



Audit & Governance Committee
12 April 2018

Members' Allocation Funding of Education Costs

Purpose of the report:

At the Audit and Governance Committee meeting on 22 January 2018, Members requested a short report detailing the educational-related costs that cannot be funded from the Members' Allocation grant.

Recommendations:

It is recommended that:

1. The Audit and Governance Committee notes the contents of this report.

Introduction:

2. Councillor Andrew Povey's Full Council motion was referred to the Audit and Governance Committee (AGC) meeting on 22 January 2018 for discussion. The motion proposed 'That the wording of the Financial Framework for Members' Allocations contained in Part 5 of the Council's Constitution, be modified in the section "What we cannot consider", point 7, to replace the word "core" with the word "statutory"'.
3. The AGC accepted an amendment to the original motion to keep the word 'core' and avoid replacing it with the word 'statutory'. Instead, an extension of point 7 of the Framework to include a list of what is not allowed to be funded was proposed.
4. The Committee requested a short report for the next meeting outlining what cannot be funded by Members' Allocations, in order to aid further discussion.

Local Authority Funding of Schools

5. Local authority funding of schools is governed by the annual School and Early Years Finance Regulations, issued under the School Standards and Framework Act 1998.
6. The core principle is that revenue funding for schools must be delegated to individual schools using a formula which has been consulted on locally and which complies with Department for Education regulations, except for specific exceptions which are set out in the schedules to those regulations. The legislation aims to ensure that all schools are funded on a consistent basis and can exercise choice in how to spend their budgets. School governing bodies may spend their delegated funds for any purposes of the school and in part, if they choose, for eligible community purposes (although they are not legally obliged to provide additional community services).

Restrictions for Members' Allocation Funding

7. The term "Purposes of the school" is not strictly defined by legislation, but is generally considered to be the provision of education to pupils registered at the school. School delegated budgets are provided to cover revenue expenditure associated with core education provision. This includes, but is not limited to, textbooks and library books and their electronic equivalents, routine maintenance of school buildings and grounds, internal redecoration and replacement of normal classroom furniture, equipment and IT.
8. The Council, and therefore Members' Allocations, is only able to fund schools for purposes which are specified in the regulations as eligible for funding over and above the delegated budget set by the regulations. The sample list of items detailed in paragraph 7, above, could not therefore be funded from the Members' Allocation grant.
9. The School and Early Years Finance Regulations are updated annually. This means that the definition of expenditure for the purposes of the school is subject to change. Expenditure on a particular item in a given year does not necessarily mean that funding the same item in a subsequent year will be eligible. As the delivery of education evolves, purchases can fall within the category of core curriculum items, as technology and teaching methods advance. Additionally, if a school(s) chooses to deliver the core curriculum in new or innovative ways, for example through dramatizations, external speakers, or external organisations, it does not mean that the cost of such activities would fail to be deemed as a core curriculum cost.

Conclusions:

10. The term "purposes of the school" is not strictly defined by legislation and is also subject to annual change. Therefore, it is not possible to provide an exhaustive list of every item of school expenditure that would fall

within this broad definition. Items listed at paragraph 7 provide a guide to members but can change over time.

Financial and value for money implications

11. Members' Allocation funding of core activities falling within the 'purposes of the school' definition would serve to duplicate public funding already provided through the school delegated budget.

Equalities and Diversity Implications

12. The Annual School and Early Years Finance Regulations, issued under the School Standards and Framework Act 1998 help to maintain a consistent basis for educational provision across all schools. By prohibiting Members' Allocation funding of such activities, we uphold the legislation's intention of promoting equality of provision across all Surrey schools.

Risk Management Implications

13. Members' Allocation funding of core activities falling within the 'purposes of the school' definition would jeopardise the equality of provision across all Surrey schools that the delegated grant formula intends.

Next steps:

14. On 30 January 2018, the Cabinet announced that a new Members' Community Allocation (MCA) grant would be created. This will replace the current Members' Allocation scheme.
15. The rules for the new MCA scheme will be taken to Cabinet and Full council for approval in May 2018.

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Sources/background papers:

- Members' Allocation Funding for Schools Advice Note.
- Financial Framework for Members' Allocation.

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