



Scheme of Financial Delegation

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Scheme of Financial Delegation

AI Generated Summary

- 📌 Defines how financial responsibilities are delegated by the Governing Body to the Headteacher and authorised staff.
- 🏛️ Governing Body retains overall accountability for the use of public funds.
- 📄 Establishes clear approval limits for expenditure, contracts, virements, and write-offs.
- 👥 Sets roles for financial oversight, budget setting, and monitoring.
- 📖 Requires compliance with Local Authority regulations, procurement rules, and national financial standards.
- 🛡️ Embeds separation of duties, value for money, and fraud prevention controls.
- 📊 Outlines financial planning, reporting, audit, and risk management arrangements.
- ⚙️ Details operational responsibilities of the Headteacher and School Business Manager.
- 🔄 Confirms annual review and ongoing governance oversight.

1. Purpose

This Scheme of Financial Delegation sets out the financial responsibilities delegated by the Governing Body to the Headteacher and other authorised staff for the day-to-day management of the school's delegated budget.

The scheme operates in compliance with:

- Southampton City Council Scheme for Financing Schools
- SCC Financial Regulations
- SCC Contract Procedure Rules
- Schools Financial Value Standard (SFVS)
- ESFA / DfE financial management expectations

The Governing Body retains overall accountability for the proper use of public funds but delegates operational authority as set out below.

2. Principles of Delegation

- Delegation applies to authority to act, not accountability.
- The Headteacher is the accountable officer for budget management.
- Separation of duties will be maintained wherever possible.
- All expenditure must achieve value for money.
- Local delegation cannot override SCC procurement or financial regulations.
- The school will comply with the Local Authority Financial Regulations and Standing Orders.

3. Governance and Strategic Financial Oversight

Governor Financial Assurance and Capability

The Governing Body will ensure that it maintains appropriate financial oversight capability. This will include:

- Periodic review of the financial skills of governors
- Identification of training and development needs
- Access to appropriate financial training through the Local Authority or external providers
- Inclusion of financial governance within the governor induction programme
- Annual review of the effectiveness of financial oversight arrangements

The Governing Body is responsible for:

- Approval of the annual budget
- Approval of finance policies and procedures
- Approval of the Scheme of Delegation
- Oversight of financial performance
- Approval of major contracts and capital spend
- Monitoring financial risks
- Approval of three-year budget forecasts

- Benchmarking financial performance

The Resources/Finance Committee will:

- Scrutinise budget plans
- Review monitoring reports termly
- Review contract and procurement activity
- Review audit findings
- Monitor SFVS actions

Financial Reporting Calendar

The Finance/Resources Committee will maintain an annual financial governance timetable including:

- Budget setting deadlines
- Monitoring report schedule
- SFVS review points
- Audit review meetings
- Three-year forecast review

Financial Delegation Matrix

The following matrix summarises the delegation of financial responsibilities between the Governing Body, its committees, and school leadership. Delegation relates to operational authority and does not remove the Governing Body's overall accountability for the proper use of public funds.

Financial Function	Governing Body	Finance/Resources Committee	Headteacher	School Business Manager	Budget Holders / Other Staff
Approve annual budget	✓ Final approval	Scrutinise & recommend	Draft preparation	Support preparation	–
Approve three-year forecast	✓ Approve	Review & challenge	Prepare	Support	–
Budget monitoring	Receive & challenge reports	Detailed scrutiny	Review monthly	Produce reports	Monitor local budgets
Financial policy approval	✓ Approve	Review	Implement	Administer	–
Scheme of delegation approval	✓ Approve	Review	Implement	Administer	–
Financial procedures approval	✓ Approve	Review	Implement	Maintain	–
Financial skills & training oversight	✓ Ensure	Monitor	Support	–	–
SFVS approval	✓ Approve & submit	Review prior	Complete with SBM	Prepare evidence	–
Audit response approval	✓ Approve actions	Review findings	Implement actions	Coordinate evidence	–
Day-to-day financial management	Oversight only	Monitor	✓ Lead responsibility	Operational delivery	–
Authorisation of expenditure	Above £50k	£5k–£50k	Up to £5k	Up to £2k (operational)	Up to £1k within budgets
Contract approval	Above £50k	Review prior	Up to £50k	Administer process	–
Procurement compliance	Oversight	Monitor	Ensure compliance	Manage process	Follow procedures
Contracts register oversight	Oversight	Review	Ensure maintained	Maintain register	–
Staffing structure financial approval	✓ Approve	Review impact	Propose	Provide costings	–

