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Report title:	Financial Transparency	
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Executive Summary

The Department for Education (DFE) issued a consultation on the Financial Transparency of local authority maintained schools and academy trusts in the summer of 2019. The response to the consultation has now been issued and this report details the main impact on the Local Authority and Schools

Schools Forum Actions

- The Schools Forum is asked to note the report

1. Background

- 1.1 The purpose of the consultation was to outline the current financial transparency arrangements for academy trusts and maintained schools, and to consider possible changes. While both types of schools are funded through a specific grant – the DSG for maintained schools and General Annual Grant for academy trusts the current financial transparency arrangements are different and provided different levels of assurance.
- 1.2 The Department of Education wanted in the consultation to look at ways of improving transparency in the financial health of LA maintained schools, and believe that a number of transparency measures used in the academy trust sector could be adapted for LA maintained schools.

The consultation opened on 17 July 2019 and closed on the 30 September 2019.

2. Details

The purpose of this report is to summarise the main aspects of the response that will impact on schools and the Local Authority, its purpose is not to reiterate the contents of the response which can be found in full via the following link

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/902003/Financial_transparency_consultation_response_July_2020.pdf

Action	New requirement
Schools	There will a requirement for maintained schools to provide LAs with three-year budget forecasts.
Schools	Schools we need to provide a list of Related Party Transactions (RPTs) to their Schools Financial Value Standard (SFVS)
Schools	Schools will be required to submit a recovery plan to their maintaining authority when their deficit rises above 5%.
Schools	Schools will need to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings.
Local Authority	The department will require high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain number.
Local Authority	The Department will publish names of LAs online if they fail to comply with deadlines for returns to the Department.

Next Steps

The above have been incorporated into directed changes by the Secretary of State to the scheme of delegation. These will be built into the revision of the scheme which we will be bringing to the Schools Forum shortly. As they are directed revisions they cannot be changed.

Some schools provide us with three year budgets at the moment but not all, we are currently considering how we support schools in this process as we accept that not all schools feel comfortable with doing this.