



Contract and Financial Procedure Matters Report

SUMMARY

- 1.1 This report deals with the following items that require reporting to and approval by Council Cabinet under Contract and Financial Procedure rules:
- approval of a licensed deficit for Da Vinci Community College in 2015/16 and 2016/17
 - approval of changes to the Council's Scheme for Funding Schools
 - use of reserves
 - award of contract

RECOMMENDATION

- 2.1 To approve a licensed deficit in 2015/16 and 2016/17 for Da Vinci Community College totalling £187,000 as detailed in section 4.
- 2.2 To approve changes to the Council's Scheme for Funding Schools as detailed in section 5.
- 2.3 To approve the use of £810,000 of the Dedicated Schools Grant reserve as detailed in section 6.
- 2.4 To approve the award of a contract for Network support services and infrastructure.

REASONS FOR RECOMMENDATIONS

- 3.1 To comply with the Council's Contract and Financial Procedure rules.



SUPPORTING INFORMATION

4 Da Vinci Community College Licensed deficit

- 4.1 The Scheme for Funding Schools requires the Council's Cabinet to approve a licensed deficit. Licensed deficits will normally only be approved where there has been a significant reduction in pupil numbers or an overspend has arisen because of large items of expenditure which could not have been anticipated. The maximum period allowable for any licensed deficit is 3 years and the maximum permitted size of a licensed deficit is 5% of a school's budget.
- 4.2 The school has requested a licensed deficit of £125,000 for the financial year 2015/16; this represents 4% of their budget and a licensed deficit of £62,000 (2% of their budget) for the financial year 2016/17. The school plans to be back in balance by the end of 2017/18 when pupil numbers are set to rise. Changes in special needs funding and a reduction in pupil numbers has resulted in the school receiving a reduced budget.
- 4.3 It is recommended that approval is granted for Da Vinci Community College to report a licensed deficit of £125,000 in 2015/16 and £62,000 in 2016/17.

5 Local Authority Scheme for Funding Schools 2015 revisions

- 5.1 Each Local Authority is required to have a Scheme for Funding Schools in accordance with the School Standards and Framework Act 1998 (SSFA) and associated regulations. The scheme applies to all schools (excluding academies and free schools) and sets out the financial relationship between the Council and the schools it maintains.
- 5.2 The Department for Education has issued directive revisions to the statutory guidance to local authorities for their Schemes for Funding Schools. These directed revisions are:
- A requirement for maintained schools to publish a register of the business interests of their governors, along with any relationship with staff.
 - Clarification that borrowing includes the use of finance leases and is not allowable with the exception of certain schemes approved by the Secretary of State. Currently only Salix loans have such approval.

At their meeting on the 29th September 2015 Schools Forum considered and approved these scheme revisions.

- 5.3 Further amendments include the removal of the schools surplus balance thresholds and claw-back mechanism. This is to harmonise processes between the maintained sector and those funded directly by the Department for Education (free schools and academies) where no claw-back mechanism on surplus balances exists. The Council

still retains its right to challenge schools causing financial concern and the need to raise educational attainment through other mechanisms. This change will be applied retrospectively to the 2014/15 financial year end position.

- 5.4 It is recommended that the changes to the Council's Scheme for Funding Schools are approved.

6 Use of reserves

- 6.1 At their meeting on the 29th September 2015 Schools Forum considered and approved proposals for the use of £810,000 of the Dedicated Schools Grant Reserve (a ring-fenced reserve whose use is governed by the schools and early years funding regulations) for specific projects relating to school improvement across the primary and secondary phase. These projects will see schools working together in a targeted collaborative way aimed at improving educational outcomes for children in Derby schools; in particular focusing on improving pupil progress, closing gaps and improving the quality of teaching and leadership with the aim of reversing the city's recent downward trend in results. The current balance on this reserve is £4.823m and this use will reduce the balance to £4.013m.
- 6.2 It is recommended that approval is granted for the use of £810,000 of the Dedicated Schools Grant reserve as detailed above.

7 Award of Contract

- 7.1 The Council has undertaken a tender process to identify a suitable supplier of Network support and infrastructure and a successful supplier has been identified. The implementation costs, that include renewing existing hardware which has reached its end of life, will be £216,000 and the annual revenue costs will be £423,000 for which there is budget provision.
- 7.2 To comply with contract procedure rules it is recommended that a contract for network support services and infrastructure is awarded to the successful supplier from the completed tender process.

This report has been approved by the following officers:

Legal officer Financial officer Human Resources officer Estates/Property officer Service Director(s) Other(s)	Martyn Marples Director of Finance
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For more information contact: Background papers: List of appendices:	Mark Nash 01332 643364 e-mail mark.nash@derby.gov.uk None Appendix 1 – Implications
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IMPLICATIONS

Financial and Value for Money

- 1.1 As detailed in the main body of the report and appendices.

Legal

- 2.1 None directly arising.

Personnel

- 3.1 None directly arising.

IT

- 4.1 None directly arising.

Equalities Impact

- 5.1 None directly arising.

Health and Safety

- 6.1 None directly arising.

Environmental Sustainability

- 7.1 None directly arising.

Property and Asset Management

- 8.1 None directly arising.

Risk Management

- 9.1 None directly arising.

Corporate objectives and priorities for change

- 10.1 These recommendations where relevant are in line with approved capital strategy and Asset Management Plans which accord with the Council's corporate priorities.