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THE HEAD OF DESIGN AND TECHNOLOGY'S ROLE
WITHIN LOCAL FINANCIAL MANAGEMENT

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Chapter III of the Education Reform Act 1988 requires Local Education Authorities to prepare a scheme for delegating the management of a school's budget share for any year, to the governing body of every county or voluntary secondary school maintained by the authority, and to all primary schools with more than 200 pupils. This scheme of financial delegation has been called Local Management of Schools (LMS).

Most Heads of Craft Design and Technology, Home Economics, Business Studies, and Art and Design departments have been concentrating on the challenges and opportunities of the National Curriculum particularly in relation to the report of the working group on Design and Technology. However, in addition to the obvious business of managing curriculum development and change, there is another area of responsibility, which will have a major influence on the ability of departments to deliver appropriate learning experiences of quality to all children; that of effective and efficient financial planning and management at middle management level, within the structure of LMS.

All Cambridgeshire Secondary schools are already working within a scheme of delegated financial management and accountability, called LFM or Local Financial Management. This system is similar in many respects, to the ERA framework for LMS. Heads of department are now getting more accustomed to their new responsibilities within LMF, how it affects the overall management of their schools, and the inter-relationship that financial planning has with managing the curriculum. The purpose of this paper is to review the impact that LFM has had on the role of the Head of Department and to suggest how this experience might be useful in the move to fully fledged LMS.

I will divide my paper into three parts: firstly, a description of the important features of LFM as it applies to Cambridgeshire Secondary schools; secondly, an analysis of the ways in which LMF has affected the management of departments which will contribute to Design and Technology; and thirdly some suggestions on the issues that I think Heads of Department need to consider in relation to LMS.

1 The Cambridgeshire Scheme of Local Financial Management

Cambridgeshire's present LFM initiative, one of several which have been developed across the Country, was developed from a scheme of "increased financial responsibility" first tried in secondary schools in 1977. In this first devolution of financial management, schools were given responsibility for coding and certifying accounts and for the budgetary control of capitation and other items of expenditure.
In a small comprehensive school of say four forms of entry, this would have been about £30,000 or 5% of the running cost of the establishment. Now the same school is managing a budget of about £850,000 within LFM.

In 1982 a pilot scheme was established involving six secondary schools and one primary school. My research is mainly based on the responses of Heads of CDT in those six secondary schools over the period of the pilot study. In 1987 after development, evaluation and modification the scheme was extended to all secondary schools. (The LEA is now developing a similar scheme to operate in all its primary schools.)

The aims and objectives of the current LFM scheme are a composite of a number of strategies.

There are two overall aims:
(i) To enable governors and headteachers of each school to make the most effective use of the resources available to them.
(ii) To give each headteacher flexibility within an agreed budget to manage the school.

The principle aim of the County council's Review Evaluation Steering Committee was to improve education standards, by a more effective use of resources.

The objectives of the Cambridgeshire scheme of Local Financial Management are:
1. To give schools a sense of autonomy and institutional pride.
2. To extend the scope of management within schools.
3. To improve the flexibility and speed of management.
4. To increase understanding of educational issues and to stimulate participation.
5. To improve an incentive for economy.
6. To put the responsibility for reducing public sector expenditure at the point of delivery.
7. To encourage the entrepreneurial spirit without which the British economy will decline.

It is not the purpose of this paper to analyse these objectives, merely to identify the areas which directly and indirectly affect the management of a department such as CDT.

It seems that the most effective way to describe the current parameters of LFM is to divide the LFM budget into four main sections, these are:

1 those elements which continue to be managed centrally by the LEA. e.g. capital spending and debt charges; maintenance of buildings and playing fields; central administration and support services; redundancy payments; school transport; school meals; statemented pupils; and central government grants.
2 those elements which are managed centrally by the LEA but funded by schools e.g. the safety net (unexpected financial problems); long term supply cover, e.g. maternity leave, and the deployment of permanent unattached teachers.
3 those elements which are funded by direct allocation and based on traditional costs or LEA estimates e.g. protected posts; teacher Association representatives and civic duties; general rates; water meters and sewerage charges; rents; window cleaning; fuel; caretaking and cleaning; refuse charges and recharges.

4 those elements which are managed by schools and for which formula distribution is applied, (in the case of the Cambridgeshire LEA this is called the AWPU age-weighted pupil units formula, e.g. teachers salaries; supply teachers; support staff; capitulation; external examination fees; car allowances; advertising and interview expenses.

5 there is also a protection factor for schools with special circumstances e.g. small schools i.e. less than 900 pupils; and schools in social priority areas.