Payroll certification	Oversight	Monitor	Certify	Process payroll	–
Banking arrangements approval	✓ Approve	Review	Implement	Operate controls	–
Bank reconciliation review	Oversight	Review reports	Review	Prepare reconciliations	–
Income monitoring	Oversight	Review	Monitor	Administer collection	–
Asset disposal approval	Significant disposals	Review	Recommend	Maintain records	–
Virements approval	Above £15k	Monitor	Up to £15k	Up to £5k	–
Write-offs approval	Above £5k	£501–£5k	Up to £500	Administer process	–
Deficit recovery approval	✓ Approve plan	Review	Prepare plan	Support data	–
Surplus balance use	✓ Approve	Review proposals	Propose use	Provide analysis	–
Fraud oversight	✓ Oversight	Monitor	Implement controls	Maintain registers	–
Business interests register	✓ Maintain oversight	Review	Declare interests	Maintain register	Declare interests
Financial systems security	Oversight	Monitor	Ensure compliance	Manage access	Follow protocols

All delegated authority operates within:

- The approved school budget
- Local Authority Financial Regulations
- Contract Procedure Rules
- The Scheme for Financing Schools

4. Delegation to the Headteacher

The Governing Body delegates to the Headteacher responsibility for:

- Preparation of the draft annual budget and three-year financial forecast for governor approval
- Day-to-day financial management
- Implementation of the approved budget
- Authorisation of expenditure within limits
- Staffing financial management
- Contract management within delegated limits
- Ensuring compliance with financial regulations

This delegation is formally minuted by the Governing Body.

5. Role of the School Business Manager (SBM)

The SBM is responsible for:

- Operation of financial systems
- Budget monitoring and reporting
- Accounting records
- Bank reconciliations
- Procurement administration
- Payroll processing liaison
- Audit liaison
- Maintenance of financial controls

6. Financial Authorisation Thresholds

4.1 General Expenditure Approval

Level	Approval Limit	Notes
Budget Holders	Up to £1,000	Within approved budgets
School Business Manager	Up to £2,000	Operational spend
Headteacher	Up to £5,000	Strategic & operational
Resources Committee	£5,001 – £50,000	Prior approval required
Full Governing Body	Above £50,000	Or where contract required

All limits are subject to SCC procurement and tendering requirements.

6.2 Rationale for Increased Thresholds

Thresholds have been increased in 2026 to reflect:

- Inflationary increases in operational costs
- Rising utility and service contract values
- Increased cost of curriculum resources
- Need for responsive operational decision-making

Requiring governor approval for routine operational expenditure is no longer proportionate and may impede efficient school operations. Financial oversight is retained through monitoring and reporting structures.

7. Financial Planning and Budget Management

The school will operate a robust financial planning framework including:

Budget Setting

- The Headteacher and SBM will prepare a draft annual budget.
- The Finance Committee will scrutinise the draft.
- The Governing Body will approve the final budget prior to submission to the Local Authority.

Three-Year Financial Planning

- A three-year financial forecast will be prepared annually.
- Assumptions will include pupil numbers, staffing costs, funding projections and inflation.

Budget Monitoring

- Monitoring reports will be produced at least termly.
- Reports will be reviewed by the Finance Committee and Governing Body.

Benchmarking

- The school will undertake periodic financial benchmarking against similar schools.
- Outcomes will inform budget planning and value-for-money decisions.

8. Regular / Contractual Payments including SLAs

The Headteacher and SBM are authorised to approve payments exceeding standard thresholds where they relate to approved contracts, SLAs, or statutory services.

This includes:

- City Catering
- Gas, electricity, water
- ICT managed services
- Cleaning contracts
- Grounds maintenance
- Photocopier/telephone leases
- Waste disposal

- Payroll and pension charges

Conditions:

- Contract approved in line with this scheme
- Expenditure within budget
- Variances reported to governors

9. Procurement and Tendering

All procurement activity will:

- Demonstrate value for money
- Avoid artificial contract disaggregation
- Consider framework agreements where appropriate
- Be recorded within the school's Contracts Register
- Comply with SCC Contract Procedure Rules.

Requirements include:

Contract Value	Requirement
Up to £5,000	Best value demonstrated
£5,001 – £25,000	Minimum 3 quotations
£25,001 – £100,000	Formal tender / procurement advice
Above £100,000	Managed via SCC Procurement

Contracts must not be artificially disaggregated. A Contracts Register will be maintained by the SBM.

Individuals with declared interests will not participate in procurement decisions.

10. Ordering of Goods and Services

Authorised to place orders:

- Headteacher
- Assistant Headteachers
- School Business Manager

All orders must:

- Be supported by an official purchase order
- Be within approved budgets
- Follow procurement rules

11. Receipt of Goods and Certification

Authorised to confirm receipt:

- Senior Leadership Team
- SBM
- Admin Staff
- Site Manager

Invoice certification authorised by:

- Headteacher
- SBM

The certifying officer must not be the individual who ordered goods.

