

REVENUE BUDGET 2025/26

**ADDITIONAL DETAIL ON BUDGET RISK/UNCERTAINTY –
FUNDING FOR MAINTAINING TEACHER NUMBERS**

1. Purpose

- 1.1 The purpose of this Appendix is to provide further detail on an area of the budget (and grant settlement from the Scottish Government) which, at the time of writing, is uncertain and significant in terms of the financial risks involved. The issue is complex and continues to evolve through discussions at a national level between Scottish Government and COSLA and officers consider it essential that in setting the 2025/26 budget and Council Tax members have additional detail in this regard.

2. Background

- 2.1 As part of the 2025/26 Local Government Grant Settlement announced as part of the Scottish Budget in December 2024, funding of £186.5 million was included to “maintain or restore teacher numbers to 2023 levels”. Funding for this purpose is increasing by £41 million compared to the 2024/25 Grant Settlement.
- 2.2 Further detail on the Scottish Government's proposals/expectations in relation to this funding were set out in a letter from the Cabinet Secretary for Finance & Local Government to the COSLA President and Council Leaders of 4 December 2024 and a Letter from Scottish Government Learning Directorate - Deputy Director: Workforce, Infrastructure & Digital of 10 December 2024 to Council Chief Executives. In these letters it was stated that:-

“..... This funding aims to ensure that teacher numbers, set out in the publication Summary statistics for schools in Scotland 2023, published on 12 December 2023, being met or exceeded for each council, in the teacher numbers census of September 2025, due for publication in December 2025, noting that there may be exceptional circumstances outwith a council's control which need to be able to taken into account.”

“Next year, individual exceptional circumstances will continue to be considered on a case-by-case basis for teacher numbers. However, the list below provides examples of potential exceptional circumstances which could be considered. This is provided for illustrative purposes only:

- Reductions in aggregate Scottish Attainment Challenge funding in 2025-26 which result in a reduction in teacher numbers. This may be due to the tapered approach between 2022-23 and 2025-26 to phasing out the nine former challenge authority models and moving to Strategic Equity Funding for all 32 Councils.*
- Reductions in School Teaching Staff GAE in 2025-26, which reflect changes to the Council's pupil roll.*
- Situations where Councils have had to temporarily increase teaching capacity in order to address a short-term spike in pupil numbers (which in the past included Ukrainian refugee support).*

Other exceptional circumstances could also apply, such as evidence where a local authority has been unable to fill a particular post or posts at the time of the teacher census in 2025, despite repeated attempts.

Councils will, of course, need to keep in mind that there will need to be sufficient teachers in their local authority in 2025-26 to deliver the associated commitments from the budget agreement on freezing learning hours and making meaningful progress to reduce class contact time.

..... To help us understand local issues better, if there has been a reduction in teacher numbers between 2023 and 2024 in your Council area (see Figure 7 in the published statistics), could you please provide an explanation as to the key factors behind those reductions.....by Monday 6th January.”

- 2.3 In summary the Scottish Government propose to provide funding of £186.5m nationally as part of the Grant Settlement and expect Councils to maintain or restore the number of teachers they have at the 2025 School Census in September to the number of teachers the Council had at the 2023 School Census.

3. Angus Council Census Figures

- 3.1 Table 1 shows Angus Council's teacher numbers (expressed as Full Time Equivalents – FTE) as published in the School Census statistics over the last 3 years.

Table 1

Census	2022	2023	2024
Excluding ELC	1,145	1,157	1,123
Including ELC	1,156	1,172	1,134

- 3.2 It will be noted from Table 1 that there was an increase of 16 FTE between 2022 and 2023 and a reduction of 38 FTE between 2023 and 2024. Census year 2023 is the highest of the 3 years and that also happens to be the new reference year the Scottish Government are now seeking to use in relation to the £186.5 million national funding.
- 3.3 The movement in the Census figure between 2023 and 2024 is key in terms of the Council's 2025/26 budget and whether mitigations to explain that reduction will be accepted by the Scottish Government per the letters referred in Section 2 above. The biggest decline in FTE between 2022 and 2023 is attributed to changes in the Primary Sector as shown in Table 2.

