concerto, the Council's property and estate management system.

Head teachers are responsible for instructing minor repairs and the budget is constructed to reflect this. For example, if it is necessary to make good a broken window, the charge would be against the devolved budget; if there are burst pipes, faults in the electrical or heating system, or choked drains, the work would be a charge on the retained budget.

This includes minor repairs and improvements to Community facilities, and the repair of items damaged by Community use. For Community Schools, the annual levy (charged to Community Associations) will be used to offset overall running costs including repairs. This arrangement covers ordinary usage and not misuse of the estate, which should be pursued directly with the relevant user group.

Repairs and improvements in relation to Swimming Pools, the Hydrotherapy Pool and Fitness Suites are not met from the devolved budget.

Detail for each element of school budget is given in Appendix 1.

## 8. Transfer of Funds and Carry-over

All devolved budgets may be spent on any other part of the devolved budget, and any overspends must be met from other parts of the devolved budget.

The funds are interchangeable subject to the Head teacher continuing to meet whatever standards and limitations are written into the budgets.

A December review of the budget will be included in the Authority's arrangements and information will be provided to allow Head teachers to make decisions about transferring funds.

Individual budgets are not carried over from year to year, but the devolved budgets of a school are aggregated, and a surplus may be carried over by the Head of Education to the following year subject to the following limitations beyond which surpluses are not allowed to accumulate:

Small Primary Schools (roll 200 or less including nursery)	- £4,000
Large Primary Schools (roll over 200 including nursery)	- £8,000
Junior High Schools	- £8,000
Six-year Secondaries	-£70,000

If surpluses are likely to exceed these figures for valid reasons, the Head Teacher must obtain special permission to carry-over the sum from the Head of Education, otherwise carry-over will be limited to the above amounts. The amount of carry-over may be varied by the Authority to allow for inflation or for other reasons. Where overall costs (devolved and non-devolved budget lines) exceed the allocated budget, a carry forward would not normally be permitted.

If, due to exceptional circumstances, an over-spend in excess of half of the figure shown in the table seems likely to occur, the Head Teacher must immediately inform the Authority of the circumstances. Overspending is subtracted from the following year's devolved budgets.

The Authority reserves the right to alter these arrangements in circumstances which might result in the Authority being disadvantaged.

## **9. School Fund**

The School Fund exists to enable to purchase of resources to enhance curriculum, pastoral and other school-related provision for pupils. It is the intention that the Fund should provide items which will enhance and enrich the students' education over and above those provided for through the school's delegated budget, as well as equipment which will improve the learning experience. For further information please refer to the OIC School Fund Procedure Manual.

## **10. General Information on the Scheme of Devolved School Management**

Orkney Education Service, the Scheme of Devolved School Management is compliant with and operates within the Council's Financial Regulations, Scheme of Delegation to Officers, Local Code of Corporate Governance and Procurement Strategy.

The Council must secure Best Value in accordance with Section 1 of the Local Government Scotland Act 2003. Value for money is a key aspect of Best Value Principles and all decisions regarding resource use at school level should provide this. Head teachers are expected to deploy the school's budget in accordance with best value principles.

In order to operate DSM and manage budgets, appropriate key personnel have access to the Council's financial system, Integra. This is also the same system used to order goods and services.

## **11. Publication**

A full copy of the scheme will be maintained to view on the Orkney Islands Council Website, with links also available on school websites to ensure easy access to all stakeholders.

## 12. Training and Support

The authority will implement a rolling programme of training in order to ensure that the Head Teachers, managers, and key administrative staff are familiar with the procedures associated with the scheme. The training will be provided through dedicated DSM training sessions, induction training and general presentations at Head Teachers meetings. One to one meetings will also be available for further or bespoke training. Training will cover all aspects of DSM scheme.

This training is envisaged as a two-way process in the course of which Head teachers will suggest ways in which procedures can be improved and will identify the information they need to enable them to manage their devolved budgets in an efficient way.

Training will be made available for other staff both in and out with schools who are likely to be involved in handling any aspect of the devolved or associated (eg retained) budget(s).

Elected members, Trade Union and Parent Council representatives (and individual Parent Councils, by arrangement) will have access to a relevant awareness raising training programme.

The authority will provide guidance to schools on accounting and will provide training, where requested on computerised accounts.

Professional support will be available from:

- Service Managers Education.
- Quality Improvement Officer.
- Administration and Finance Officers.
- Accounting Team.
- Procurement Services.
- Legal Service.
- IT.

