

# Shetland Islands Council



## Annual Cost of Secondary Education per Pupil in Shetland

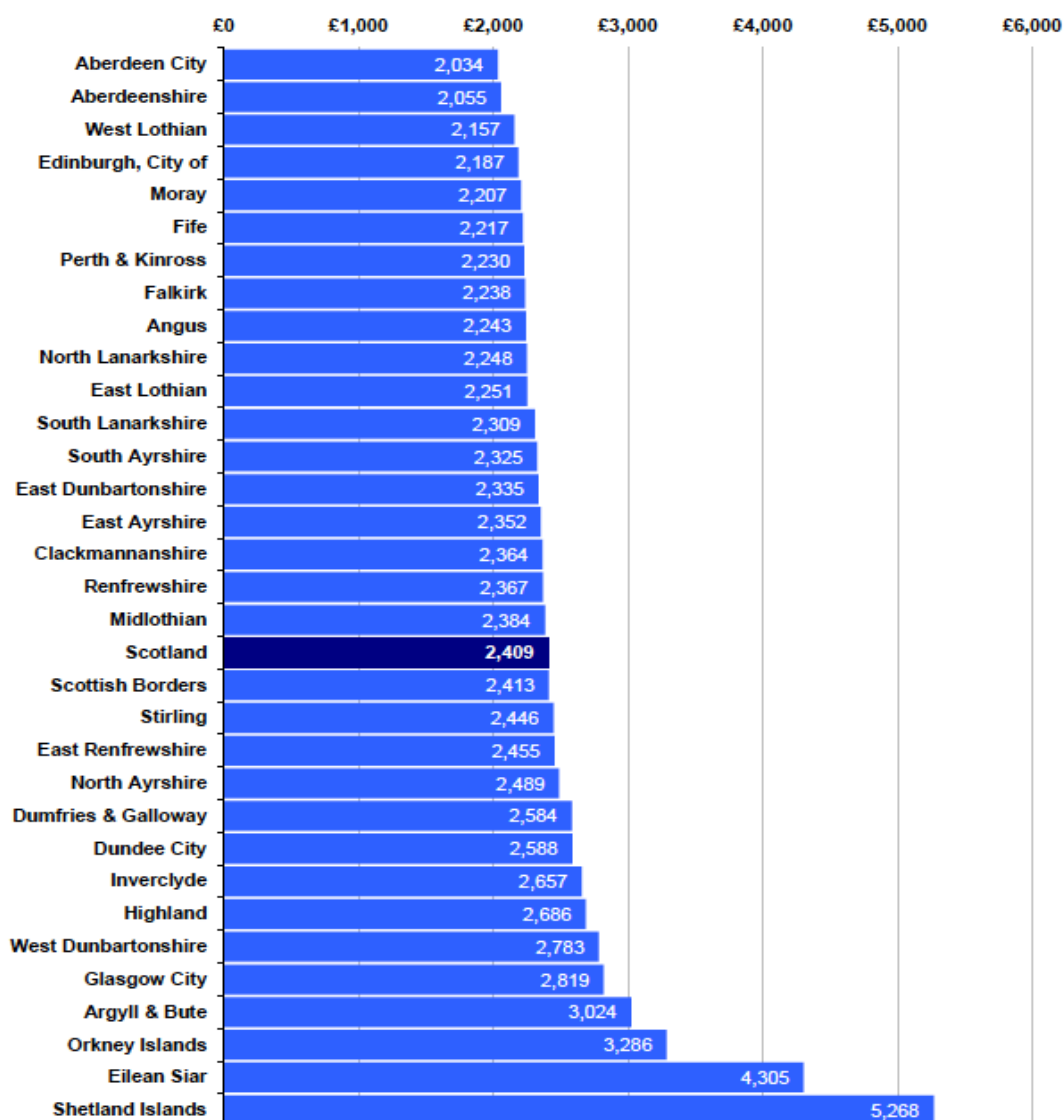
*A comparison with Scotland's other Islands  
Authorities*

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## Introduction & Background

