

## **Summary of proposed Amendments to the Local Management of Schools (LMS) scheme of financial delegation for maintained schools**

The DfE have issued guidance that requires local maintained schools (not academies) to prepare and submit to the local authority budget plans for a three year period. It has long been the case that Herefordshire requires a five year budget plan however the new guidance from DfE requires a formal amendment to our LMS scheme as set out below.

The HCSS budget planning software provided to schools ensures that five year budget plans can be easily and accurately produced using the council's budget planning assumptions.

### **2.3.1 Submission of financial forecasts**

#### **Revision to Para 2.3.1 (a)**

**Proposed new text** - "Each school must submit a five-year budget forecast each year by 1 June. In exceptional circumstances this may be extended to 30 June on request. Such budget plan forecasts are used by the local authority for confirming schools are undertaking effective financial planning. Serious concerns arising from the five year budget plan may result in the issue of a formal notice of concern as set out in para 2.10 of this scheme."

**Replacement of old text** – "The LA may require schools to submit a financial forecast covering each year of a multi-year period for which schools have been notified of budget shares beyond the current year. "

### **4.9 Licensed Deficits and recovery plans**

#### **Change of paragraph title to include "and recovery plans" and the addition of a new paragraph 4.9b re Planning for deficit budgets**

DfE originally proposed to make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%. However, DfE has not done so but has asked LAs to include such a requirement in scheme

#### **Proposed new text**

4.9b Schools must submit a recovery plan to the local authority when their revenue deficit rises above 5% at 31 March of any year. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021."

Note: Details of the proposed changes have been circulated to in Spotlight in the summer term 2021 and no comments received.