### **13. Monitoring and Evaluation by the Authority**

The Authority has the responsibility for setting budgets for each school in each of the devolved areas before the beginning of the financial year. It has the responsibility for providing clear information on which budget decisions can be taken.

The Authority retains ultimate responsibility for the quality of service in areas of the Scheme of Devolved School Management. It intends to meet its responsibilities by setting standards against which monitoring and evaluation can take place.

The Authority has the ultimate responsibility of taking appropriate action and providing support in cases where the management of devolved expenditure has encountered difficulties.

The Head teacher's management of the devolved budget is subject to certain requirements:

- a) The Head teacher must ensure that the school continues to meet national statutory requirements, policies, standards and conditions.
- b) The Head teacher must continue to meet curricular and other policies and standards which have been adopted by the Authority.
- c) The Head teacher must ensure that the school meets Health and Safety legislation.
- d) The Head teacher must ensure that the school operates the Authority's Equal Opportunities Policies.
- e) The Head teacher must maintain the confidence of parents, staff, Parent Council and the Authority in areas relating to devolved expenditure.
- f) When the Head teacher has received devolved funds to cover community use or nursery provision, there is an obligation to use the funds in such a way as to foster good relations with all those who have an interest in these uses.

The monitoring and evaluating of the scheme will be conducted with three purposes in mind:

- 1. To review financial procedures.
- 2. To advise the Head teacher whether value-for-money is being obtained.
- 3. To ensure that national and local standards are maintained in areas of devolved expenditure.

Monitoring and evaluation will be conducted by the Council's Internal Audit team. Following discussion of the results of this process, the Head teacher will be obliged to act on any written instruction relating to the devolved budget.

Quality assurance will continue to be pivotal in all DSM reviews. All reviews will ensure that our scheme continues to support Head Teachers to manage their budget through applying the account principles of DSM and the National Improvement Framework to ensure every child has an opportunity to succeed.

## **14. Consultation, Engagement and Transparency**

The Scheme of DSM has been developed in consultation and collaboration with stakeholders including Education Managers, Head Teachers, Finance Colleagues, and Parent Council Representatives.

The Scheme of DSM expects Head Teachers to continue to consult with staff, Parent Councils, pupils and the wider community on any appropriate matters which may include how school and class resources are allocated.

The Scheme of DSM has been written in plain English in order to maximise engagement and support transparency.

The Council's Scheme of DSM and associated appendices will be maintained on the Council's website, where any amendments or changes will also be noted. Head Teachers should ensure that links are available on their website or newsletter and advise parent and interested parties of its availability.

## Annex 1 - Building the Budget – Line by Line

The table below sets out what activity each budget line should support, and the principles of how annual budgets are set.

The first part of the table refers specifically to the ‘devolved’ part of the budget, the second part then goes on to reference the activities which, as an outcome of consultation with establishment managers, were considered not suitable to be devolved and/or can be more effectively managed to deliver outcomes through central co-ordination.

Title	Subtitle	Purpose	Method of Calculation
Teaching (Devolved).	Staff Costs.	Basic pay (with oncosts) of the teaching staff associated with the establishment.	Establishment FTE derived from approved Staffing Policy; budget based on actual costs. Final figure includes any prescribed efficiency saving.
	Transport, vehicle and plant.	Staff travel costs.	Based on assessment of previous 3 years, adjusted for inflation*.
	Admin.	Staff subsistence claims Itinerant meals and airport car parking. Insurance charges – auto applied by Finance.	Based on 3-year trend, adjusted for inflation*.  Based on FTE.
Non-teaching (Devolved).	Staff Costs.	Basic pay (with oncosts) of the staff (not teachers) associated with the establishment.	Establishment FTE derived from approved Staffing Policy; budget based on actual costs. Final figure includes any prescribed efficiency saving.
	Property Costs.	Rates, water rates, refuse collection, cleaning costs, sanitary/nappy bins emptying, property Insurance.	Based on 3-year trend, adjusted for inflation*.