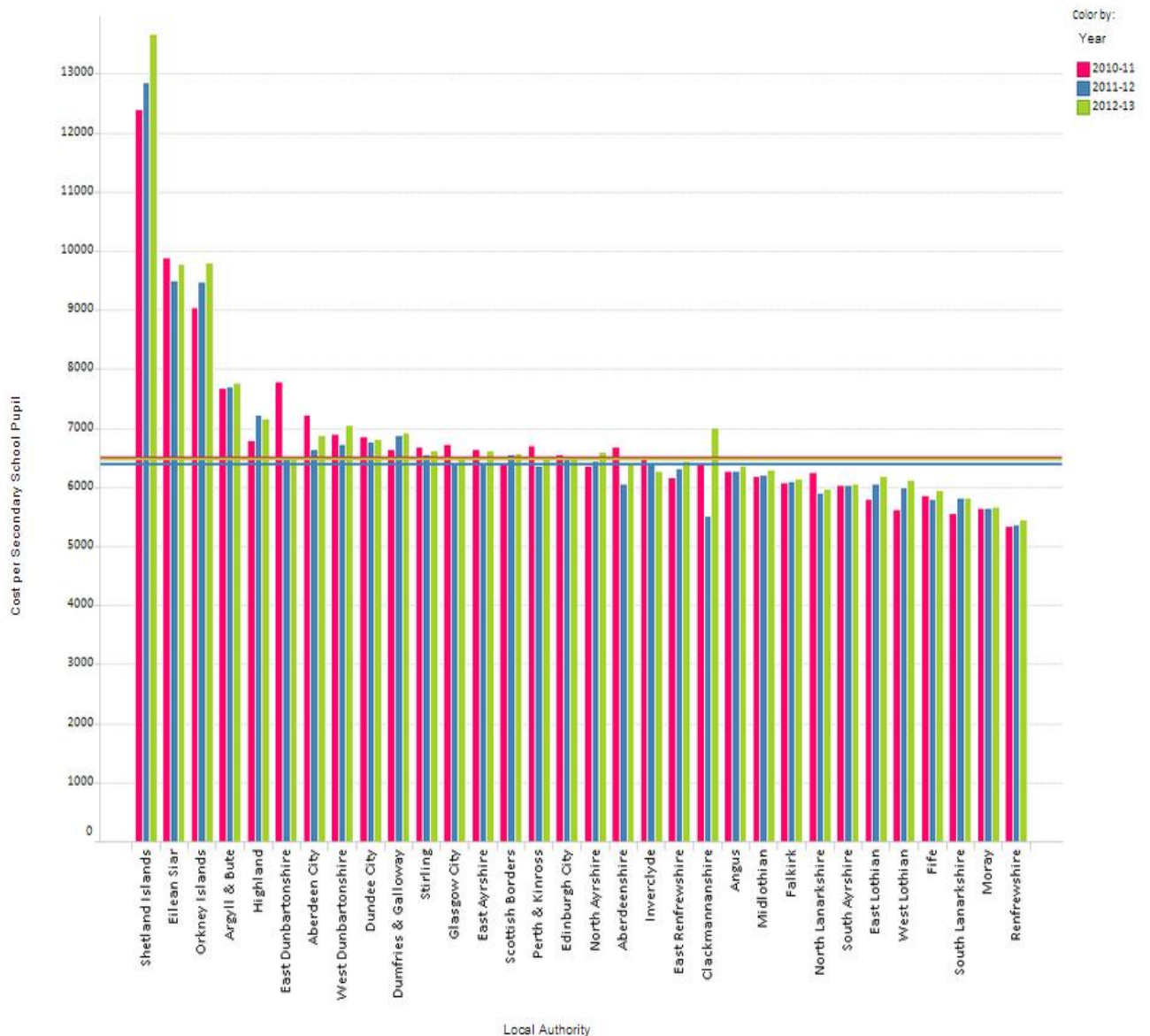
- 1.01 Education and Families Committee requested that finance services produce a report that sets out in financial terms why Shetland Secondary Cost per Pupil (SCPP) figures published by the Scottish Government, is higher than the other Island authorities.
- 1.02 This request to understand the differences in SCPP, ties in with the ambition of the Scottish Government's Benchmarking project, which is for Councils to use comparative data to improve upon efficiency, effectiveness and outcomes.
- 1.03 By better understanding the differences in SCPP areas for further consideration can be identified allowing us to change and improve.
- 1.04 The table below demonstrates that Shetland spends in excess of the Scottish average per capita on aggregated general fund services provided. These services include Education, which across Scotland accounts for 39.7% of net spend.



## Secondary Cost per Pupil Benchmark

- 1.05 The SCPP figure is published as part of the Local Government Benchmarking Project, which purpose is “to develop, on a collaborative basis, a comparative benchmarking framework for Scottish Local Government that supports the targeting of improvement activities and resources to areas of greatest impact – in terms of efficiency/costs, productivity and outcomes.” The financial information used in this indicator, comes from the Local Finance Return (LFR), which is considered as “the most robust source of comparable data on council expenditure that is currently available”. Pupil numbers are taken from the annual September census completed by the Schools Service each year.
- 1.06 The chart below shows the SCPP indicator for all of Scotland for the period 2010-11 to 2012-13. It demonstrates clearly that Shetland Islands Council is an outlier, even when compared to the other island groups, both of which are below £10,000 per pupil.

Cost per Secondary School Pupil



1.07 The 2012/13 LFR Gross Expenditure figures, Pupil Numbers and Cost per Pupil figures as published, are detailed below for the island authorities.

2012/13 LFR 1 – Secondary Education	Eilean Siar	Orkney	Shetland
Gross Expenditure	£16,052,917	£12,126,727	£19,966,642
No of Pupils	1,645	1,240	1,462
Cost per Pupil	£9,759	£9,780	£13,657

1.08 It is clear that Shetland Islands Council is the highest spender in Scotland on Secondary Education on a per pupil basis, at over twice the Scottish average. This is of course not happenstance. It is the result of past policy decisions.

#### Scope of the review

1.09 The intention of this review is to focus on understanding the difference in cost between the other 2 Islands Authorities to identify what is driving the higher level of spending in Shetland.