2. Ways in which LFM has affected the management of Design and Technology Departments.

All middle managers in secondary schools are encouraged to develop an understanding and working knowledge of the process of LFM and how various elements are managed. Several heads of CDT within Cambridgeshire, are departmental representatives on individual school's finance committees, which Heads and Governors have set up to manage much of the business of deciding how the various areas of expenditure should be allocated.

Coopers and Librand "Local management in schools" 1987, states that "heads of department will need to be involved in the new financial and managerial responsibilities delegated to them under the Reform Act. With headteachers, they will effectively form a management team for the school which will need to have recognised roles and processes for the conduct of business. This will include the need for discussion and evaluation of different proposals and options in order that heads and staff should be accountable for their decisions". Financial control, the report states, will involve monitoring of activities - actual and committed expenditure, against expected expenditure derived from the actual profiled school budget. This can be done from reports from heads of department.

However, in most schools the head of department is mainly concerned with capitulation requirements and the effective management of a curriculum area. In some cases this is a single area such as CDT or Home Economics; in others, it is a conglomerate under Design or Design and Technology. Whatever the structure or administrative framework, there are particular areas within the parameters of LMF which are an integral part of the financial management of the department.

Traditionally, most departments have concerned themselves with the idea of securing in the best way possible, and within each school's rather unique system, the largest amount of capitulation possible, often without any justification, in order to pay for books, materials, and replacement of small items of equipment.
In Cambridgeshire’s Secondary schools, heads of department now have to consider several other areas which are now encapsulated within capitation such as maintenance of equipment, some aspects of health and safety, planned replacement of equipment which is coming to the end of its life, and the need for new equipment in relation to developing curriculum demands such as GCSE and the National Curriculum area of Design and Technology. Most aspects within these areas were previously catered for by sporadic injections from central funds which no longer exist.

Additionally, departments are expected in their bids to the senior management of a school or finance committee, to include areas such as stationery, photocopying, hire charges, trips, travelling expenses, in-service requirements, travelling expenses for any departmental activity, audio visual requirements and postage. Some schools include estimates on examination entries.

In spite of the obvious amount of extra work initially, this element of LFM has in my opinion, several advantages for the effective management of departments.

Firstly, each school has had to establish a bidding and accounting system that is easily understood by all departments, and one which is systematic and open to inspection. Gone are the days of funding based on historical factors, myth and legend, favouritism, strength of arm etc. Formulas can be applied for bidding against the notion of overall distribution by age weighted pupil units and can include agreed subject weighting factors.

Secondly, LFM sharpens up the need for departments to be quite sure what they are buying is required, and to be even more conscious of value for money. Departments now have to carry out reviews of the previous year’s expenditure and how effectively it was used before they establish priorities for the next year. It is now becoming obvious to the good head of department that in addition to knowing what their needs are going to be for the next year, they should also be planning for the medium term, particularly in relation to replacement of equipment.

Thirdly, heads of department have tended to be more open about the way they allocate resources to the various component parts of their areas of responsibility. In addition to delegating some areas of resourcing to staff in the department, they are now discussing demands and needs with all the departmental staff. Indeed the discussion of funding and purchasing resources is becoming an integral component of managing and delivering the curriculum effectively.

Fourthly, departments are now accountable for their bids and what they spend; and overspending, a regular feature of pre LFM days, is now a thing of the past. Any accidental overspend is carried forward!

Fifthly, heads of department are recognising, through an increased understanding of how a school is financed, how much it actually costs to run a secondary establishment, and the important part they have to play in the general management of the school. There is a greater willingness to try to understand the needs of other curriculum areas in relation to a broad, balanced and relevant education for all children.
Finally, the inherent flexibility of LFM and the general underspends in many of the schools as a whole, to date, have allowed many departments to carry out substantial curriculum development by purchasing new and fairly expensive items of equipment such as new technology benches, pneumatics systems, equipment for helping children with special educational needs, computers, etc. In addition, some departments have, or are in the process of adapting their buildings to accommodate the demands of curriculum development and change, particularly with reference to the integrated needs of design and technology. In one school, LFM funded the creation of a design area where local industry exhibits the design development and technology of new products, in another, the IT area was relocated nearer to CDT and HE. In this respect, as long as any proposals are approved by the LEA Inspector for Design and Technology, minor building alterations can be done more quickly than was previously the case.

A recent survey of CDT departments in pilot schools in the authority, found that heads of department considered that they had not experienced any significant problems or disadvantages as a result of the introduction of LFM.