<b>Title</b>	<b>Subtitle</b>	<b>Purpose</b>	<b>Method of Calculation</b>
	Supplies & Services	Annual Licence costs (eg copyright).	Based on 3-year trend, adjusted for inflation*.
	Transport vehicle and plant	Staff travel costs. Swimming Transport costs. KGS/Glaitness – minibus fuel/garage costs. KGS/SA – transport to Orkney College. KGS /SA pupil daily travel – Orkney Ferries.	Based on 3-year trend, adjusted for inflation*.
	Admin	Insurance charges – auto applied by Finance.	Based on 3-year trend, adjusted for inflation*.
	Third Party Payments	Secondary – SQA exam costs.	Based on 3-year trend, adjusted for inflation*.
School Management (Devolved)	Staff Costs	Supply – short-term sickness absence, development, paid Leave of Absence.	Based on formula: 'floor' of £1000 + 'number of classes' (notional) x £1000 + 'number of teachers' x £400 + 'FTE' x £200 + Adjusted by % for trend/budget constraints.
	Property Costs	Energy, Minor Repairs and Maintenance**, Cleaning Supplies, Other Property	Based on 3-year trend, adjusted for inflation* (includes ELC, primary and secondary as appropriate)



Title	Subtitle	Purpose	Method of Calculation
	Supplies and Services.	Requisition and Other Costs directly associated with learning, teaching and assessment, Medical Supplies (for example, defibrillators and general PPE; Costs associated with Information Technology.	<b>Primary Population</b> 'Floor' of £1,100. 'Floor top up' of £1,200 for isles (ferry/air service access). First 10 pupils, £30/head; 11-25 pupils, £28/head; 26-50 pupils, £26/head; 51-75 pupils, £25/head; 76+ pupils, £20/head. <b>Secondary Population.</b> Floor of £1,250. 'Floor top up'; based on the distribution of core curriculum funding (by 2026 to be incorporated into per capita rate). First 100 pupils, £14/head; 101-500 pupils, £13/head; 501+ pupils, £12/head.
	Transport vehicle and plant.	Discretionary Pupil Travel (including excursions and outdoor education).	Based on 3-year trend, adjusted for inflation*.
	Admin.	Office Supplies, Telephony, Photocopying, Other Costs indirectly associated with learning, teaching, and assessment.	Based on 3-year trend, adjusted for inflation* (note that for admin costs, ELC is included here).
Early Learning and Childcare.	Staff Costs.	Basic pay (with oncosts), cover (supply), including paid Leave of Absence.	Establishment FTE derived from approved Staffing Policy; budget based on actual costs.
	Supplies and Services.	Requisition and Other Costs directly associated with the provision; Medical Supplies;	Lump sum + calculation based on establishment roll.

<b>Title</b>	<b>Subtitle</b>	<b>Purpose</b>	<b>Method of Calculation</b>
		Care Supplies (including setting specific PPE).	
	Transport, vehicle and plant.	Staff travel costs.	Based on 3-year trend, adjusted for inflation*.

\* Adjustment for inflation will vary. % Change will be set in April each year and linked to the overall budget setting process. % chosen may differ across budget headings depending on economic conditions (and variance in inflation across supplies and services generally). It is possible for the adjustment to be set at 0. Where specific savings are targeted, this may be expressed as a negative percentage.

\*\* Life Cycle Costs; Electrical Safety Testing (and other contracted whole Council inspection activity) is budgeted for corporately and does not feature as part of the Education budget and accountancy process. Access to life-cycle repairs and maintenance programme generally follows on from the work of the Building Inspector and reflects the outcomes of the Condition and Suitability Survey update.

\*\*\* Supplies and services budget may be offered as a % of the sum calculated to reflect the overall budget allocated to the service.

### Unique Cost Centres (not devolved)

KGS and Stromness Primary School Only (Schools Investment Programme) – Specifically for the Facility Management (FM) aspects of the programme (repairs and maintenance + life cycle costs)

Title	Subtitle	Purpose	Method of Calculation
<b>SIP Pitches &amp; Building</b>		Facility Management Programme, Repairs and Maintenance, Life-cycle Costs	Based on forecast cost linked to programmed works; budget held and managed by Service Manager, Property

Glaitness Only

Title	Subtitle	Purpose	Method of Calculation
<b>Hydrotherapy Pool.</b>		Chemicals and pool maintenance.	Based on 3-year trend, adjusted for inflation* and managed by Head of Service.

**Centrally managed (not devolved) cost centres, costs shared by all establishments.**

Title	Subtitle	Purpose	Method of Calculation
<b>Teaching Retained.</b>	Staff Costs, Transport, vehicle and plant, Admin.	Long-term absence.	Based on 3-year trend, adjusted for inflation*. Final figure includes any prescribed efficiency saving. Managed by the relevant Service Manager.

