

Comann nam Pàrant
(Dùn Èideann & Lodainn)

The development of Gaelic Medium Education
in Edinburgh:
Financial Implications

12 Samhain 2010
(12 November 2010)

1. Introduction

The purpose of this report is to respond in respect of the financial aspects of the 7 September 2010 report of the City Of Edinburgh Council's (CEC's) Education, Children and Families Committee: *Gaelic Medium Education: Outcome of discussions with the Scottish Government and Options for Development* (the revised CEC report).

It is necessary to read this finance report in conjunction with the report prepared by Comann nam Pàrant (CnP) to respond to the educational issues raised by the revised CEC report: *Response to the City of Edinburgh Council revised proposals to develop Gaelic Medium Education in Edinburgh* dated 12 November (the revised CnP response).

As is recognised in the revised CEC report, and is clear from CnP's submissions to date, the overwhelming preference of the parent group in respect of the provision of Gaelic Medium Education (GME) at pre-school and primary levels is to do so through a dedicated GME school.

In that context, CnP has commissioned a focused exercise by Campbell Stewart MacLennan & Co, a firm of Chartered Accountants, to assist in the consideration of the facts and the preparation of our response. This document draws on the analysis and key findings of that report. The full report has been appended to this document.

The analysis in this document focuses on the following:

- Understanding the incremental cost of the provision of GME in Edinburgh in comparison with mainstream English medium Education.
- Consideration of the value for money achieved from the current investment of the grant received in respect of the Scottish Government's Scheme of Specific Grants for Gaelic Education. Such consideration appropriately recognising the criteria for the grant being to support the "**continued growth and improvement** in the provision of Gaelic medium education in Scotland" as outlined to Directors of Education in the *Education Guidance issued under section 13 of the Standards in Scotland's Schools etc. act 2000 on Gaelic Education*.
- Understanding the true incremental revenue cost associated with a move to a dedicated GME primary school in Bonnington for the 2012/2013 academic year in the short, medium and longer term.
- Understanding the relevant incremental capital cost associated with the move to a dedicated GME school, if any, and the offsetting benefits of the move which have to date been ignored.

