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**Meeting:** Schools Forum  
**Date:** 28 November 2011  
**Subject:** Schools Financial Value Standard (SFVS)  
**Report of:** Deputy Chief Executive and Director of Children Services  
**Summary:** To provide an update on the new SFVS, the replacement to the Financial Management Standard in Schools (FMSiS).

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Contact Officer: Dawn Hill, Technology House, Bedford

Public/Exempt: Public

Wards Affected: All

Function of: Council

Reason for urgency  
(if appropriate)

#### **RECOMMENDATIONS:**

- 1. To note the update on the Schools Financial Value Standard.**

#### **Background**

1. The Financial Management Standard in Schools was introduced by the Department of Children, Schools and Families (DCSF) in the early 2000s. This was followed in 2007 by a directed revision to Local Authorities Scheme for Financing Schools requiring all schools to meet the Standard by March 2010.
2. The objective of the Standard was to help schools evaluate the quality of their financial management and to train staff to become good financial managers. Achievement of the standard demonstrated that the school was financially well managed. All maintained schools had to comply with FMSiS in line with a timetable determined by the Local Authority and published in the Scheme for Financing Schools.
3. Compliance would be demonstrated by the submission of a portfolio of evidence every three years, which would be externally assessed. The Local Authority commissioned their Internal Audit Department to carry out these assessments, supported by the Schools' Bursary Service.
4. Schools, particularly primary schools, found the system too burdensome and felt that this did not add value to the school.

5. In 2009 the Audit Commission carried out a review and found that the FMSiS focused on processes rather than achievement of economy and efficiency, and that schools have not drawn an explicit link between its introduction and value for money. Therefore the Government worked with interested parties, including local authorities and schools, to develop a new, simpler way of doing this.
6. With effect from 15<sup>th</sup> November 2010, FMSiS was withdrawn by the Secretary of State and Schemes were subsequently amended removing the requirement on schools to meet the standard. It was also announced that it would be replaced by a new simpler standard during 2011.

## **Update**

7. The Department for Education on the 14<sup>th</sup> September 2011 made available to schools the new Schools Financial Value Standard (SFVS).
8. Maintained schools are required to complete the SFVS once a year by way of a self assessment, a series of 23 questions which governing bodies should formally discuss annually with the Headteacher and Senior Staff.
9. Those Schools that have not attained the FMSiS by March 2010 must complete and submit the SFVS to the local authority by 31<sup>st</sup> March 2012. Central Bedfordshire has twenty schools that meet this criteria and the schools have been advised of this requirement.
10. For all other maintained schools, the self assessment is required by 31<sup>st</sup> March 2013 with an annual review thereafter.
11. The DfE intends to make the SFVS mandatory following the passing of the Education Bill which contains a clause restoring the Secretary of State's power to make directed revisions to LA's Scheme for Financing Schools. The DfE are expecting to consult as soon as is practical on a directed revision which will add SFVS as a requirement to the Scheme.
12. The Chief Finance Officer must sign a statement annually confirming the actual deployment of the Dedicated Schools Grant in support of the Schools Budget. With the introduction of the SFVS this statement is now amended to include the confirmation that a system is in place which gives adequate assurance over schools standards of financial management and the regularity and propriety of their spending. The number of signed SFVS from Chairs of governors is required to be inserted.

## **Appendices:**

Appendix A – SFVS Summary of Questions