

## 1. EXECUTIVE SUMMARY

The DfE has completed a consultation on changes aimed at improving the transparency of financial arrangements in maintained schools.

The outcomes of this consultation have now been published here:

<https://www.gov.uk/government/consultations/financial-transparency-of-la-maintained-schools-and-academy-trusts>

## 2. BACKGROUND

The consultation outlined the current financial transparency arrangements for maintained schools and academy trusts and put forward a number of proposed changes. As the current transparency measures used in academies are generally stronger than those in the maintained school sector, the consultation focused on using or adapting existing academy measures to help change and improve maintained schools' financial transparency and financial health.

## 3. Actions already Completed by Schools

Please be aware that there are certain actions that are 'formalised' in the DfE's outcomes that our maintained schools already complete, including submitting 3-year budget forecasts to the Authority and being required to agree deficit repayment plans. As such, these are not listed as new actions below.

Maintained schools must continue to submit their returns to the Authority by the deadlines we set to enable us to continue to submit our Authority-level statutory returns, such as CFR and SFVS assurance, by the DfE's set deadlines. The DfE will now 'name and shame' authorities that are late in submitting returns.

## 4. New Actions

- Firstly, and **for immediate planning**, maintained schools by **1st Jan 2021 (and annually thereafter)** will be required to publish on their websites:
  - a. The number of individuals (if any) earning over £100K per annum in £10K bandings.
  - b. A link to the schools' financial benchmarking website, where the school's Consistent Financial Reporting (CFR) statement of income, expenditure and balances are published.

<https://schools-financial-benchmarking.service.gov.uk/>

The LA will provide shortly a standard format / form of words for schools to use on their websites for both a. and b.

- Secondly, **during 2021/22 and by 31 March 2022 (and then annually thereafter)**, maintained schools will be required to append a Related Party Transactions (RPTs) list to their SFVS return. This will declare to the Authority their RPTs and how the school has

appropriately managed these. Schools should then expect the Authority to follow up this information, including this forming part of the Authority's annual audit arrangements. There is a longer lead in time for this change, and we are expecting the DfE to provide some more guidance, which will inform our further guidance to school. But this is a quite significant new action, which schools must begin to plan for.

## **RECOMMENDATIONS**

1. Forum Notes the Report

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## Annex 1

Agreed proposal	Who to action	Implementation date
Proposal 1: We will publish names of LAs on gov.uk if they fail to comply with deadlines for returns to the Department.	LEA	Apr-21
Proposal 2a: We will collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the LA Chief Financial Officer (CFO) at the end of the financial year.	LEA	Sep-21
Proposal 2b: We will add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud	LEA	Sep-21
Proposal 3: We will make a directed revision to LAs' schemes for financing schools to make it a requirement for maintained schools to provide LAs with three-year budget forecasts.	Schools	Apr-21
Proposal 4a: We will make schools append a list of Related Party Transactions (RPTs) to their response to the question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs. In addition, we will insert additional columns into the CFO Assurance Statement, so that the number of RPTs and value for each can be disclosed.	Schools	end of financial year 2021/22
Proposal 6a: We will make a directed revision to LAs' schemes for financing schools, requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%.	Schools	Mar-21
Proposal 6b: We will collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.	LEA	Sep-21
Proposal 6c: We will formalise the approach to working with LAs and include a request for high level action plans from some LAs. This will be achieved by: - Sharing published data on the school balances in each LA. - Using this data and evidence-based requests from LAs to ensure support is focused where it is needed. - Requesting high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level.	LEA	During 2021/22
Proposal 7: We will require all LA maintained schools to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings. We will also implement proposal	Schools	Jan-21
Proposal 8 : However, in light of feedback from a number of respondents, we will require LA maintained schools to publish a link to the schools financial benchmarking website, where the Consistent Financial Reporting (CFR) statement of income, expenditure and balances is already published, instead of requiring them to publish the CFR statement annually on their own website.	Schools	Jan-21