

**DERBYSHIRE COUNTY COUNCIL**

**CABINET MEMBER FOR CHILDREN'S SERVICES**

**8 December 2015**

**Report of the Strategic Director for Children's Services**

**Arrangements for Suspending the Right to a Delegated Budget  
from a School's Governing Body**

**1 Purpose of the Report**

To seek approval to delegate the decision to suspend the right to a delegated budget from an individual school to the Strategic Director for Children's Services.

**2. Information and Analysis**

Schools' funding is becoming increasingly tight as the government has confirmed that the Dedicated Schools Grant (DSG) will remain cash flat over the lifetime of this parliament. Schools will therefore find it increasingly difficult to balance their budgets each year.

Schools which are either already in deficit, or are at significant risk of going into deficit in the near future, are supported by the Authority's specialist services e.g. adviser, HR and Finance. However, it can take significant time (several years) for schools to eliminate their in year deficit and then repay any accumulated debt. The timelines involved present a significant risk to the Authority not least because of the changing financial landscape for schools.

The key concern is that, should a school become an academy, there is an increasing risk that any deficit would remain with the local authority. The Authority therefore needs to be able to respond to changing circumstances quickly to minimise its financial exposure. An example would be where a school is unwilling or unable to restrict its spending in the period prior to conversion; in these circumstances the Authority would have to consider quickly whether or not to suspend the school's right to a delegated budget.

Given the time-lines involved, and in order to help protect the Authority's financial interests, it is proposed that the decision to suspend the right to a delegated budget be vested in the Strategic Director for Children's Services in consultation with the Cabinet Member for Children's Services.

### **3. Legal Considerations**

The School Standards and Framework Act 1998 empowers local authorities to suspend a governing body's right to a delegated budget in the case of financial mismanagement. In addition, the Education and Inspection Act 2006 provides for suspension where the school is eligible for intervention. In both instances a formal process must be followed and legal advice would be required.

### **4. Financial Considerations**

Under the DfE regulations any deficit from a sponsored academy remains with the local authority. There is provision to allow the costs to be met from the school contingency fund within the DSG but this requires the permission of the Schools Forum which has not been granted.

In the event of a proposal to suspend a governing body's right to a delegated budget the Director of Finance would provide appropriate advice.

### **5. Other Considerations**

In preparing this report the relevance of the following factors has been considered: prevention of crime & disorder, equality of opportunity, and environmental, financial, health, human resources, legal & human rights, property and transport considerations.

### **6. Key Decision?**

No.

### **7. Background Papers**

DfE Guidance - Treatment of surplus and deficit balances when maintained schools become academies – March 2015.

### **8. Officer's Recommendations**

The Cabinet Member is asked to:

- (i) approve the delegation of the decision to suspend an individual school's right to a delegated budget to the Strategic Director for Children's Services in consultation with the Cabinet Member for Children's Services.

**IAN JOHNSON**  
**Strategic Director for Children's Services**