

New Financial Transparency Rules for Local Authorities and Maintained Schools including the School Information (England) (Amendment) Regulations 2020

Report to the Schools Forum 1 October 2020

- 1.1 Last year the government carried out a consultation entitled “Financial transparency of local authority maintained schools and academy trusts”. The basis of this was that *“It has been reported by a number of trusts that they feel more accountable for their academies’ financial position, now that they are in the academy sector, than they did previously as a local authority (LA) maintained school.”* In the DfE’s view *“Current financial transparency arrangements for academies are generally stronger than those in place for maintained schools.”*
- 1.2. Following this consultation, a number of changes will be made affecting local authorities and maintained schools.
- 1.3 For local authorities:
- The DfE will publish names of LAs who have missed 3 deadlines for the return of financial information from the start of 2020-21 (albeit taking account of any postponement or relaxation of deadlines in 2020-21 on account of Covid-19).
 - There will be four additions to the existing DSG annual assurance statement, signed by local authorities Chief Finance Officer (CFO). The following will be required to be reported:
 - number of schools with suspended budgets and notices of financial concern;
 - amount that LAs have recovered from investigating fraud;
 - number of recovery plans in each LA;
 - number of related party transactions in maintained schools and the value of each transaction.These additions will apply for the return for the financial year 2020-21, which is due in September 2021.
 - High level action plans will be required from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level. LAs could be requested to submit high level action plans at any time during the year, as and when requested by the Department.
- 1.4 Maintained schools will be required to submit to the LA S151. Officer:
- Three year budget forecasts between 1 May and 30 June of each year, starting in 2021-22.
 - A list of related party transactions to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing such transactions.
 - A recovery plan to their maintaining authority when their deficit rises above 5%. This will apply from 31 March 2021.

- 1.5 Maintained schools will be required to publish on their website:
- Annually, the number of individuals earning over £100K, gross so including on costs, in £10K bandings (from 1 January 2021).
 - A link from their own websites to the benchmarking website, Consistent Financial Reporting (CFR) data is published (from 1 January 2021).
- 1.6 Where appropriate these revised requirements will be incorporate in the local Scheme for Financing Schools.
- 1.7 In terms of their impact on current practice these changes are modest in scale. From a T&W perspective the above measures do bring the phrase 'a solution in search of a problem' to mind, as it is not immediately apparent what local problems have arisen to justify additional requirements.

Tim Davis
Group Accountant
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