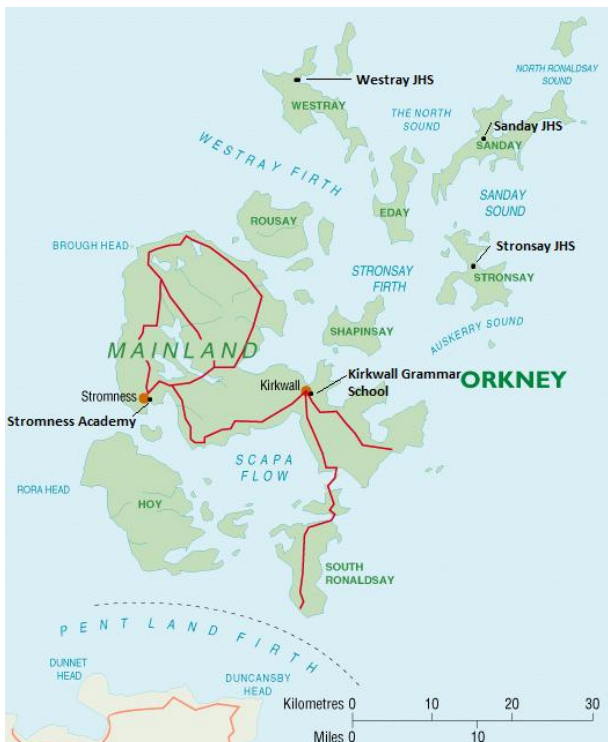
#### Subjects of the review

1.10 The tables on the next two pages set out some information on the geography of the 3 islands authorities along with some demographic information. The main conclusions that can be drawn are as follows:

- The Western Isles is considerably bigger than Orkney and Shetland on a geographical basis, having a land mass over double that of Shetland;
- Orkney has the most dispersed population across islands, with permanent populations on 20 Orkney Islands compared to 16 in Shetland and 15 in the Western Isles respectively.
- Despite the Western Isles having the largest land mass, and Orkney having the largest number of populated islands, they both have 5 schools teaching secondary education compared to 7 in Shetland (excluding Skerries).
- The higher number of schools in Shetland means that the average number of pupils in each school is 209, compared to 248 in Orkney and 329 in the Western Isles.
- With one secondary school for every 614 square kilometres in the Western Isles, it would suggest that its pupils have the longest bus journeys, compared to a school for every 209km<sup>2</sup> in Shetland and 198km<sup>2</sup> in Orkney.



Shetland Islands	
Estimated Population 2012	23,210
Land Area	1,466km <sup>2</sup>
Number of Inhabited Islands	16
Number of Schools with Secondary Education Provision (excluding Skerries)	7
Number of Secondary Pupils on school roll	1,462
Average number of pupils per school	209
Average size of catchment area per school in square kilometres	209



Orkney Islands	
Estimated Population 2012	21,530
Land Area	990 km <sup>2</sup>
Number of Inhabited Islands	20
Number of Schools with Secondary Education Provision	5
Number of Secondary Pupils on school roll	1,240
Average number of pupils per school	248
Average size of catchment area per school in square kilometres	198



Western Isles	
Estimated Population 2012	27,560
Land Area	3,071 km <sup>2</sup>
Number of Inhabited Islands	15
Number of Schools with Secondary Education Provision	5
Number of Secondary Pupils on school roll	1,645
Average number of pupils per school	329
Average size of catchment area per school in square kilometres	614

## Cost Comparison across the Island Authorities

- 2.01 The approach taken to compare the 3 Island Authorities has been to focus on LFR 1 and work closely with Orkney and the Western Isles to understand the way in which they had completed their forms to ensure a like for like comparison. Each main area of spending was taken in turn so that differences could be identified in a clear way. Both Authorities provided additional information to ensure a meaningful comparison could be drawn.
- 2.02 The report follows the approach to the cost comparison exercise, and will be broken down in the following way –
1. Comparison of data included in LFRs across the 3 Authorities to ensure a like for like approach;
  2. A review of employee costs – Teachers
  3. A review of employee costs – All Other Employees
  4. A review of School Property Costs
  5. A review of School Transport Costs
  6. A review of School Meals Costs
  7. A reconciliation of the main differences between Shetland’s SCPP and that of the two other Islands Authorities

### Comparison of base data

- 2.03 Pupil numbers are taken from the census figures provided by Schools, and relate to the September 2012 census. The financial information was taken from the 2012-13 LFR data.
- 2.04 In order to glean meaningful information on why the SCPP figure in Shetland is higher than the other islands authorities, it was necessary to collate a significant quantity of additional information from the Scottish Government web site, and each local authority area. This report could not have been completed without the help and assistance provided by staff in Eilean Siar and Orkney.
- 2.05 Following the review of the base data included in the LFR it was necessary to make an adjustment to the Shetland baseline SCPP figure in order to ensure a like for like comparison with the other island authorities.
- 2.06 All local authorities are required to follow “LFR Data Standardisation Guidance Support Costs”, when completing their LFR’s. The purpose of this guidance is to define how items of expenditure are treated, to ensure comparable treatment across Scotland. Our review allowed us to identify an allocation error on Building Maintenance, where all school and building maintenance included in one cost centre has been charged to Secondary, when an element of these costs should have been apportioned elsewhere.
- 2.07 The impact of this on “Gross Expenditure Breakdown” figures is shown in the table below.



2012/13 LFR 1 – Gross Expenditure Breakdown	Shetland £000	Adjustment £000	Revised £000
Employee Costs – Teachers	8,863		8,863
Employee Costs – Other	4,378	-758	3,620
Estates Maintenance	719	-85	634
School Transport	1,212		1,212
School Meals	861		861
School Hostels	804		804

2.08 The impact of this on SCPP, as shown in the table at 1.07 is as follows.

2012/13 LFR 1 – Secondary Education	Shetland	Adjustment	Revised
Gross Expenditure	£19,966,642	£1,352,350	£18,614,292
No of Pupils	1,462		1,462
<b>Cost per Pupil</b>	<b>£13,657</b>	<b>£925</b>	<b>£12,732</b>

2.09 Therefore the adjusted SCPP for Shetland is **£12,732** for 2012-13 which is **30% higher** than both of the other Island Authorities.

