

Date of meeting:	Thursday 20 January 2022
Title of report:	North Yorkshire County Council LMS Financial Procedure Rules
Type of report: Delete as required	For information and comment
Executive summary: Including reason for submission	This report provides an update and requests comments from the Schools Forum on proposed amendments to the North Yorkshire County Council Local Management of Schools (LMS) Financial Procedure Rules
Budget / Risk implications:	None for schools
Recommendations:	The Schools Forum is asked: <ul style="list-style-type: none"> - To note and comment on the proposed changes to the LMS Financial Procedure Rules for local authority maintained schools
Voting requirements:	N/A
Appendices: To be attached	None
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Presenting officer: If not the originator	

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of this report is to provide an update and seek comments on the proposed changes made to the Local Management of Schools (LMS) Financial Procedure Rules

2.0 BACKGROUND

- 2.1 The School Standards and Framework Act 1998 (Section 48) requires that the Local Authority sets out in an LMS Scheme the financial controls within which the delegation of funds to Schools works.
- 2.2 The LMS Scheme is the funding framework for Schools, which sets out the financial relationship between the Local Authority and the maintained Schools it funds.
- 2.3 The LMS Scheme requires Schools, in managing their delegated budgets to abide by the County Council's requirements on financial controls and monitoring. The Financial Procedure Rules form part of the overall control framework and set out these requirements.
- 2.4 The LMS Financial Procedure Rules have been reviewed and updated to ensure that they reflect the latest DfE and LA guidance and requirements. Other proposed amendments have also been made in order to provide clarity and to ensure the continued efficient operation of decision-making

3.0 SUMMARY OF KEY AREAS TO NOTE AND CHANGES TO THE LMS FINANCIAL PROCEDURE RULES

- 3.1 The summary of the key areas and changes to note are as follows:

Section	Area	Summary of key change
1.4	Introduction	The Brexit transition period has now concluded meaning that the UK is no longer a member of the EU. The Rules have been updated to remove references to the EU
2.3	Preparation of Revenue Budget	In line with NYCC's Scheme for Financing Schools (approved by Schools Forum on 13/11/2019) the submission deadline date for Start Budgets has changed to 20th May
11.1	Inventories and stores	In line with the DfE's statutory guidance on schemes for financing schools, the requirement for an inventory of assets value increased from £100 to £1,000, however this limit is reduced to £200 for items which are deemed to be portable and attractive
14.13	School Bank Accounts	Requirement for the Governing Body to arrange for the printing of cheques removed.

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Section	Area	Summary of key change
16.3	LMS Licensed Deficits	Provision removed for the Council to charge interest on a licensed deficit and cash flow advances.
16.9	LMS Licensed Deficits	In line with the DfE's statutory guidance on schemes for financing schools and NYCC's LMS Scheme for Financing Schools (approved by Schools Forum), the conditions for an approved licensed deficit have been updated.
17.5	Charging of school budget share	In line with the DfE's statutory guidance on schemes for financing schools and NYCC's LMS Scheme for Financing Schools, the circumstances in which charges may be made against the school budget have been updated.
19.1	Insurance and Risk Management	This section has been updated to reflect the directed change from the DfE requiring Schemes for Financing Schools to reflect the extension of the national risk protection arrangement (RPA) to local authority maintained schools
Appendix 1	Specimen Budget Management Policy	Updated in line with the above changes

- 3.2 The proposed changes are subject to final review by NYCC Legal Services and approval by CYPs Executive Members

4.0 RECOMMENDATIONS

- 4.1 The Schools Forum is asked to note the changes and provide comments on the proposed amendments to the North Yorkshire County Council LMS Financial Procedure Rules.

STUART CARLTON
Corporate Director – Children and Young People's Service