<b>Title</b>	<b>Subtitle</b>	<b>Purpose</b>	<b>Method of Calculation</b>
<b>Non-Teaching Retained.</b>	Staff Costs, Transport, vehicle and plant, Admin.	Long-term absence.	Based on 3-year trend, adjusted for inflation*. Final figure includes any prescribed efficiency saving. Managed by the relevant Service Manager.
<b>Primary Recruitment.</b>	Staff Costs, Transport, vehicle and plant, Admin.	Staff recruitment including candidate expenses.	Based on 3-year trend, adjusted for inflation* Managed by the relevant Service Manager.
<b>Junior High Recruitment.</b>	Staff Costs, Transport, vehicle and plant, Admin.	Staff recruitment including candidate expenses.	Based on 3-year trend, adjusted for inflation* Managed by the relevant Service Manager.
<b>Secondary Recruitment.</b>	Staff Costs, Transport, vehicle and plant, Admin.	Staff recruitment including candidate expenses.	Based on 3-year trend, adjusted for inflation* Managed by the relevant Service Manager.

**Centrally managed cost centres, service delivered across schools/settings (as appropriate)**

<b>Title</b>	<b>Subtitle</b>	<b>Purpose</b>	<b>Method of Calculation</b>
<b>Early Learning and Childcare.</b>		Centrally based and deployed support; Partnership Provision (ELC); 3 <sup>rd</sup> Sector Funding (Home Start); supplies and services; staff travel and subsistence; recruitment.	Establishment FTE derived from approved policy; budget based on actual costs; vacant posts estimated at the lowest point on the relevant pay scale, 3 <sup>rd</sup> Sector Funding determined by Service Level Agreement; transfer of additional resources to settings based on floor and number enrolled. Final figure includes any prescribed efficiency saving. Managed by the relevant Service Manager.
<b>Additional Support Needs.</b>		Centrally based and deployed support; Educational Psychology; SEAL; supplies and services; Out of Orkney Placements, supply; staff travel and subsistence; recruitment.	Establishment FTE derived from approved policy; budget based on actual costs; vacant posts estimated at the lowest point on the relevant pay scale; Out of Orkney Placements determined by contract and/or level of assessed reclaim (if another local authority). Final figure includes any prescribed efficiency saving. Managed by the relevant Service Manager.
<b>Administration and Quality Development.</b>		Education Resources.  staff based in School Place; authority learning events (specific and annual).	Establishment FTE derived from approved policy; budget based on actual costs. Final figure includes any prescribed efficiency saving. Managed by the relevant Service Manager.
<b>Assistance for Students.</b>		Grants, bursaries, EMA, clothing allowance and FME.	Estimate based on 3 previous years demand. Managed by the relevant Service Manager.

<b>Title</b>	<b>Subtitle</b>	<b>Purpose</b>	<b>Method of Calculation</b>
<b>School Meals.</b>		Staff costs; supplies and services; recruitment.	Based on 3-year trend, adjusted for inflation* Managed by the relevant Service Manager.
<b>School Transport.</b>		Contract costs; additional needs transport; procurement.	Determined by contract commitments with appropriate adjustment for inflation.
<b>School Crossing Patrol.</b>		Staff costs; recruitment.	Establishment FTE derived from approved policy; budget based on actual costs. Managed by the relevant Service Manager.
<b>Parent Council.</b>		Grant; insurance; expenses.	Lump sum, adjusted for inflation. Managed by the relevant Service Manager.



## Equality Impact Assessment Template

The purpose of an Equality Impact Assessment (EqIA) is to improve the work of Orkney Islands Council by making sure it promotes equality and does not discriminate. This assessment records the likely impact of any changes to a proposal or changes by anticipating the consequences and making sure that any negative impacts are eliminated or minimised and positive impacts are maximised.

Should you have any questions or wish for your draft EqIA to be reviewed by our Equality, Diversity and Inclusion Adviser, please contact [OD@orkney.gov.uk](mailto:OD@orkney.gov.uk).

### 1. Identification of the Proposal or Change

Name of proposal or change being assessed.	Devolved School Management.
Responsible Service and Directorate.	Education, Communities and Housing.
Date of assessment.	08/08/2025.
Is the proposal or change existing? (Please indicate if the service is to be deleted, reduced or changed significantly).	Existing.

### 2. Primary Information

What are the intended outcomes of the proposal or change?	The overall ambition of the education service is for 'excellence and equity in education'. Devolved school management is intrinsically linked to the improvement planning process and enables schools to plan for improvement and raise educational attainment within the community served.
Is the proposal or change strategically important?	No, there is a model already in place. This is a review that ensures equality across the existing schools.