Table 2

Census	2023	2024	Difference
ELC	14.74	11.34	-3.4
Primary	571.21	537.68	-33.53
Secondary	560.19	555.84	-4.16

4. Mitigations Submitted to Scottish Government

- 4.1 In line with the Government letter of 10 December 2024 officers submitted a detailed paper outlining the specific factors which officers believe need to be taken in to account as mitigations because the Council's 2023 Census figure is not a fair baseline position to use for comparative purposes. The mitigations, the reasons for them and FTE impact taken from the letter submitted to the Scottish Government are set out below:-

- A) Attainment Scotland Funding:** Flat cash allocations for Pupil Equity Funding have resulted in decline in the number of teachers that schools have funded through the empowerment agenda as follows:

Year	FTE
2023	9.25
2024	5.17

As a result, our teacher numbers reduced by **4.08 FTE**.

- B) GAE allocation:** Our GAE allocations for both 'Primary School Teacher Staff' and 'Secondary School Teacher Staff' reduced by £589,000 and £758,000 respectively between financial years 2023/24 and 2024/25. Due to this funding decrease, and in line with a number of contributing factors e.g. reducing primary school roll impacting on class structures and management allocations our teacher numbers reduced by **14FTE**.
- C) ELC:** A flat cash settlement within our ELC allocation also placed pressure on inflationary increases, along with the elimination of our deferral support monies (£700,000). This resulted in a real-terms reduction of £697,000, despite an increase in our deferral numbers by 65 children. Consequently, our teacher numbers reduced by **2 FTE**.

- D) ELC Private & Voluntary Partners:** Our private ELC partners reduced their teacher input. Angus Council has no locus to challenge this. Consequently, our teacher numbers reduced by **2FTE**.
- E) Vacancies:** Our secondary schools continue to face challenges in recruitment, particularly at Montrose Academy and Brechin High School. We have supporting evidence indicating that positions were advertised during census week and are being posted frequently. As a result our teacher numbers reduced by **4 FTE**. This was the number of secondary teacher vacancies during census week.
- F) Visiting Specialist Teachers in Primary Schools:** Following a robust service review Angus Council was one of the final local authorities to decide in 2022 to withdraw our remaining visiting teachers, while nearly all other local authorities made this decision several years earlier. This was part of a scheduled review within our strategic 'Change Programme' prior to the full implementation of the expectation to maintain teacher numbers. As a result, our teacher numbers reduced by **7.4 FTE**.
- G) Temporary Funding:** Angus Council used a final allocation of temporary monies to support recovery and accelerated progress in session 23/24. This temporary ring-fenced funding use was approved by members in two committee reports in 2021. The impact of this was our 2023 number was superficially higher than 2022, even with a falling pupil roll:

Angus Council is committed to getting the best outcomes for children and young people so used this additional recovery money to support accelerated progress. As this was the use of temporary ring-fenced funding in 2023 our teacher numbers reduced by **8 FTE**.

- 4.2 Based on the above the Council considers that a revised target for the 2023 Census for Angus needs to be set by the Scottish Government as part of the funding proposals for the 2025/26 local government finance settlement – our 2023 position is artificially high and financially unsustainable even with the ring-fenced funding on offer. Mitigations totalling 41.48 FTE have been identified and we therefore seek agreement to a revised 2023 Angus Census target of 1,130.52 FTE for the 2025 Census later this year.
- 4.3 In addition to the specific mitigations noted above the letter submitted to the Government also outlined additional information on Pupil Teacher Ratios and how those compare to the Scottish average position as set out below

Pupil Teacher Ratio (PTR)

Overall PTR	2018	2019	2020	2021	2022	2023	2024
Angus	13.1	13.0	12.8	12.9	13.1	12.9	13.0
Scotland	13.6	13.6	13.3	13.2	13.2	13.2	13.3