## A review of Employee Costs – Teachers

### Pupil/Teacher Ratios (P/Tr)

2.10 There is a clear correlation between the levels or stages of education being taught in a school, the number of pupils, and the cost of that provision. Smaller schools providing a good breadth of courses, have lower class sizes and P/Tr, which are an indicator of efficiency, and as such cost.

2.11 When you look at the biggest S1 to S6 schools in each authority, namely the Nicolson Institute, Kirkwall Grammar and the AHS, Shetland compares quite favourably.

Large S1 – S6 Schools	Nicolson Institute	Kirkwall Grammar	AHS
Roll of Secondary school	1087	792	875
Teacher FTE	86.96	76.66	72.52
Pupil/Teacher Ratio	12.50	10.33	12.07

2.12 The smaller S1 to S6 schools in each authority are shown in the table below.

Small S1 – S6 Schools	Sgoil Lionacleit	SES Tarbert	Castlebay	Stromness Academy	Brae
Roll of Secondary	293	117	84	391	206
Teacher FTE	39.25	19.36	18.10	39.13	30.85
Pupil/Teacher Ratio	7.46	6.04	4.64	9.99	6.68

2.13 From the table above, it is clear that the delivery of secondary education from S1-S6 becomes less efficient as the school roll reduces. For example if the P/Tr at Brae was applied to the Nicolson Institute, they would require an additional 75.8 teachers at a cost of approximately £3.4m (an increase of £2,073 SCPP). To replicate the P/Tr at Castlebay in Brae would require an additional 13.55 teachers at a cost of approximately £0.6m (adding £417 per pupil to the SCPP).

2.14 The table below shows all S1-S4 schools.

S1 – S4 Schools	Aith	Baltasound	Mid Yell	Sanday	Sandwick	Stronsay	Whalsay	Westray
Roll of Secondary	97	24	47	18	158	25	54	14
Teacher FTE	13.91	9.35	10.18	5.30	16.10	4.28	11.72	5.31
Pupil/Teacher Ratio	6.97	2.57	4.62	3.40	9.81	5.84	4.61	2.64

2.15 From the above table, it can be seen that Sandwick is almost double the next most efficient school, though it does contain the highest number of pupils in the group, and as we have seen, this is a major factor in the P/Tr.

2.16 Baltasound is the least efficient in this group, and if you applied its P/Tr to Whalsay, you would require an additional 9.3 teachers (at a cost of approximately £0.42m). Applying Stronsay’s P/Tr to Baltasound would reduce FTE by 5.25 and achieve savings of approximately £236k (saving £161 per pupil on SCPP).

2.17 By way of contrast, if you applied Stronsay’s P/Tr to the AHS you would require 77.28 additional teachers (at a cost of approximately £3.5m, which is an increase of £2,380 on SCPP).

2.18 The most inefficient school across the three authorities is Baltasound. The table below compares Baltasound with Stronsay, which is a similar sized S1-S4 school.

Comparison between Schools	Baltasound	Stronsay
Average Class Size	4	6
No of Promoted Teachers	1.2	0.5
No of Teachers / Instructors	8.15	3.78
P/Tr	2.57	5.84
DSMO/Admin	0.94	0.25
Size of Dept	1,962 m <sup>2</sup>	1,410 m <sup>2</sup>
Property Costs	118,311	47,111
Property Costs per m <sup>2</sup>	£60.30	£33.41
Learning Materials	1,640	961
Catering	22,990	28,720
Cleaning	32,273	12,286
Total Budget	634,787	394,381
<b>Total Budget per Pupil</b>	<b>£26,449</b>	<b>£15,775</b>

2.19 Stronsay appears to achieve efficiencies by having fewer teachers, fewer support staff, fewer promoted posts, smaller properties and lower spend in general on all items with the exception of catering.

#### Class Contact Time

2.20 Teachers are required to have up to a maximum of 22.5 hours class contact time per week and we did not receive sufficient information to allow us to analyse whether this was being applied equally across the island groups. It is possible therefore, that some efficiencies related to class contact could be achieved. It should be noted however, that many teachers can have full teaching time-tables but may be teaching to very small class sizes so this is not a strong measure of efficiency.

2.21 Promoted Teachers generally have less class contact time than Class Teachers, however it is highly variable. It was not possible to analyse across the Island Authorities, but within Shetland there are significant variations between schools. The Anderson High School and Brae High School have the highest average total class contact hours of 21.49 and 18.7 respectively, whilst Mid Yell has the lowest, with 12.02 hours class contact (probably due to the fact that Mid Yell has 2 Principal Teachers, whilst Whalsay has only one for a bigger school).