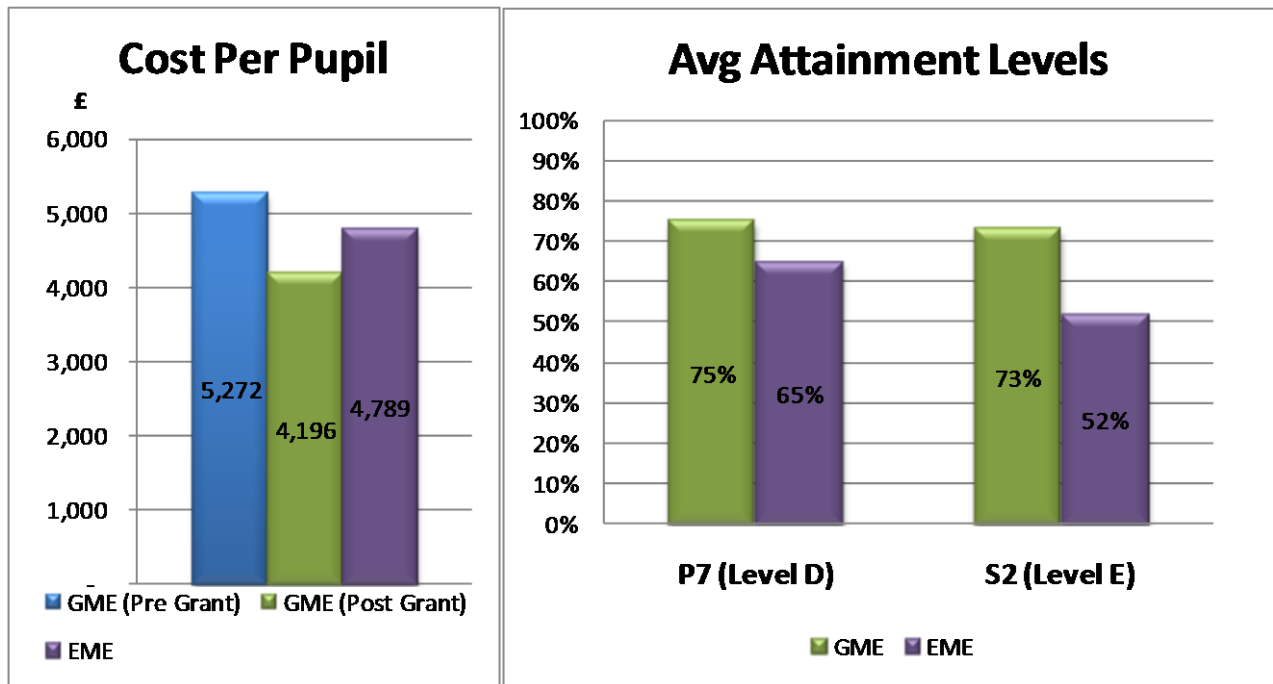
2. Executive Summary

A summary of the findings of this report are as follows:

- CEC has a statutory duty to educate children under the Education (Scotland) Act 1980 “in accordance with the wishes of their parents”. Gaelic is a national priority in the Education (National Priorities) (Scotland) Order 2000 and, therefore the cost of the existing GME provision in Edinburgh which was established 22 years ago is now part of the Edinburgh education system.
- Accordingly, much of the cost attributed to GME in the CEC report of 7 September 2010 is cost which would be incurred in the education of children in Edinburgh in any event.
- Considering this in the context of CEC’s financial analysis, it is clear as demonstrated in **Table 3.1** of this document that, in relation to the academic year 2010/11, the actual incremental cost of the provision of GME is £164,000. When compared against the specific grant funding of £250,000 per annum, (with an additional £40,000 in the 2010/11 year), there has been a significant underinvestment of approximately £126,000 of the specific funding provided to the council for the “**continued growth and improvement**” in the provision of GME.
- The incremental cost of GME on the basis of a move to a dedicated GME primary school for the 2011/2012 school year is £359,000. When compared to normalised specific grant funding levels of £250,000 per annum, the additional revenue funding required would be approximately £109,000 for that year, an amount less than the current year grant underspend.
- CEC will be required to reopen schools over time given the acknowledged pressures within the Edinburgh education system as a result of increased birth rates and a corresponding increase in the primary school pool. Accordingly, in the year 2014/15, we believe a specific grant of £250,000 per annum would exceed the ongoing incremental cost of the provision of GME at a dedicated primary school by £31,000 per annum.
- The capital cost associated with the reopening of Bonnington to facilitate a dedicated GME school is the lowest of the three options being considered and is within the capability of the current capital budget. In addition, the phased opening of the facility presents opportunities to limit the capital cost initially, which should be considered.
- Cost savings in respect of security at the Bonnington site could be delivered at approximately £25,000 per annum as the reopening of the school would prevent much of the current and ongoing vandalism referred to in the CEC Report.

2. Executive Summary (continued)

- The latest studies show that average attainment levels are higher among children educated through GME. Given the comparable cost of education under GME and EME, a significant increase in attainment levels is noted for a similar or lower cost per pupil. This is summarised below and explored fully in [Section 5](#).



- The dedicated GME primary school is much more likely to attract any additional future revenue support it may need through the Scottish Government's Scheme of Specific Grants for Gaelic Education.
- The dedicated GME school in Bonnington will provide additional revenue generating opportunities in the form of private Gaelic medium nursery care, wraparound care facilities, community centre activities and other related programmes. At Tollcross, the community centre alone generates additional revenues of £20,000 per annum.
- Bòrd na Gàidhlig is supportive of Gaelic Hubs, essentially locating all Gaelic services and facilities at one central point. Creating a Gaelic Hub as an integral part of a dedicated GME primary school would allow the possibility of additional rental income from Gaelic organisations locating their offices alongside the school, as well as nursery, wraparound care and Gaelic community facilities.

3. Understanding the Incremental Revenue Cost of Gaelic Medium Education

Tollcross Primary School's GME unit currently delivers 7 classes providing places for 158 pupils, in addition to nursery provision for 30 morning and 30 afternoon places.

In the revised CEC report, the teaching cost attributed to the unit is £464,000 per annum. While the cost of the teaching is not in dispute, it is clear that the cost to teach these pupils would be incurred regardless of the medium and accordingly this cost cannot be considered to be an investment in GME. **Table 3.1 (adj a)** makes appropriate adjustment for these costs.