State who is or may be affected by this proposal or change, and how?	All school stakeholders.
How have stakeholders been involved in the development of this proposal or change?	<p>School managers (head teachers, business managers, other senior leaders) and Parent Council representatives were consulted and have had an opportunity to comment at different stages of production.</p> <p>Young people have not been engaged in this review but we will endeavour to do so where appropriate at the next review point.</p>
<p>Is there any existing data and / or research relating to equalities issues in this policy area? Please summarise.</p> <p>E.g. consultations, national surveys, performance data, complaints, service user feedback, academic / consultants' reports, benchmarking.</p>	<p>The national determined principles of Devolved School Management (DSM) are:</p> <ul style="list-style-type: none"> <li>· Subsidiarity and Empowerment.</li> <li>· Collaboration.</li> <li>· Accountability and Responsibility.</li> <li>· Clarity and Equity.</li> </ul> <p>Ref <a href="http://www.gov.scot/publications/devolved-school-management-guidelines/documents/">www.gov.scot/publications/devolved-school-management-guidelines/documents/</a></p>
<p>Is there any existing evidence relating to socio-economic disadvantage and inequalities of outcome in this policy area? Please summarise.</p> <p>E.g. For people living in poverty or for people of low income. See <a href="#">The Fairer Scotland Duty Guidance for Public Bodies</a> for further information.</p>	<p>DSM takes account of the range of strategic policy frameworks and objectives that impact on children's services including, for example, the National Improvement Framework, the Scottish Attainment Challenge and the 'Promise', as well as Getting it Right for Every Child.</p>
Could the proposal or change have a differential impact on any of the following equality areas?	Please provide any evidence – positive impacts / benefits, negative impacts and reasons:
1. Race: this includes ethnic or national groups, colour and nationality.	No.
2. Sex: a man or a woman.	No.



3. Sexual Orientation: whether a person's sexual attraction is towards their own sex, the opposite sex or to both sexes.	No.
4. Gender Reassignment: the process of transitioning from one gender to another.	No.
5. Pregnancy and maternity.	No.
6. Age: people of different ages.	Yes, DSM is intrinsically linked to the improvement planning process and enables schools to plan for improvement and raise educational attainment within the community served.
7. Religion or beliefs or none (atheists).	No.
8. Disability: people with disabilities (whether registered or not).	Yes, DSM takes account of the range of strategic policy frameworks and objectives that impact on children's services including, for example, Getting it Right for Every Child.
9. Marriage and Civil Partnerships.	No.
10. Caring responsibilities	No.
11. Socio-economic disadvantage.	Yes, DSM takes account of the range of strategic policy frameworks and objectives that impact on children's services including, for example, the National Improvement Framework, the Scottish Attainment Challenge, which has at the core making a difference to those affected by economic challenge (child poverty).
12. Care experienced.	No differential outcome anticipated.

### 3. Impact Assessment

Does the analysis above identify any differential impacts which need to be addressed?	No.
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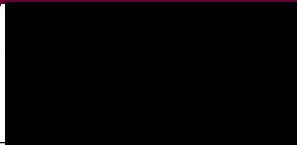
Does the analysis above identify any potential negative impacts?	No.
Do you have enough information to make a judgement? If no, what information do you require?	Yes.

#### 4. Equality Impact Assessment Action Plan

Please complete the following action plan where you have identified any differential impacts or potential negative impacts in Section 3 of the Equality Impact Assessment.

Impact Identified	Action to be taken	Owner	How will it be monitored	Date Action to be completed

#### 5. Sign and Date

Signature:	
Name:	Peter Diamond
Date:	08/08/2025

## Island Communities Impact Assessment

### Devolved School Management

Preliminary Considerations	Response
Please provide a brief description or summary of the policy, strategy or service under review for the purposes of this assessment.	Orkney Education Service Devolved School Management.
Step 1 – Develop a clear understanding of your objectives	Response
What are the objectives of the policy, strategy or service?	The overall ambition of the education service is for 'excellence and equity in education'.
Do you need to consult?	No, consultation carried out with school managers and Parent Councils.
How are islands identified for the purpose of the policy, strategy or service?	The strategy is for all inhabited islands within Orkney Islands Council's authority.
What are the intended impacts/outcomes and how do these potentially differ in the islands?	DSM policy and guidance is designed to ensure that each school and setting has an equitable allocation of resources to deliver an appropriate learning experience for each child and young person.
Is the policy, strategy or service new?	Revision.
Step 2 – Gather your data and identify your stakeholders	Response
What data is available about the current situation in the islands?	Devolved School Management (DSM) was first introduced in Scotland in 1993. It was piloted across seven schools in Orkney in 1994 and then rolled out to the remaining schools from April 1995. The Scottish Government published formal guidelines on DSM in 2006 and made a further revision to those guidelines in 2012.
Do you need to consult?	No: Consultation with head teachers (including those responsible for schools on the inner and outer isles), as well as representatives of