#### Grades of Teaching Staff

2.22 The P/Tr for Principal Teachers is shown in the table below.

Principal Teachers	Eilean Siar	Orkney	Shetland
No of PTs	45	36	43.63
Pupil/Teacher Ratio	36.56	34.44	33.51

- 2.23 Shetland has the lowest P/Tr, meaning that it has more promoted posts per pupil than the other island authorities. Principal Teachers cost an average of approximately £56k in Shetland. The average cost of a Principal Teacher in Orkney is £51k.
- 2.24 Analysis of Head Teachers pay reveals that Shetland Head Teachers would appear to be graded higher than their peers in Orkney. For example the average cost for a Head Teacher of a Junior High in Orkney is £69k, and in Shetland is £73k (both inclusive of on-costs).
- 2.25 The variations in Head Teachers pay may account for some of the difference in costs between island authorities however all promoted posts are required to be job-sized so there will be many factors influencing these grades.

### Teacher Staff Costs - Conclusions

- 2.26 The comparison with the other two Islands Authorities shows that broadly Shetland is less efficient with regard to P/Tr across its estate and has a higher concentration of promoted posts.

### A review of Employee Costs – All Other Employees

- 2.27 This group contains costs relating to staff within schools and all other staff in the local authority deemed internal to the LFR as per “LFR Data Standardisation Guidance Support Costs”. Staff included in services deemed external to the LFR are included under the Support Services row within the LFR and include staff in Corporate Services i.e. Payroll staff.

### School Staff

- 2.28 The table below shows the total numbers of other staff allocated to secondary and based in schools. It should be noted that the majority of other staff are split between nursery, primary and secondary so any potential savings identified and implemented would also reduce the cost of provision of nursery and primary education.

Other Staff - Schools	Eilean Siar	Orkney <sup>1</sup>	Shetland
DSMO	1.00	2.00	2.70
Admin/Clerical	11.60	6.48	9.48
Classroom Asst	0	0	0.14
Supervisory Asst	0	0.66	1.66
Auxilliary	0.83	4.77	1.48
Janitor	9.86	6.10	8.58
Cleaner	15.70	Not available	22.96
Catering Staff	14.93	15.23	20.46
Total Other	53.91	35.24	67.45
Pupil/Support Ratio	30.51	35.19	21.68

<sup>1</sup> Orkney FTE does not include Cleaning, so is artificially low.

- 2.29 The table shows that Shetland has 40% more support staff than Eilean Siar on a per pupil basis; one support staff worker for every 21.68 pupils compared to one for every 30.51 pupils in Eilean Siar.

2.30 The table also shows that Shetland office based staff are at a higher grade than Eilean Siar (1.7 additional DSMO's and 2.11 less Admin/Clerical) at an additional cost of approximately £10k per FTE. This area is the subject of a current review with the aim of delivering efficiency savings, which is anticipated to save £269k.

2.31 Shetland employs 7 more cleaners and 5.5 more catering staff than Eilean Siar. This area is the subject of a current review with the aim of delivering efficiency savings totalling £200k.

### Other Staff

2.32 Other staff costs relating to Secondary Schools, included in the LFR, classified as internal are shown in the table below.

Other Staff	£000
Schools	1,142
Hall of Residence	498
Pensions	544
Building Maintenance (as adjusted)	483
Catering & Cleaning Support	72
Other Central & Recharged Staff	881
TOTAL Other Staff	3,620

2.33 Hall of Residence – Shetland and Orkney provide a Hall of Residence, however Eilean Siar does not. Eilean Siar advised that they used to provide lodgings, but Care Inspectorate rules no longer allow it, so all pupils travel daily. For secondary pupils in Eilean Siar travel times are kept to a maximum of 1hr 20mins where possible and to enable effective integration pupils can be delivered to or wait at school for up to 30mins at the beginning and end of the school day. Pupils living in excess of 20 miles away have their bus services prioritised.

2.34 Approximately £64k of costs at the Hall of Residence are offset from income from School Meals, however this is not taken into account in the Gross figure.

2.35 Other Central and Recharged Staff for Shetland includes many budgets which are managed centrally on behalf of schools such as Science Technicians, EMA's, Work Experience, and International Education. The support functions within this category include Psychological Services, School Transport, Staff Development, Schools Management and Quality Improvement.

## Employee Costs – Other findings

2.36 In addition to the above, there is some differences in cost allocation between the island authorities, which impacts on the All Other Employees figure. These variations are shown in the table below, along with their impact on SCPP.

Other Findings	£000 <sup>1</sup>	Reason	SCPP impact £
Education Maintenance Allowances	117	Allocated to Non School in other Islands	80
Pensioner Costs	544	Allocated to LFR 9 (Central Services)	372
International Education	142	Other Islands don't have this	97
Psychological Services	108	Allocated to Special Education	74
<b>TOTAL VARIANCE</b>	<b>911</b>		<b>623</b>

<sup>1</sup> Total Cost of each Service included here.

## Other Staff Costs - Conclusions

2.37 The comparison with the other two Islands Authorities shows that broadly Shetland is less efficient with regard to FTE and ratio of Other Staff to Pupils.

## A review of School Property Costs

2.38 The main factors to be considered when reviewing property costs are the number, condition and size of schools.

### Number of Schools

2.39 The table below compares the number of schools for each of the island authorities and shows the Pupil/School Ratio. All schools within the islands are classified as Condition A or B, including the newly built Kirkwall Grammar which replaced the old one classified as C in 2012/13.