A similar argument is relevant in respect of secondary education, provided to pupils at James Gillespie's High School. **Table 3.1 (adj b)** makes appropriate adjustment for these costs.

The revised CEC report also sets out that the current cost of GME includes the full allocation of costs related to the Gaelic Development Officer, in respect of whom specific grant funding is made available, and who spends only a portion of her time on educational matters which are directly or indirectly related to the Tollcross Unit. **Table 3.1 (adj c)** makes appropriate adjustment for approximately 75% of the costs of the Gaelic Development Officer.

CEC's paper fails to recognise a further level of Scottish Government support provided to the Council for GME through Stòrlann Nàiseanta. The cost of educational resources which are normally met by CEC for the provision of mainstream education are provided by Stòrlann for GME, therefore Gaelic teaching resources are provided to schools at no cost to the Council. It is not appropriate to apportion the cost of materials for Tollcross on a per pupil basis as has been the case in the CEC Report. **Table 3.1 (adj d)** makes appropriate adjustment for approximately £10,000 per annum of the costs associated with teaching materials which are met by Stòrlann Nàiseanta.

On the assumption that the transport costs as presented are accurate, the actual investment specifically in GME for which specific grant funding has been obtained is significantly lower than previously presented and in fact identifies an underspend of the 2010/11 total GME Grant of £126,000.

3. Understanding the Incremental Revenue Cost of Gaelic Medium Education (continued)

Table 3.1 below sets out the adjustments identified above against the Current Financial Position Table set out in section 3.4 of the 7 September 2010 report.

Table 3.1 Adjusted Annual Cost of GME Provision			
Nature of Expenditure	Original 2010/11 Cost	Adjustments	Revised 2010/11 Cost
GME Primary Unit costs	464,000	a (464,000)	-
GME Transport costs for primary sector	100,000		100,000
GME Secondary Unit costs	78,000	b (78,000)	-
Additional GME Staff	67,000	c (15,000)	52,000
Resources and Training	22,000	d (10,000)	12,000
Total	731,000	(567,000)	164,000
Specific Grant for GME			250,000
Additional 2010/11 Grant for GME			40,000
Total 2010/11 Specific Grant Funding			290,000
CURRENT UNDER SPEND OF SPECIFIC GME GRANT			126,000

4 Understanding the Incremental Revenue Cost of a Dedicated School

4.1 The Short Term View (Considering the 2012/13 Academic Year)

CnP recognises that in the short term, the opening of a dedicated GME primary school will have an incremental cost associated with the requirement for Head Teacher, Business Manager, and Administrative and Janitorial staff in addition to facilities costs.

We note the inclusion of an estimate of such costs in the Council's analysis of the revenue cost implications of a move to a dedicated school in the 2011/12 year, although it is not possible to ascertain the specific amount of this cost from the basis of presentation. For the purpose of our analysis such costs have been estimated at £170,000 per annum.

On a similar basis to the argument established in section 3 above, we also contend that the provision of teaching staff for GME would not change incrementally as a result of a move from Tollcross and accordingly such costs should be adjusted from any analysis.

The current cost of security at the Bonnington site, estimated at £25,000 per annum, would be saved in the event the school was reopened, as would much of the ongoing cost of vandalism to the building. The positive impact of this is considered further below.

Nature of Expenditure	Forecast 2012/13 Cost	Adjustments	Revised 2012/13 Cost
GME Primary Unit costs	835,000	(665,000)	170,000
GME Transport costs for primary sector	160,000	(10,000)	150,000
GME Secondary Unit costs	78,000	(78,000)	0
Additional GME Staff	67,000	(15,000)	52,000
Resources and Training	22,000	(10,000)	12,000
Total	1,162,000	(778,000)	384,000
Short Term Security cost savings at Bonnington			(25,000)
			359,000
Specific Grant for GME			250,000
Estimated 2012/13 Over Spend			(109,000)

The analysis in **Table 4.1** above demonstrates the impact of marginal costs incurred in Year 1 on the opening of a dedicated GME school at Bonnington. It should be noted that the additional cost required to do this above the specific grant anticipated for that year is approximate to underspend of the 2010/11 Grant as set out in **Table 3.1** previously.

