

**Schools Forum – Tuesday 2<sup>nd</sup> October 2007**

**Report of the Director of Children's Services**

**Financial Management in Schools**

**Purpose of Report**

1. To report to Schools Forum on progress with the Financial Management Standard in Schools (FMSiS).

**Background**

2. As part of the new arrangements for School Funding from 2006-07, a phased introduction of the Financial Management Standard was announced. In the first wave, all secondary schools were expected to have met the Standard by 31 March 2007. Chief Finance Officers are responsible for confirming that their schools are complying, or taking steps to comply with the Standard.
3. The following timetable for rolling out the FMSiS to all other schools was agreed:
  - 40% of primary, middle and special schools by March 2008;
  - A further 40% of schools by March 2009; and
  - All remaining schools by March 2010.

In Dudley the decision was taken to assess 50% of primary and special schools during 2007/08 with the remainder in 2008/09. Although this is ahead of the DCSF timetable it will enable Dudley Audit Services to evenly spread the assessments over a 3 year period and also provide a buffer if any schools fail to meet the standard by 31<sup>st</sup> March 2009.

4. Since the FMSiS was added to Schemes for Financing Schools in October 2006 through directed revisions, from January 2007 meeting the Standard is now a legal requirement for schools, subject to the phasing that is for determination locally.
5. In 2006/07 twenty schools passed the external assessment, one failed and one was not externally assessed. The School that failed the assessment will be reassessed during the current financial year. It should also be noted that one Primary School has already passed the external assessment this year.

6. Forty three schools will be assessed during 2007/08. The following timetable shows the work that has been carried out or is planned for the current year:

**March / April and October 2007**

Headteachers and Finance Office staff briefings.

**April 2007 – December 2007**

Governor briefing sessions

**April – September 2007**

A gap analysis has been carried out at the schools and an action plan produced to aid schools with passing the assessment.

**November 2007**

Benchmarking workshops

**November – December 2007**

A pre assessment review will be carried out that will provide an update on the action plan produced after the initial gap analysis.

**January – March 2008**

External assessments carried out. All schools will have until 31<sup>st</sup> March to pass the assessment.

Advice and support will be given to all schools being assessed to help them meet the Standard.

An annual assessment is also being carried out at Secondary schools to ensure they remain compliant with the Standard.

**Finance**

7. The cost of the external assessment is met directly by Schools.
8. The funding of schools is prescribed by the DCSF through the School Finance (England) Regulations 2007.
9. From 1<sup>st</sup> April 2006, the Schools Budget will be funded by a direct DCSF grant: Dedicated School Grant (DSG).

## **Law**

10. Councils' LMS Schemes are made under Section 48 of the School Standards and Framework Act 1998. The Education Acts 1996 and 2002 also have provisions relating to school funding.

## **Equality Impact**

11. The Council's Equal Opportunities Policy is taken into account when considering the allocation of resources.

## **Recommendation**

12. Schools Forum is asked to note the progress on the Financial Management Standard in Schools.



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