Secondary School Estate	No of Schools				12/13 Pupil Roll	Pupil / School Ratio	No Halls of Residence
	6th yr	4th yr	2nd yr	Total Schools			
<b>Eilean Siar</b>	4	0	1	5	1645	329	0
<b>Orkney</b>	2	3	0	5	1240	248	1
<b>Shetland</b>	2	5 <sup>1</sup>	0	7	1462	209	1

<sup>1</sup> Excludes Skerries Secondary Department

2.40 When Skerries closes in July 2014, Shetland will have a school for every 209 pupils. If you applied the Eilean Siar ratio to Shetland we would need at least three less schools, which would bring us into line with Eilean Siar and Orkney.

### Size of Schools

2.41 The table below provides information on size and cost of each school sorted by Cost per m2.

Comparison by School	No of m <sup>2</sup>	Property Cost £	Pupil No's	Total m <sup>2</sup> per Pupil	Cost per m <sup>2</sup> £	Cost per Pupil £
Sanday	2,024	64,732	18	112.4	32	3,596
Stronsay	1,410	47,111	25	56.4	33	1,884
Westray	2,158	82,575	14	154.1	38	5,898
SES Tarbert	4,357	173,944	117	37.2	40	1,487
Sgoil Lionacleit	9,180	384,263	293	31.3	42	1,311
Nicolson Inst	13,304	622,292	1087	12.2	47	572
Kirkwall	12,001	575,352	792	15.2	48	726
Stromness	8,461	442,738	391	21.6	52	1,132
Whalsay	1,643	89,373	54	30.4	54	1,655
Aith	1,873	109,105	97	19.3	58	1,125
Baltasound	1,962	118,311	24	81.8	60	4,930
Sandwick	3,725	229,566	153	23.6	62	1,453
AHS	13,303	850,116	875	15.2	64	972
Castlebay	2,174	153,164	84	195.0	70	1,823
Skerries	195	13,564	1	25.9	70	13,564
Brae	2,943	208,936	206	14.3	71	1,014
Lionel	770	70,769	30	25.7	92	2,359
Mid Yell	1,133	127,939	47	24.1	113	2,722

Source-<http://www.scotland.gov.uk/Topics/Statistics/Browse/School-education/schoolestatestats/schestate2013> (Table 9)

2.42 No Shetland school achieves the islands average cost per m2 of £47.

### Property Costs – Conclusions

2.43 Shetland has more schools in proportion to the number of pupils than the other island authorities, which results in Shetland's secondary schools being smaller on average than those in Orkney and Eilean Siar. In addition, the cost per m2 on property is generally higher in Shetland than the other island authorities.

### A review of School Transport

2.44 The Council has recently undertaken a thorough review of Transport provision within Shetland and approved contracts for all Public and School Bus services to begin in August 2014. The total cost of School Transport (Primary and Secondary) under these new contracts is £1.56m which is in line with bus contract prices in 2009/10.

2.45 The costs of School Transport, as per the LFR are shown in the table below.

School Transport	Eilean Siar	Orkney	Shetland
Annual Cost	£1,391k	£731k	£1,212k
Cost per Pupil	£846	£590	£829
Total km2	3,071 km2	990km2	1,466km2
Cost per km2	£453	£738	£827

2.46 The new School Transport contract will reduce the cost per km2 to £688 for 2014/15.

#### School Transport – Conclusions

2.47 The results of the recent bus tendering exercise mean that School Transport costs have been brought in line with the other islands authorities and will result a reduction in SCPP of £138 from 2014-15.

School Transport	£000
Secondary School Transport Savings achieved as a result of new contracts.	202
Impact on SCPP - £138 reduction per pupil	

#### A review of School Meals

2.48 The following data on school meals has been obtained and is shown in the table below:

School Meals	Eilean Siar	Orkney	Shetland
Annual Cost	£917k	£698k	£861k
Number of School Meals	216,600	107,482	209,635
% of Pupils taking Meals	67%	44%	74%
Cost per Meal	£4.23	£6.49	£4.11
Cost per Pupil	£557	£563	£589

2.49 Shetland achieves the lowest cost per meal provided, which is due to the high uptake, however the Gross cost is £29 per pupil higher than the average.

#### School Meals – Conclusions

2.50 It should be noted that the higher cost in Shetland is offset by a higher level of income from School Meals, though this is not included in the SCPP figure. Therefore, in conclusion, school meals provision is as efficient as the other island authorities in overall terms (this is subject of the review mentioned in paragraph 2.31).



## Reconciliation of SCPP in Shetland to other Islands Authorities

2.51 The table below provides a reconciliation between the Shetland SCPP and the average SCPP for Eilean Siar and Orkney, which is £9,770.

Reconciliation of SCPP	£ per pupil
<b>Benchmark SCPP for Shetland</b>	<b>13,657</b>
Building Maintenance Adjustment (as set out at 2.07)	-925
Costs allocated elsewhere by other Islands (as set out at 2.41)	-623
Recharges applied directly to Gross Cost (as per SOLACE Guidance) as compared to Eilean Siar	-575
<b>Adjusted like for like SCPP for Shetland</b>	<b>11,534</b>
Scalloway Secondary Residual Property Costs	-90
Closure of Skerries Secondary Department	-59
More Teachers than other Islands Average	-347
More Head Teachers than other Islands Average	-80
Higher number of "Other Staff" in Schools	-181
Higher Number of Principal Teachers (£10k more per FTE)	-28
Higher than average spend on Property Costs per M2	-333
Higher number of Schools (Property Costs only)	-142
Higher spend on Hall of Residence (as compared to Orkney)	-153
Higher School Transport Cost (although savings will come through in 2014-15)	-305
Higher than average gross spend on School Meals (though net cost per meal is lowest)	-29
<b>Updated SCPP for Shetland</b>	<b>9,787</b>
Average SCPP for Eilean Siar and Orkney	9,770

2.52 The table above is based on the SCPP in 2012-13. Savings have already been made since then that will have an impact towards reducing the SCPP.