4 Understanding the Incremental Revenue Cost of a Dedicated School (cont)

4.2 The Medium Term View (Considering the 2014/15 Academic Year onwards)

In the medium term, we contend that the costs of non teaching staff would be inevitable in order to deliver the additional schooling capacity Edinburgh is forecast to require. Accordingly, though they are relevant for a short term analysis of the position, this cost should not be considered additional over the medium term and certainly not part of ongoing cost.

This contention is supported by analysis of birth rates over the past 5 years. Across Scotland the birth rate is falling, but in Edinburgh the rate is increasing with a 5% average annual increase in the birth rate from 2005 – 2009¹. This represents approximately 940 additional children over a 4 year period entering the Edinburgh school system and the trend would suggest that this additional demand is set to continue.

The increasing birth rate, and increasing Edinburgh population (by 2033, an increase of 16.8% is projected on 2008's figures²) supports the argument that over the medium term, increases in demand for places drive down the acknowledged incremental costs in [Section 4.1](#) and therefore, the cost of increased facilities should cease to be counted as incremental costs, and should instead be considered as part of normal education provision costs

Additionally, as with Tollcross and other GME centres, there is opportunity to generate further revenue using a dedicated GME school as a hub. Options include the opportunity for CEC to lease nursery space to a private Gaelic nursery provider which could also provide a wraparound care facility. This would increase demand for the GME school by increasing the pre-school provision which acts as a feeder. The rental income would assist in reducing the overall revenue costs of a dedicated school.

CEC would also have the option of running the Gaelic pre-school and wraparound care in-house, and if this facility were run properly, the commercial income from wraparound care would be sufficient to more than cover the running costs of the facility.

Bòrd na Gàidhlig is supportive of Gaelic Hubs, essentially locating all Gaelic services and facilities at one central point. Creating a Gaelic Hub as an integral part of a dedicated GME school would allow the possibility of additional rental income from Gaelic organisations locating their offices alongside the school, as well as nursery, wraparound care and Gaelic community facilities.

¹ Information Services Division of NHS Scotland, Births by outcome and local council area

² Edinburgh City Council Area – Demographic Factsheet, 2010, General Registrar Office for Scotland

4 Understanding the Incremental Revenue Cost of a Dedicated School (cont)

4.2 The Medium Term View (Considering the 2014/15 Academic Year) (continued)

The establishment of community centre facilities and other local community services should also be considered. The success of these facilities is very much in line with our current experience at Tollcross. We have conservatively included only £20,000 per annum in respect of such potential revenues.

According to the revised CEC report, transport costs are forecast to double to £200,000 by 2014/15 with an increase in attendance levels from 158 pupils currently to 269 pupils at that time. Based on a current average cost per head of £632 per annum, an increase of almost 18% or £111 per annum to £743 per head appears excessive, even in light of the distance from Tollcross, as no allowance has been made for negotiated volume-based cost savings with the transport service providers. Accordingly, we believe that the annual forecast transport costs should be reduced as below.

Nature of Expenditure	Original 2014/15 Cost	Adjustments	Revised 2014/15 Cost
GME Primary Unit costs	957,000	(957,000)	-
GME Transport costs for primary sector	200,000	(25,000)	175,000
GME Secondary Unit costs	78,000	(78,000)	-
Additional GME Staff	67,000	(15,000)	52,000
Resources and Training	22,000	(10,000)	12,000
Total	1,324,000	(1,085,000)	239,000
Deduct additional revenue from Community Centre			(20,000)
Forecast Net Cost of GME provision			219,000
Specific Grant for GME			250,000
FORECAST 2014/15 UNDER SPEND OF SPECIFIC GME GRANT			31,000

Table 4.2 above shows that on an ongoing normalised basis, the specific revenue grant for GME is sufficient to meet the specific GME directly related costs.