	the parent communities, completed as part of the policy development.
How does any existing data differ between islands?	Access to facilities and services are different between the outer Isles and mainland Orkney.
Are there any existing design features or mitigations in place?	DSM (where based on actual cost) helps to ensure equity for island communities.
Step 3 – Consultation	Response
Who do you need to consult with?	N/A.
How will you carry out your consultation and in what timescales?	N/A.
What questions will you ask when considering how to address island realities?	N/A.
What information has already been gathered through consultations and what concerns have been raised previously by island communities?	No specific issues raised.
Is your consultation robust and meaningful and sufficient to comply with the Section 7 duty?	Yes.
Step 4 – Assessment	Response
Does your assessment identify any unique impacts on island communities?	No, however, policy provides uplift for both island and small schools in order to improve equity of resource distribution. Policy also offers budgets based on actual costs which takes into account the wide variation in both the estate and the running cost of the estate.
Does your assessment identify any potential barriers or wider impacts?	No.
How will you address these?	NA

**You must now determine whether in your opinion your policy, strategy or service is likely to have an effect on an island community, which is significantly different from its effect on other communities (including other island communities).**

If your answer is **No** to the above question, a full ICIA will NOT be required and **you can process to Step 6.**

If the answer is **Yes**, an ICIA must be prepared and **you should proceed to Step 5.**

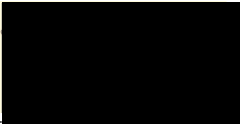
To form your opinion, the following questions should be considered:

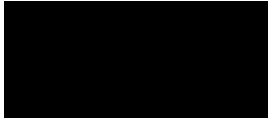
- Does the evidence show different circumstances or different expectations or needs, or different experiences or outcomes (such as different levels of satisfaction, or different rates of participation)?
- Are these different effects likely?
- Are these effects significantly different?
- Could the effect amount to a disadvantage for an island community compared to the Scottish mainland or between island groups?

Step 5 – Preparing your ICIA	Response
In Step 5, you should describe the likely significantly different effect of the policy, strategy or service:	N/A.
Assess the extent to which you consider that the policy, strategy or service can be developed or delivered in such a manner as to improve or mitigate, for island communities, the outcomes resulting from it.	N/A.
Consider alternative delivery mechanisms and whether further consultation is required.	N/A.
Describe how these alternative delivery mechanisms will improve or mitigate outcomes for island communities.	N/A.
Identify resources required to improve or mitigate outcomes for island communities.	N/A.
Stage 6 – Making adjustments to your work	Response

Should delivery mechanisms/mitigations vary in different communities?	No.
Do you need to consult with island communities in respect of mechanisms or mitigations?	No.
Have island circumstances been factored into the evaluation process?	Yes.
Have any island-specific indicators/targets been identified that require monitoring?	No.
How will outcomes be measured on the islands?	Through budget monitoring aligned with evaluations of school effectiveness (Standards and Quality Reports).
How has the policy, strategy or service affected island communities?	DSM supports school managers to meet the needs of the community served by their school.
How will lessons learned in this ICIA inform future policy making and service delivery?	The potential impacts of changes will always be considered and help inform future decision making.
<b>Step 7 – Publishing your ICIA</b>	<b>Response</b>
Have you presented your ICIA in an Easy Read format?	No.
Does it need to be presented in Gaelic or any other language?	No.
Where will you publish your ICIA and will relevant stakeholders be able to easily access it?	Orkney Islands Council's Website with relevant Education, Leisure and Housing Committee Report and Minutes.
Who will signoff your final ICIA and why?	James Wylie, Director of Education, Communities and Housing.

ICIA completed by:	Peter Diamond
Position:	Head of Education

Signature:	
Date complete:	12/08/2025

ICIA approved by:	James Wylie
Position:	Director of Education, Communities and Housing
Signature:	
Date complete:	25/08/2025