### Achievements since 2012/13

2.53 This section considers the savings made since 2012/13 that would contribute towards addressing some of the reasons for the higher SCPP in Shetland, as set out in table at 2.51.

2.54 For each saving made since 2012-13, and the efficiency measures that are currently underway, the educational implications are set out. The educational comments are made in view of securing three main areas:

- Continue to provide a high quality of secondary education in Shetland.
- Ensure the requirements of Curriculum for Excellence are met.
- Ensure the Shetland Learning Partnership Project outcomes are successfully achieved.

### More Teachers than other Islands Average

- 2.55 The table at 2.51 identifies that one reason for the SCPP in Shetland being higher is that there are higher teacher numbers in Shetland. It is estimated that the impact is an additional £347 per pupil, with the total financial impact being £507,314 equating to 11.2 FTE teachers.
- 2.56 The Schools Service has reduced the number of teaching posts in schools since 2012/13. The table below compares 2012/13 with the 2014/15 budget.

Teacher FTE	12/13 FTE	14/15 FTE	Reduction in FTE
AHS	72.52	70.04	-2.48
Brae	30.85	28.43	-2.42
Aith	13.11	10.63	-2.48
Sandwick	16.10	15.71	-0.39
Mid Yell	10.18	8.95	-1.23
Baltasound	9.35	7.92	-1.43
Skerries	1.34	1.34	0.00
Whalsay	11.72	8.36	-3.36
TOTAL	165.96	151.38	-13.78

- 2.57 All secondary teaching posts which become vacant are scrutinised as to the amount of time which the post has to be replaced with, opportunities for using time from an existing suitably qualified member of staff in another school are explored and where recruitment is agreed it is on a temporary basis except in exceptional circumstances.
- 2.58 The savings made since 2012-13 exceed the £507,314, which accounts for the additional teaching costs in Shetland compared to the two other islands authorities in 2012-13. Assuming no further reductions are made in this area, no additional educational implications are expected.
- 2.59 These savings have all been made through agreements with staff and therefore the national agreement of no compulsory redundancies for teaching staff has not been breached. It is worth noting that any changes to a promoted teacher's salary requires a three year period of conservation. Locally savings in teaching staff numbers have been realised through early retirement or voluntary redundancies, and providing backfill required through the sharing of staff.
- 2.60 If further reductions were made in teaching staff, whilst retaining the same number of secondary departments, the impact on subject choices for pupils and travel for teachers would require careful consideration and quantification.

### More Head Teachers than other Islands Average

- 2.61 The table at 2.51 identifies that one reason for the SCPP in Shetland being higher is that there are more head teachers which equates to a financial cost of £116,960. Cost reduction of one secondary Head Teacher is included in the figure in 2.51 for the closure of Skerries Secondary department. The cost reduction of any further secondary head teachers would be considered within the Schools Reconfiguration project for secondary.

### **Higher number of “Other Staff” in Schools**

- 2.62 The table at 2.51 identifies that one reason for the SCPP in Shetland being higher is that there are more “other staff” in schools which equate to £264,622.
- 2.63 A report on support staff was presented to Policy and Resources Committee on 23 June 2014 that set out savings of £269,000 thereby making the costs in Shetland in 2015-16 the same as the costs in the other islands authorities in 2012-13, albeit some of these savings relate to primary as well as secondary schools.
- 2.64 In addition, savings of £117,000 have been realised in International Education staff numbers have been reduced from four to two and the Council has secured £40,000 of income from Aberdeen City Council for this service.
- 2.65 Savings of £81,343 have been achieved in cleaning since 2012-13.
- 2.66 As the potential cost reductions will be met by work underway the implications of which have been carefully considered no further educational implications are anticipated.

### **Higher Number of Principal Teachers (£10k more per FTE)**

- 2.67 The savings suggested in table 2.51 in relation to this heading equate to £40,936. A teaching post in secondary, in addition to those in Table 2.56 above, has been deleted in 2013/14 which covers the difference in cost between the other islands authorities in 2012-13. Two further opportunities to reduce the number of Principal Teachers across secondary schools in Shetland will arise during 2014/15 and will be taken.

### **Higher than average spend on Property Costs per M<sup>2</sup>**

- 2.68 The table at 2.51 identifies that one reason for the SCPP in Shetland being higher is that the maintenance costs per M<sup>2</sup> is higher than the two other islands authorities, and this equates to £486,846. Since 2012/13, a reduction in maintenance costs of £520,000 have been made. The condition of buildings and the maintenance budget required in the future will have to be carefully monitored.
- 2.69 Given the age and size of the Council’s school estate, existing maintenance budgets are currently at a minimum level and only cover emergency, statutory and high priority maintenance work. Life Cycle funding for larger planned works such as roof and cladding renewals and plant replacements are currently unfunded.
- 2.70 Further reductions in maintenance will increase the risk of fabric, structure, services or equipment failure which could consequently result in injury and/or temporary whole or partial school closure. A failure to fund maintenance at sufficient levels will also be viewed negatively by our insurers, who may refuse to provide insurance cover. Further investigation of maintenance costs would be prudent

### **Higher number of Schools (Property Costs only)**

- 2.71 No changes have been made in the secondary school estate since 2012-13 (excluding Skerries School which is accounted for elsewhere). Any future changes depend on decisions made in respect of the Schools Reconfiguration Project.
- 2.72 Each statutory proposal for a change to school estate sets out educational implications in detail.