All returns to the survey, indicated a variety of advantages, all of which have been distilled in the points above. However, I am just a little concerned that, as the initiative spreads to all schools beyond those that expressed the original enthusiasm, not enough attention will be paid to training heads of department in the schools, by senior management. This will I feel, be an essential responsibility for the Advisory / Inspection Service, certainly as far as specialist subjects are concerned.

There is no doubt that LFM has provided a useful and significant bridging point to fully fledged LMS. Cambridgeshire is developing its framework and approach in line with the requirements of the Education Reform Act 1988, and recognises that there are still areas which need reviewing and development, there are other areas which need to be incorporated in the new plans for fully delegated LMS. This initial experience will help heads of department to recognise their new responsibilities and accountabilities with reference to managing finance.

3. Coping with LMS - some suggestions for Design and Technology departments.

Under LMS, heads of department will be required to plan ahead, to formulate targets and objectives, and to decide on appropriate plans of action and strategies to accompany bids for capitation. These will have to be closely allied to the requirements for managing and delivering the programmes of study for the National Curriculum foundation subject: Design and Technology. This process of agreeing and establishing targets will I suggest, be used as a criterion for judging the actual performance of a department, not merely in the way it uses its funding or balances its books, but in the wider context of how it delivers the curriculum.
Heads of department will be forced to consider all aspects of need and provision across the school, because they will be more informed and more accountable for decisions about the way money is allocated and spent. Departments will not be able to function independently of others, or to ignore the needs of others, in relation to providing a broad and balanced curriculum for all pupils.

Here are some areas that I feel Design and Technology departments need to address in the move into LMS.

* Building up a working knowledge of the structure and process of LMS including the financial cycle in which it operates, and the areas of expenditure which are covered.

* Before LFM and LMS were introduced, heads of department merely administered the capitation for their areas, now they must learn how to manage it effectively. They should be quite certain what is planned as a purchase, is what is needed, and that other members of the department to whom elements of the capitation may be delegated, also recognise that bids and orders need to be scrutinised before they are confirmed.

* Every year the department should review its level of resources and identify needs and priorities. Requirements can be categorised as - inescapable; important; and highly desirable. It is important that bids are itemised so that finance committees in schools can understand the nature of the bid, eg. consumable learning materials; non-consumable learning materials, text books, duplicating paper, stationery, photocopying, rental on equipment, audio visual materials, books for the library, etc. Bids are more often understood if they are accompanied by reasoned argument.

* Maintenance requirements should be anticipated. These can be calculated by an historical appraisal and average of what was used over the previous three years, and an analysis of the age of equipment. An agreement could be made with the Head to allow any underspend on maintenance to be carried forward as credit, so that an accumulation could eventually be used to buy new items of equipment.

* Issues relating to Health and Safety which are not covered by general school or LEA separate provision should be included.

* It will be necessary to plan for several years ahead in order to anticipate phasing for the replacement of larger items of equipment or for purchasing new equipment in order to accommodate curriculum developments.

* Any costs which are likely to be incurred where minor internal maintenance is required. This will probably not be included in capitation but should be identified and recorded for finance committees to consider in their budget distribution.

* Departments should also indicate, in advance, their planned requirements for in-service training, including provision to visit conferences and department based visits to other schools where good practice could be seen.
* Recouping for wear and tear, maintenance, and use of consumable materials from community use, e.g. adult education classes or societies.

* Recognising that there may be other areas of funding with can be used to supplement capitation or equipment, e.g. DTI grants, school trusts, Parent Associations, etc.

LFM and LMS is about good management, not about becoming an accountant. For the head of department I suggest that it involves:

- Identifying objectives
  - Planning how these will be achieved
  - Preparing a reasoned capitation plan and bid
  - Controlling the use of resources
  - Monitoring and evaluating achievement and related costs over the year
  - Modifying the approach used as a result of constant reviews
  - Reporting achievement to the Head, Governors and Parents.

To conclude this paper I will use a quotation from Brian Knight, (4) a well known writer on school finance. He suggests that local financial management, "will be strange, often threatening, occasionally disastrous; but it offers us a freedom and flexibility in the state education system which we have never had before and which we desperately need....... What about me?" a child's voice pipes. Let us hope that we shall be able to offer him or her an education which is more efficient, more effective, more tailored to his or her individual needs...... and no less humane."

References and Sources of Information:
(2) LFM Newsletters Nos 5 - 12; and various evaluations carried out by the Inspectorate of Cambridgeshire C.C.
(3) Coopers and Librand " Local management in schools" 1987
(4) Peter Downes "Local Financial Management in Schools" 1988