

Report of the Director of Learning, Culture & Children's Services

Amended Local Management of Schools Scheme

Summary

- 1 This paper seeks approval of changes to the City of York Council Local Management of Schools (LMS) scheme prior to it being submitted to DCSF for approval. The Scheme (see Annex 1) has been reviewed and revised to formalise changes introduced following appropriate consultations and in response to DCSF guidance. The changes have been considered by Schools Forum at its meeting on 16th June 2009.

Background

- 2 The LMS Scheme sets out the financial relationship between the Council and its maintained schools. It contains requirements relating to financial management and associated issues, binding on both the Authority and schools.

Proposed Changes

- 3 A summary of the main areas of the Scheme that have changed are:
- 4 2.3 Submission of Budget Plans
This section includes a reference to Consistent Financial Reporting, which is a statutory framework for schools nationally to report their finances in a consistent format. The data is used for financial benchmarking purposes. This section also reduces the span of the required budget plan from five to three years. This is potentially beneficial for schools following the introduction of three year funding arrangements and enables schools to budget more accurately. Most schools will welcome this as many feel the amount of change makes it too difficult to predict with any accuracy the final two years of a five year plan. This section also states the requirement for the budget plan to be approved by governors.
- 5 Section 4.2 Deficit Budgets also includes the reduction from five to three years for schools applying for deficit budgets. This has potential to be problematic for schools as they have a shorter period in which to recover the deficit.
- 6 2.15 Financial Management Standard
Financial Management Standard in Schools (FMSiS) is a statutory assessment process to ensure that schools meeting the Standard are financially well managed. The process developed by the LA for York schools to follow has been considered by Schools Forum prior to its introduction. Although this section is new, it merely adds the existing (but separate) assessment process in to the Scheme and outlines the

requirements. It also indicates the chapter in the Finance Manual where the detailed process can be accessed.

7 2.16 Notice of concern

This section is new. It provides the Authority with the power to issue a notice of concern to the governing body of any school it maintains where, in the opinion of the Chief Finance Officer and the Director of Learning, Culture and Children's Services, the school has failed to comply with any provisions of the Scheme, or where actions need to be taken to safeguard the financial position of the local authority or the school. Prior to the provision of this power, the only action available to the local authority in the above scenario was the draconian measure of withdrawing delegation or informal persuasion / advice.

8 4.2 Reporting on the intended use of surplus balances

This section incorporates the processes relating to identifying and recycling excessive school balances. York's scheme for recycling excessive balances has been in place for a number of years and followed detailed consultation with the Schools Forum. The DCSF has now made this a statutory requirement on all LAs and we have updated our scheme to ensure compliance with the statutory requirements.

9 The opportunity has been taken to make a number of minor changes to improve the readability of the document and enhance its appearance.

Corporate Objectives

10 The revised Scheme will provide schools and the Council with a clear and coherent document against which they can carry out their statutory responsibilities. This will contribute to the vision to provide world-class schools and world-class standards.

Financial Implications

11 There are no financial implications relating to implementation of this review.

Other Implications

12 There are no HR, ITT, or Crime and Disorder implications arising from this report. However the LMS Scheme is a statutory document.

Risk Management

13 There are few risks associated with the publication of a new Scheme. These will be mitigated by ensuring that the new document is well publicised. This will ensure that governors, headteachers, and school and LA staff with financial responsibility are aware of its contents and carry out their duties accordingly. This will be done by letters to headteachers and through the Locality Area Bursar Network groups.

Recommendations

14 The Executive Member is asked to:

- Consider the changes to the document and raise any queries she may have.
- Approve the Local Management of Schools Scheme April 2010.
- Request that the Revised Scheme be forwarded to DCSF for its approval.

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Annex 1 – City of York Council's Local Management of Schools Scheme April 2009

Background Papers

Schools Forum Report 16 June 2009

DCSF guidance notes and updates

- Consistent Financial Reporting Framework
- Financial Management Standard in Schools Assessment Process
- Schemes for Financing Schools: Section 48 of the School Standards and Framework Act 1998, and Schedule 14 to the Act: Statutory guidance for local authorities: Issue 4