12. Payroll and Staffing Payments

The SBM will:

- Process payroll changes
- Maintain staffing payment records

Authorised to certify payroll:

- Headteacher
- Assistant Headteacher (in HT absence)
- SBM (excluding own pay)
- All payments to the Headteacher require Chair of Governors approval.

Staffing structures and pay awards with significant financial impact will require Governing Body approval.

The Finance Committee will review staffing expenditure as part of budget monitoring.

13. Banking Arrangements

Banking will comply with SCC regulations.

Controls include:

- Monthly reconciliations
- Dual authorisation of payments
- Secure cheque/BACS procedures

Bank signatories approved by the Governing Body.

Where the school operates a local bank account, arrangements will comply with Local Authority banking regulations, including:

- Account mandate recognising Local Authority ownership of funds
- Approved banking providers
- Restrictions on borrowing or overdraft facilities
- Compliance with treasury management requirements

Aligns with SCC banking rules.

14. Income Collection

The school will retain income generated through delegated activities including lettings, fees and fundraising, in line with Local Authority charging policies.

Income will be:

- Recorded promptly
- Banked intact
- Reconciled regularly
- Reported to governors where material

The SBM will ensure:

- Accurate recording of income
- Prompt banking
- Secure storage
- Separation of duties

Two-person verification required for cash handling.

15. Asset Management

The SBM will maintain:

- Inventory of assets over £1,000
- Security marking where appropriate
- Disposal records

Disposal must follow SCC guidance and governor approval where significant. Disposals above £5,000 require governor approval.

16. Register of Business Interests and Gifts

The school will maintain:

- A register of business interests for governors and senior staff
- A gifts and hospitality register

These will be:

- Reviewed annually
- Declared at relevant meetings

Available for audit inspection

17. Contracts

The Headteacher is authorised to sign contracts up to £50,000, subject to:

- Procurement compliance
- Budget provision
- Legal review where required

Contracts above this level require Governing Body approval.

18. Virements (Budget Transfers)

Level	Approval Limit
SBM	Up to £5,000
Headteacher	Up to £15,000
Governors	Above £15,000

All virements reported termly.

19. Write-Offs

Amount	Approval
Up to £500	Headteacher
£501 – £5,000	Resources Committee
Above £5,000	Governing Body

20. Deficit and Surplus Balance Management

The school will comply with Local Authority requirements regarding deficit and surplus balances.

Deficit Budgets

- The school will not set a deficit budget without Local Authority approval.

- Where a deficit arises, a recovery plan will be submitted.
- The recovery plan will demonstrate a return to balance within the agreed timeframe.

Surplus Balances

- Surplus balances will be reviewed annually.
- Where balances exceed Local Authority thresholds, a utilisation plan will be submitted.
- Surplus funds will be earmarked for educational priorities or capital investment.

This aligns to SCC deficit and surplus control requirements.

21. Separation of Duties

Wherever possible:

- Different staff will order, receive, and certify
- No individual controls all stages of a transaction
- BACs runs require two authorised signatories
- No individual will control all stages of a financial transaction.

Dual authorisation required for:

- BACs runs
- Cheque payments
- Bank reconciliations approval

22. SFVS

The school will complete the Schools Financial Value Standard annually.

Process:

1. Completed by SBM/HT
2. Reviewed by Finance Committee
3. Approved by Governing Body
4. Submitted to SCC by deadline

Actions monitored termly.

23. Financial Monitoring

Monitoring arrangements include:

- Monthly HT/SBM review
- Termly governor reports
- Year-end forecasting
- Deficit reporting where applicable
- Variances against budget
- Forecast year-end position
- Use of reserves
- Staffing cost ratios
- Major contract performance

24. Audit and Assurance

The school will:

- Comply with internal audit
- Provide records on request
- Implement recommendations
- Submit required audit certificates
- Permit the Local Authority Chief Finance Officer, or their representatives, access to financial records and governing body meetings where financial matters are discussed.

25. Fraud and Irregularity

The school will maintain:

- Fraud response procedures
- Whistleblowing policy
- Gifts and hospitality register
- Business interests register

Suspected fraud will be reported to SCC immediately.

26. Insurance

The Governing Body will ensure adequate insurance cover either through SCC or approved alternative arrangements compliant with LA requirements.

27. Business Continuity

Financial systems continuity will form part of the school's Business Continuity Plan, including secure data backup and asset protection.

28. Financial Systems and Data Security

Financial systems will operate with appropriate access and security controls including:

- Role-based access permissions
- Secure password protocols
- Data backup arrangements
- Compliance with data protection legislation
- System access will be reviewed periodically.

29. Review

This scheme will be reviewed:

- Annually
- Following audit recommendations
- Following changes to Local Authority regulations
- Following changes in key financial personnel
- Where financial controls are found to require strengthening