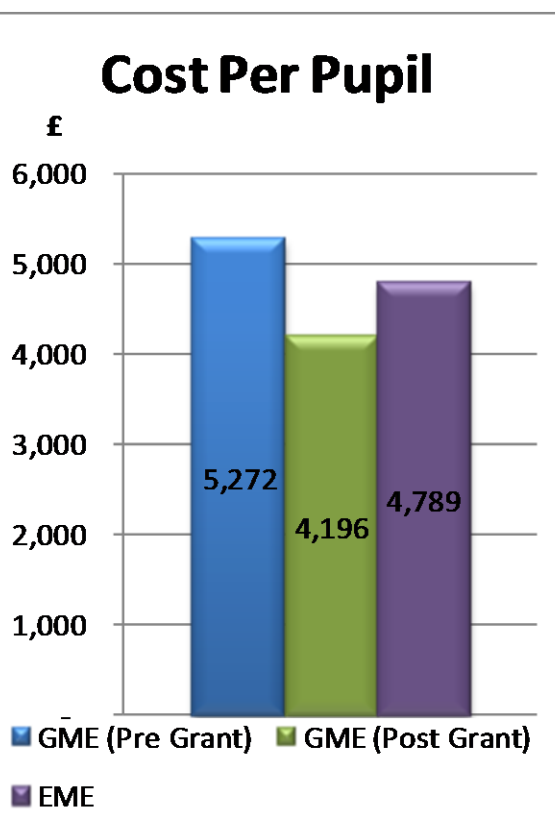
5 Value for Money Assessment

5.1 Cost per head comparison

The Statutory Performance Indicators for 2008/09 for City of Edinburgh published by Audit Scotland shows that the cost of educating each pupil was **£4,789** in 2008/09. This is based on gross revenue expenditure in that period of £118 million to educate 24,608 pupils in total.

Table 5.1 highlights that the comparable cost for GME educated pupils currently is £5,272 before the application of the Gaelic Specific Grant. After the grant is considered, the cost to CEC to educate primary children through GME is **£4,196**, which is lower than the corresponding EME cost per pupil.

Table 5.1 GME Primary Cost per Pupil	
	Original 2010/11 Cost
GME cost per CEC report	731,000
Deduct Secondary Unit Costs	(78,000)
Add allowance for premises costs	50,000
Add allowance for non teaching staff	130,000
Adjusted GME total cost	833,000
Deduct Gaelic Specific Grant <i>(assume £170k is for primary provision including transportation)</i>	(170,000)
GME Total Cost less Specific Grant	663,000
Number of Pupils	158
Cost per Pupil before grant	5,272
Cost per pupil net of grant	4,196



5 Value for Money Assessment (continued)

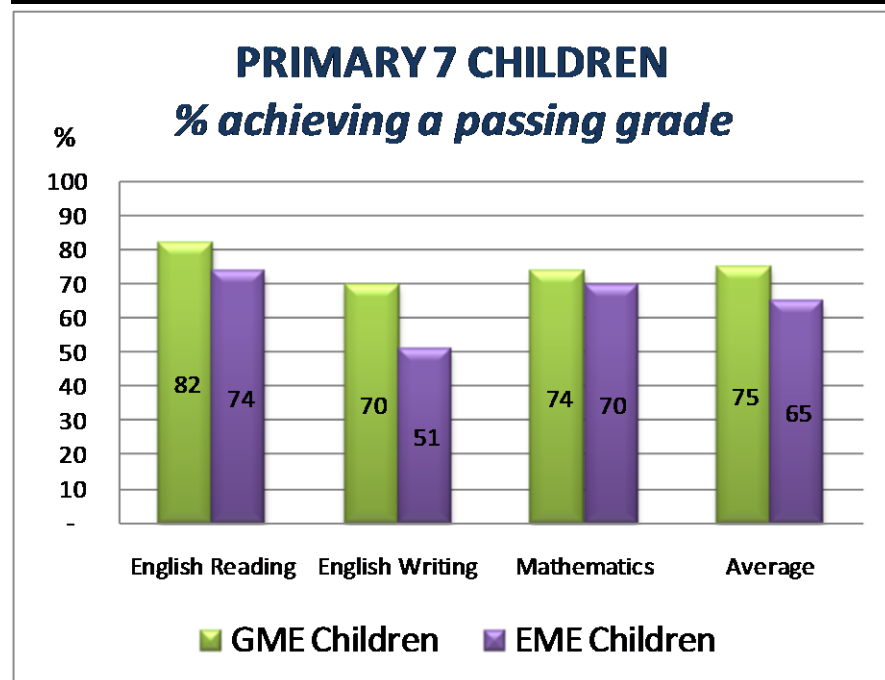
5.2 Comparable Primary School Attainment Levels

Statistics gathered regarding the attainment of pupils being educated through the medium of Gaelic have consistently shown that they perform at least as well as those receiving a mainstream English medium education, and in many areas, they perform better than their mainstream peers.

