

Financial Observations:

This decision proposes to award three contracts to the Nottingham Schools Trust (NST) for the delivery of school improvement activities on behalf of the Local Authority (LA).

The contracts to deliver school intervention and quality assurance services forms part of the LA's base budget used to support external expenditure associated with this function. The total annual budget for these services is £0.152m (£0.760m for five years). There is no impact to employees or the current MTFP from this proposal.

It should be noted the Schools Improvement Monitoring and Brokering Grant Allocation is received from the Department of Education. There is no impact to employees from this proposal, however the grant is calculated based on the Area Cost Adjustment and the number of eligible schools in an area and therefore subject to change. Any changes should be reflected in the contract avoiding any risk to the LA and the MTFP. The current annual value of the grant is £0.084m.

The LA currently contribute 20% to the NST in accordance with its interest of the net value of the organisation. The value indicated in the contract is £0.062m. Any future contributions will be considered through the organisation's internal governance process.

The total annual value of the three contracts is **£0.298m** and **£1.490m** for the term of the contract, assuming no change to the Schools Improvement and Brokering Grant Allocation.

To ensure value for money, robust governance arrangements are required as part of the contract to monitor performance in line with the KPIs set out in the appendices to this report.

In addition, the shareholder / partnership agreement should stipulate the introduction of a financial sub group to review the annual financial statements and new-year budgets. This will provide the following benefits:

- A financial health check of NST and highlight any associated risk and sensitives to the early intervention agenda in schools.
 - Agree all payment plans
 - Support the annual review of the LA's 20% contribution to be approved through the organisations internal governance process.

Advice provided by:

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