### **Higher spend on Hall of Residence (as compared to Orkney)**

- 2.73 After accounting for income, the cost of the Halls of Residence in Shetland amount to £159,686 more than the comparable Hall of Residence in Orkney. No work has been undertaken since 2012/13 to decrease the gap in cost.

### **Higher School Transport Cost (although savings will come through in 2014-15)**

- 2.74 The table at 2.51 identifies that one reason for the SCPP in Shetland being higher is that School Transport Costs are higher than the other islands authorities which equates to £445,910.
- 2.75 Shetland Islands Council approved the new redesigned bus network at its meeting on 12 May 2014. That resulted in a reduction in the total cost of primary and secondary school transport of £460,000, from the actual cost in 2012-13. (ASN transport costs are not included in these figures). The percentage reduction in secondary terms is £202,000 which will result in a reduction of SCPP of £138 per pupil from 2014-15.
- 2.76 No further efficiencies planned. A robust tendering exercise has recently been undertaken, with contracts awarded for a five year period.
- 2.77 The new contracts have been awarded on the basis that the existing School Transport Policy will be implemented, in so far as transport operators will pick up children from designated pick up points.
- 2.78 The reduction in transport costs achieved through the redesign of the bus network means that Shetland Islands Council's cost per pupil figure remains higher than Orkney but lower than the Western Isles.

### **Higher than average gross spend on School Meals (though net cost per meal is lowest)**

- 2.79 The table at 2.51 identifies that one reason for the SCPP in Shetland being higher is that more money is spent on school meals which equates to £42,398. The cost reduction on catering in secondary schools is £31,262 since 2012-13
- 2.80 A further review of both the catering and cleaning areas of service is underway which has a target of further cost reductions of £200,000.
- 2.81 Authority-wide menus will be piloted across all primary schools from August 2014. This is common practice across other authorities. This will reduce the number of different foodstuffs purchased, increase our buying power as well as substantially reduce food waste.

2.82 It should be noted that the recent national policy decision is that all Primary 1-3 children receive a free school meal from January 2015.

### Summary

2.83 Expressing the reconciliation in 2.51 as a cost figure (excluding Scalloway and Skerries) this would require a cost reduction of £2.3m in order to bring Shetland's SCPP into line with the other two islands authorities. The savings since 2012-13 set out in the paragraphs above will amount to around £2m. Any savings from the Schools Reconfiguration project will be in addition to this.

2.84 Naturally, we can anticipate that pupil numbers will have changed since 2012-13 and that will have an impact on the SCPP, and the financial position in Eilean Siar and Orkney will not have stood-still in the intervening period.

2.85 The figures in the SCPP are provided on the basis of a comparison between local authorities at a macro level. One of the distinctive aspects of this comparison exercise has been to make explicit the variation by individual school. Therefore, it might still be considered useful to do further work to compare progress since 2012-13 in respect of some individual schools.

2.86 The SCPP does not match across to the education budget because there have been other factors that have affected the budget such as budget transfers and cost pressures.

2.87 The paragraphs above do not compare costs to outcomes and this may be an area worthy of further exploration.

### Impact of Reducing School Roll on SCPP in Future Years

2.88 The total number of pupils in Secondary Education is reducing and the table below shows the impact of a reducing roll on an SCPP of £10k which would equate to a total gross cost of £14.62m for 1462 pupils (as per 2012/13 Shetland Roll)

Reduced School Rolls (Estimated)	Roll	Impact on SCPP if Gross Cost is maintained at £14.62m £	Impact on Gross Cost if SCPP is maintained at £10k £000
2012/13	1462	10,000	14.62
2013/14	1450	10,083	14.50
2014/15	1381	10,587	13.81
2015/16	1376	10,625	13.76
2016/17	1316	11,109	13.16
2017/18	1325	11,034	13.25
2018/19	1362	10,734	13.62
2019/20	1340	10,910	13.40
2020/21	1369	10,679	13.69

Information based on projected rolls at September 2013

- 2.89 The table shows that if costs were £14.62m in 2012/13 and could be maintained until 2020/21, the SCPP would still increase from £10,000 to £10,679 because the falling school rolls mean there are less pupils to spread the costs over.
- 2.90 The table also shows this in another way, which is that in order to keep SCPP at £10,000, the Schools Service would have to reduce the budget from £14.62m in 2012-13 to £13.69m in 2020-21 to reflect the falling school roll. This would mean making total savings of £930,000 just to keep the same level of efficiency of service.
- 2.91 The reality of the situation is that the school roll in 2016/17 is estimated to be 1,316 pupils, which at the current adjusted gross cost of £18,614,292 (which currently results in a SCPP £12,732), would mean an SCPP of £14,145 in 2016-17 if spending remained at the current level. Alternatively, budgets would require to be reduced by £1.46m in 2016-17 to maintain the current rate of SCPP.