The latest study to illustrate this was published in November 2010 (*Gaelic-medium Education in Scotland: choice and attainment at the primary and early secondary school stages*, O'Hanlon, McLeod & Paterson). **Table 5.2** below sets out the comparative attainment levels for Primary 7 Children at Level D as extracted from that study. This clearly shows an average difference for the subjects considered of 10 percentage points, being a 15% higher attainment level.

	English Reading	English Writing	Mathematics	Average
PRIMARY 7 (LEVEL D)	%	%	%	%
GME Children	82	70	74	75
EME Children	74	51	70	65
Variance	8	19	4	10

% of children achieving a passing grade at this level



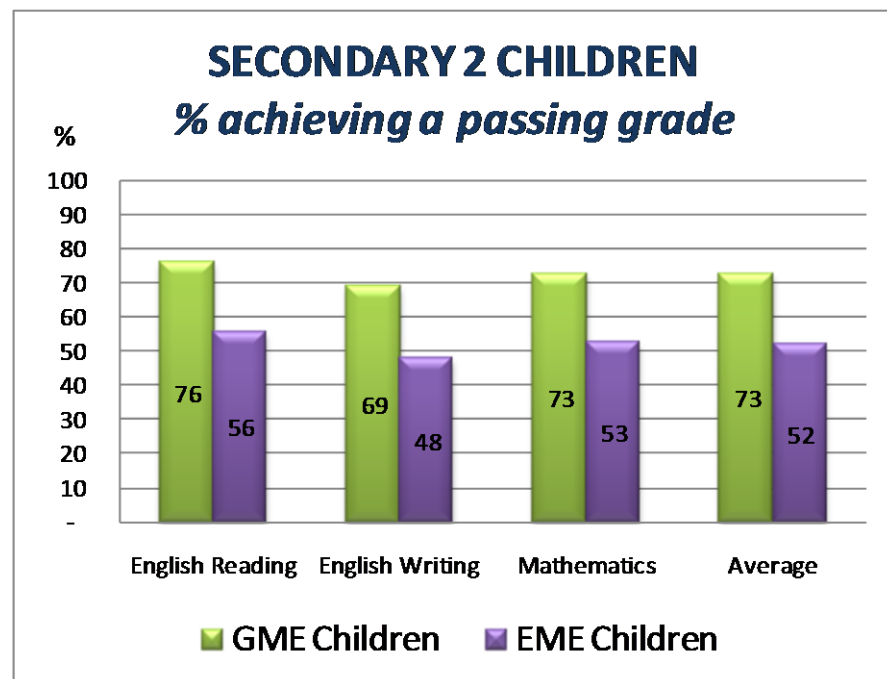
5 Value for Money Assessment (continued)

5.3 Comparable Secondary School Attainment Levels

When comparing the attainment levels at secondary level (Level E), the difference in the level of achievement is even more pronounced. The percentage of children achieving a passing grade at this level is some 21 percentage points better on average for GME pupils, being a 40% higher attainment level. As for the core curriculum measures of English Reading, English Writing and Mathematics, the results of GME pupils is significantly ahead of their EME peers as shown in **Table 5.3** below.

SECONDARY 2 (LEVEL E)	English Reading %	English Writing %	Mathematics %	Average %
GME Children	76	69	73	73
EME Children	56	48	53	52
Variance	20	21	20	21

% of children achieving a passing grade at this level



6 Conclusion

It is clear that a dedicated GME primary school provides the most cost-effective development solution, and will result in the best and lowest-risk return on investment.

CnP therefore invites CEC to:

- Consider the financial analysis presented in this paper in conjunction with non-financial arguments contained in the CnP paper: *Response to the City of Edinburgh Council revised proposals to develop Gaelic Medium Education in Edinburgh* dated 12 November 2010.
- Note the advantageous funding arrangements and value for money offered by a dedicated Gaelic school.