



Silverhill Primary School – Delegated Budget

RECOMMENDATIONS

- 1.1 To note and endorse measures to oversee the management of Silverhill Primary School's delegated budget.
- 1.2 To authorise the Director of Education, in consultation with the Cabinet Member for Lifelong Learning, to suspend the governing body's right to a delegated budget if necessary.

REASON FOR RECOMMENDATION

2. This year's budget at Silverhill Primary School needs to be managed to take account of the costs of the remedial works following the release of asbestos. The authority needs to be in a position to respond to this and the outcomes, once known, of the internal audit investigation.

SUPPORTING INFORMATION

- 3.1 Arrangements were made by the governing body and head teacher of Silverhill Primary School to replace windows in the school. During the course of the work, asbestos fibres contained in insulation panels were released into the atmosphere and staff and pupils were exposed to contamination. The Health and Safety Executive (HSE) are investigating the incident, and their report is not yet available.
- 3.2 The Council's internal audit team are also conducting an investigation to review all procedures related to the commissioning of building work by schools and the avoidance of asbestos exposure. As part of this investigation, auditors are examining the contract procedures and budget control at Silverhill Primary School.
- 3.3 It is not therefore possible at this stage to attribute precise responsibility for any inadequacies of financial controls or for the health and safety failings. Investigation continues and both the HSE and internal audit will report in due course.

- 3.4 Nevertheless, early findings from the internal audit investigation indicate that a robust procedure for establishing a best value contract for the window replacement was not carried out. Tendering processes and the school's own delegation scheme were not followed, and the work was authorised without the consent of the full governing body. The windows that were supplied were not of a specification suitable for the type of building; they have now been removed and replaced following expert professional advice.
- 3.5 The costs of asbestos removal and clean up, and of reinstating the school are very high, and may reach £750,000. Council Cabinet has already agreed that these costs should be underwritten in the first instance from the Education capital programme and revenue budget. However, it is appropriate that the school budget should, where possible without undue detriment to the school's functioning, bear some of the costs. The school had a significant increase in budget for 2004/5.
- 3.6 Consideration has been given to the suspension of the governing body's right to a delegated budget. However, the regulations relating to this and timing issues have led to the conclusion that there is a potentially more productive way forward at this stage, which has been discussed with the Chair of Governors and Chair of the Finance Sub-Committee. This does not rule out the possibility of suspending delegation (which also includes personnel powers) should that prove to be necessary.
- 3.7 The proposal comprises the following, all of which is being set out in a letter to the Chair of Governors:
- The establishment of a (broadly) standstill budget for 2004-05 (this will require the governing body to amend their current plan, which makes full use of the growth);
 - The requirement that any major items of expenditure not included in the revised budget plan would need to be agreed with the authority;
 - The allocation of the growth in the school budget as a contingency to meet – depending on the conclusions of the internal audit investigation – some of the costs of refurbishment and re-instatement;
 - Close working between the governing body and authority, particularly through the Head of Finance exercising oversight over the management of the budget (detail to be agreed with the governors);
 - Keeping the right to delegation of the management of the budget under review, in the light of the exercise of these arrangements and the outcomes of the internal audit.

- 3.8 It should also be noted that, under the scheme for the local management of schools, the authority has the power to charge the Silverhill school budget for costs incurred in making good defects in building work which was funded from the school budget.

OTHER OPTIONS CONSIDERED

4. Suspension of the right to a delegated budget has been actively considered. This can be done immediately in certain circumstances and otherwise with one month's notice and in both cases the governing body can appeal to the Secretary of State. However, there are advantages at this stage to working closely with the governing body to achieve the desired ends more quickly and effectively. This should develop more robust financial management and ensure the protection of health and safety, whilst reserving the possibility of suspension of rights in the future. It will also incorporate an element of positive development.

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Background papers:	None
List of appendices:	Appendix 1 – Implications

IMPLICATIONS

Financial

- 1.1 Silverhill Primary School has a delegated budget for 2004/5 of £766,752. The governing body has set a balanced budget. This currently makes no provision for the school budget to support the costs arising from the asbestos release. The capital costs are currently estimated at £611,000. In addition, there will be substantial revenue costs arising from the need to refurbish and reequip the school, following the destruction of materials which were contaminated in the course of building work.
- 1.2 The school budget increased by £115,062 (17.7%) in 2004/5. It is anticipated that a proportion of this growth will be provisionally allocated to supporting the costs arising from the asbestos release, leaving the school with sufficient funds to support existing provision. Remaining costs will have to be supported from contingency provisions held by the Education Department.
- 1.3 The processes for managing the budget, including close involvement of the authority, will be established with the governing body.

Legal

- 2.1 Under the provisions of the School Standards and Framework Act 1998, the Council can suspend the right of a governing body to a delegated budget where it appears to the Council that the governing body is not managing expenditure in a satisfactory manner.
- 2.2 The governing body would have a right of appeal to the Secretary of State, within a period of two months following receipt of the Council's notice of the suspension.
- 2.3 A suspension would have to be reviewed by the Council before the beginning of the next financial year.

Personnel

3. If suspension were to happen, the Director of Education would exercise the personnel powers formerly delegated to the governing body.

Equalities impact

4. None

Corporate objectives and priorities for change

5. The proposal will support the Council's objective relating to a **responsive education** service and the priority to **minimise increases in Council Tax and increase value for money from Council services**.