

Matters Arising Schools Forum 16 September 2020

Conclusion of the DfE's Consultation on Improving Financial Transparency in the Maintained School Sector

The DfE has completed its consultation on changes aimed at improving the transparency of financial arrangements for 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>

The actions that are required, in response, for the Local Authority and for maintained schools are summarised below in time order. The Authority will provide maintained schools with further guidance.

1. The Authority will be required to add into our Scheme for Financing Schools the appropriate DfE directed revisions as and when these are published (**revisions on 3 year budgets and deficit repayments plans have been published and will be included within our revised Scheme (please see separate Scheme report)**). We do not expect these revisions to require local consultation.
2. The Authority will need to **continue** to ensure that statutory returns are submitted to the DfE by the set deadlines (S251 budget & outturn; CFR year end; DSG assurance; SFVS assurance).
3. **By 1st Jan 2021 (and annually thereafter)** maintained schools 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 school's financial benchmarking website, where their Consistent Financial Reporting (CFR) statement of income, expenditure and balances is already published.
4. **At March 2021 (and on-going)** maintained schools that hold deficits greater than 5% will be required to submit recovery plans to the Authority.
5. **At September 2021 (and annually thereafter)** the Chief Finance Officer's DSG assurance statement will be required to report to the DfE:
 - a. The number of schools with suspended budgets or under Notices of Financial Concern.
 - b. The values the Authority has recovered through fraud investigation.
 - c. The number of schools with deficit recovery plans.
6. **During 2021/22 and by 31 March 2022 (and then annually thereafter)**, schools will be required to append a Related Party Transaction (RPTs) list to their SFVS return. The expectation is that the Authority will follow up this information.
7. **At September 2022 (and annually thereafter)** the Chief Finance Officer's DSG assurance statement will be required to report to the DfE the number of RPTs and value of each.

Other key points to note:

- The proposal to require the Authority to audit its maintained schools at least every 3 years is not being taken forward, but will be kept under review.
- There is a new formal requirement for maintained schools to submit 3 year budget forecasts to the Authority. However, our maintained schools already do this and this is already written into our Scheme.
- These changes together give the DfE / the ESFA more formal scope to monitor local authorities and to intervene, and to require 'high level' action plans, where concerns or weaknesses relating to financial

management are identified and / or where there are a large number of schools holding deficits greater than 5%.