Overall PTR Primary (P1 – P3)	2018	2019	2020	2021	2022	2023	2024
Angus	15.2	14.9	14.3	14.5	14.8	14.5	15
Scotland	16.4	16.1	15.9	15.4	15.1	15.3	15.5

Overall PTR Secondary	2018	2019	2020	2021	2022	2023	2024
Angus	15.2	14.9	14.3	14.5	14.8	14.5	15
Scotland	16.4	16.1	15.9	15.4	15.1	15.3	15.5

Despite the decrease in teacher numbers in Angus detailed in the Census figures, our overall PTR has not changed significantly and remains more positive than the national average.

5. Class Contact Time

- 5.1 The letter to Chief Executives of 10 December 2024 referred to in paragraph 2.2 above refers to “.....making meaningful progress to reduce class contact time.” Subsequent to the letter of 10 December it has become clear that the Government’s position on Census numbers is now strongly linked to the desire to see progress on reducing class contact time. No agreement has been reached on this however between the Government and COSLA and it remains an area of ongoing discussion.

6. Assumptions for Budget Setting

- 6.1 At the timing of writing this report the Council has not received confirmation from the Scottish Government over whether some, none or all of the mitigations put forward will be accepted and this leaves the Council in a very uncertain position for budget setting purposes. At a meeting on Wednesday 5 February Scottish Government officials were unable to confirm if any/all of these mitigations will be accepted and could offer no absolute timescale for decisions. Council officers sought an update in this regard over 19th and 20th February but the position remains unchanged.
- 6.2 Discussions with Government officials have confirmed there is no definitive shift from the expectation that local authorities will maintain or restore their 2023 FTE (full time equivalent) Census number for the 2025 Census despite inviting Councils to make the case for mitigations.
- 6.3 It is estimated that Angus will be allocated £3.853 million of the £186.5 million national funding in relation to maintaining teacher numbers. This is an increase of £0.814 million on the funding provided in financial year 2024/25. On the basis of this funding and the existing budget being proposed for Education & Lifelong Learning in 2025/26 it is projected that the Council would have sufficient funding to employ 1,150 FTE teachers for the 2025 School Census, an increase of 16 FTE on the 2024 Census but still 22 FTE short of the 2023 Census position. A figure of 1,150 FTE could also enable some progress to be made in relation to reducing class contact time depending on the position reached in the national discussions in this regard and the basis of implementation.
- 6.4 The 2025/26 revenue budget set out in this report and included within the budget proposals from elected members set out in Agenda Items 6 to 8 assumes that the Scottish Government will accept some of the mitigations (roughly half) put forward by the Council equivalent to at least 22 FTE, i.e. the Council is setting a budget on the basis it can afford 1,150 FTE teachers in 2025/26.
- 6.5 If none of the Council’s mitigations are accepted and the Government chooses to apply a financial penalty in relation to this on an FTE basis each FTE would see a reduction in grant funding of around £69,000 per FTE which for 22 FTE teachers equates to £1.518 million. The Council is therefore setting its 2025/26 revenue budget with a risk in relation to teacher numbers and associated funding of between £0 (mitigations of at least 22 FTE are accepted by Government) and £1.518 million (no mitigations are accepted by Government and financial penalties apply).
- 6.6 The proposed budget for 2025/26 makes provision for budget risks on a contingency basis (£1.448 million) but this is intended to provide cover for multiple budget risks. All of this provision would be required if no mitigations were accepted and financial penalties were applied.

7. Future Years Implications

- 7.1 The Council’s Change Programme includes a project called Review of 2-18 Staffing Structures with savings of £850,000 for 2026/27 and £450,000 for 2027/28 being targeted for that review. This item makes up 30% of the total Change Programme savings currently identified over those 2 years. If Scottish Government policy and funding into future years continues to require teacher numbers to be maintained at 2023 Census levels then it will not be possible to deliver the level of savings currently being targeted and this will create an even more challenging position for the Council to deliver a balanced budget in those years.