

DERBY CITY COUNCIL

SCHEME FOR FUNDING SCHOOLS 2015

SECTION 1: INTRODUCTION

- 1.1 The funding framework which replaces Local Management of Schools is based on the legislative provisions in sections 45-53 of the School Standards and Framework Act 1998. Under this legislation, local authorities determine for themselves the size of their schools budget and their non-schools education budget – although at a minimum an authority must appropriate its entire Dedicated Schools Grant to their schools budget. The categories of expenditure which fall within the two budgets are prescribed under regulations made by the Secretary of State, but included within the two, taken together, is all expenditure, direct and indirect, on an authority's maintained schools except for capital and certain miscellaneous items. Local authorities may centrally retain funding in the Schools Budget for purposes defined in regulations made by the Secretary of State under section 45A of the Act. The amounts to be retained centrally are decided by the authority concerned, subject to any limits or conditions (including gaining approval of Schools Forum or the Secretary of State in certain instances) as prescribed by the Secretary of State. The balance of the schools budget left after deduction of centrally retained funds is termed the Individual Schools Budget (ISB). Expenditure items in the non-schools education budget must be retained centrally (although earmarked allocations may be made to schools).
- 1.2 Local authorities must distribute the ISB amongst their maintained schools using a formula which accords with regulations made by the Secretary of State, and enables the calculation of a budget share for each maintained school. This budget share is then delegated to the governing body of the school concerned, unless the school is a new school which has not yet received a delegated budget, or the right to a delegated budget has been suspended in accordance with section 51 of the Act. The financial controls within which delegation works are set out in this scheme for financing schools drawn up by Derby City Council in accordance with section 48 of the Act and approved by the Secretary of State. All proposals to revise the scheme must be approved by Schools Forum, though the Council may apply to the Secretary of State for approval in the event of Forum rejecting a proposal or approving it subject to modifications that are not acceptable to the Council.
- 1.3 Subject to provisions of the scheme, governing bodies may spend budget shares for the purposes of their school. They may also spend budget shares on any additional purposes prescribed by the Secretary of State in regulations made under section 50 of the Act.

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- 1.4 The Council may suspend a school's right to a delegated budget if the provisions of the school financing scheme, or rules applied by the scheme, have been substantially or persistently breached, or if the budget share has not been managed satisfactorily. There is a right of appeal to the Secretary of State. A school's right to a delegated budget share may also be suspended for other reasons (Section 17 of the School Standards and Framework Act 1998) but in that case there is no right of appeal.
- 1.5 The Council is obliged to publish each year a statement setting out details of its planned Schools Budget and other expenditure on children's services, showing the amounts to be centrally retained and funding delegated to schools. After each financial year the Council must publish a statement showing out-turn expenditure at both central level and for each school, and the balances held in respect of each school.
- 1.6 The detailed publication requirements for financial statements and for schemes are set out in directions issued by the Secretary of State, but each school must receive a copy of each year's budget and out-turn statements so far as they relate to that school or central expenditure.
- 1.7 The scheme sets out the financial relationship between the Council and the maintained schools which it funds. The scheme and accompanying financial procedure rules contain requirements relating to financial management and associated issues, binding both on the Council and on schools. The scheme identifies the responsibilities of the Director of Finance and governors. The Director of Finance's responsibilities are exercised, in most cases, through the Head of Finance for People's Services. The Head of Finance, or his/her team should, therefore, be the primary point of contact on most financial matters.
- 1.8 The scheme applies to all community, nursery, voluntary, foundation, community special or foundation special schools maintained by the Council.
- 1.9 A copy of the scheme will be supplied to the headteacher and to the governing body of each school covered by the scheme, or placed on a publicly-accessible website, and any approved revisions will be notified to each school.
- 1.10 Each governing body must consider the extent to which it wishes to delegate its financial powers to the headteacher. The decision, and any revisions, must be recorded in the minutes of the governing body and a written record must be maintained and updated. Although governors can delegate certain powers, they will retain overall responsibility for any actions taken. The first formal budget plan of each financial year

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must be approved by the governing body, or by a committee of the governing body.

- 1.11 The Council is responsible for maintaining the schools covered by the scheme, and this includes the duty of defraying all the expenses of maintaining them (except in the case of a voluntary school where some of the expenses are, by statute, payable by the governing body) (delete reference to grant-maintained schools). Part of the way the Council maintains schools is through the funding system put in place under sections 45 to 53 of the School Standards and Framework Act 1998.