

Department of Education's Consultation

Financial transparency of local authority maintained schools and academy trusts.

Response from Buckinghamshire County Council

Proposal 1: Making public where local authorities are failing to comply with deadlines for completing assurance returns and financial collections

We have reviewed the approach to late returns that the ESFA has adopted this year for the academy sector, whereby they publish (on GOV.UK) the names of trusts who are late in submitting more than 2 out of 4 annual returns and believe similar measures could be used in the LA maintained schools sector.

Statement	Agree	Disagree	Neither agree nor disagree
<p>We propose to publish the names of local authorities on GOV.UK who fail to comply in any financial year with more than two deadlines from the following collections:</p> <ul style="list-style-type: none">▪ School Financial Value Standard (SFVS)▪ Dedicated Schools Grant CFO assurance statement▪ Consistent Financial Reporting▪ Section 251 Budget▪ Section 251 Outturn			
<p>LA response: – Neither agree nor disagree.</p>			
<p>Comments: This proposal will not impact on BCC as we comply with the deadlines each year. It would be helpful to know what would happen after the names are published.</p>			

Proposal 2a: Strengthening DSG annual assurance returns: Collecting the number of schools with suspended budgets and notices of financial concern through existing DSG assurance statement

Statement	Agree	Disagree	Neither agree nor disagree
<p>We propose to collect the number of schools with suspended budgets and notices of financial concern through the existing DSG assurance statement signed by the local authority CFO at the end of the financial year.</p>			
<p>LA response: – Agree</p>			

Proposal 2b: Strengthening DSG annual assurance returns: Adding a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud

Statement	Agree	Disagree	Neither agree nor disagree
We propose to add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud			
LA response: – Agree			

Proposal 3: Requiring maintained schools to provide local authorities with 3-year budget forecasts

Local authorities are required to maintain schemes for financing schools, which set out the financial relationship they have with their maintained schools. We have recently introduced a requirement for academies to send the department a three-year budget plan and we believe that this could be extended to maintained schools in the form of sending a three-year budget plan to their maintained authority.

Statement	Agree	Disagree	Neither agree nor disagree
We propose a directed revision of the schemes for financing schools to make it a requirement for maintained schools to provide local authorities with three-year budget forecasts			
LA response: – Agree, Maintained Schools in Buckinghamshire are currently required to submit 3 year budget plan			

Proposals 4 (a, b, c): Strengthening Related Party Transaction arrangements in maintained schools:

The three proposals are alternatives to one another.

Academy trusts must report all Related Party Transactions (RPTs) to ESFA in advance of the transaction taking place, using ESFA's on-line form. This requirement applies to transactions made on or after 1 April 2019. Since April 2019, all academy trusts have had to seek approval from the ESFA for RPT payments of more than £20,000 and all transactions below £20,000 must be declared. The arrangements for reporting RPTs in maintained schools are not as stringent as those in academy trusts.

Proposal 4a: Making schools append a list of RPTs to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs, so that the information goes to the local authority and can be passed on to the department

Statement	Agree	Disagree	Neither agree nor disagree
We propose to make schools append a list of RPTs to their response to the new question in the SFVS about their arrangements for managing RPTs. In addition, we would insert additional columns into the CFO Assurance Statement, to request the number of RPTs and value for each to be disclosed.			
LA response: Neither agree nor disagree.			
Comments: It would be helpful to see further clarification on requirements within LA annual accounts and whether this already includes requirements for schools			

Proposal 4b: Making a directed revision to the statutory Scheme for Financing Schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority

Statement	Agree	Disagree	Neither agree nor disagree
We propose to amend the scheme for financing schools to require schools to report all RPTs, or RPTs above a certain threshold, directly to the local authority.			
LA response: Neither agree nor disagree.			
Comments: as above, it would be helpful to see further clarification on requirements within LA annual accounts and whether this already includes requirements for schools			

Proposal 4c: Making a directed revision to the statutory Scheme for Financing Schools to require schools to seek permission from the local authority to enter into RPTs above a certain amount.

Statement	Agree	Disagree	Neither agree nor disagree
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We propose to amend schemes to require schools to seek permission from the authority to enter RPTs above a threshold.

LA response: Neither agree nor disagree.

Comments: We are unsure of the scale of the issue and whether it would therefore be an increased burden on LA.

Proposal 5: Requiring maintained schools to be subject to internal audit at least every 3 years

Schools are within the overall audit arrangements determined by the local authority's statutory section 151 officer (CFO). Authorities operate internal audit teams whose work is then relied on by their external auditors. Most audit plans use a risk-based approach with some themed audits. We have learned in discussion with local authorities that the cycles for auditing-maintained schools vary a great deal and, in some cases, have fallen into disuse. Consequently, we think there is a case for action.

Statement	Agree	Disagree	Neither agree nor disagree
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We propose to make a directed revision to the scheme guidance to require that every maintained school be subject to internal audit at least every 3 years.

LA response: Disagree

Comments: Local authorities agree their audit plans on a risk assessment and include both direct audits of maintained schools and themed audits to focus on specific risk areas across a number of schools. The new measures would constitute a New Burden on the LA as additional staffing would be required in order to ensure every school was audited in the proposed timescale. We estimate an additional 2 members of staff at an estimated cost of £120k.

Proposals 6 (a, b, c): Strengthening arrangements to help schools that are in financial difficulty:

Proposal 6a: Requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%

Statement	Agree	Disagree	Neither agree nor disagree
We propose to make a directed revision to the scheme for financing schools requiring schools to submit a recovery plan to their maintaining authority when their deficit rises above 5%.			
LA response: Disagree			
Comments: Agree schools should submit a recovery plan regardless of the % of the deficit and not over a specific threshold – it would be helpful to get clarification of how 5% will be measured.			

Proposal 6b: Collecting information on the number of recovery plans in each LA through DSG annual assurance returns from the CFO

Statement	Agree	Disagree	Neither agree nor disagree
We propose to collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO.			
LA response: agree			
Comments: It would be helpful to have clarity on the reporting requirements proposed			

Proposal 6c: Writing to local authorities each year when the end-year data is published, specifying the threshold of deficit that would trigger contact with the Department

Statement	Agree	Disagree	Neither agree nor disagree
We propose to formalise the approach to working with LAs and include a request for high level action plans from some LAs. This will be achieved by:			
<ul style="list-style-type: none"> • Sharing published data on the school balances in each LA • Use this data and evidence-based requests from LAs to ensure support is focused where it is needed • Request high level action plans from LAs in which the number or proportion of school revenue deficits over 5% is above a certain level. 			
LA response: Neither agree nor disagree.			
Comments: Greater clarity is required on the approach and LA should have the ability to categorise deficits and judge the financial management within schools. A school with a large deficit and a recovery plan maybe better financially managed			

and therefore a lower overall risk than a school with a small deficit/surplus but no financial strategy to recover the deficit or stop it from growing.

Proposal 7: Increasing transparency in the reporting of high pay for school staff

Currently there is a disparity between public access to information on high salaries within maintained schools and academies. Salary ranges within the national pay framework are published annually in the School Teachers Pay and Conditions Document – these apply to teachers and leaders in maintained schools.

Academy trusts must disclose in their published financial statements information about each individual earning over £100k - specifically (i) their total FTE salary in £10k bandings, e.g. £100k - £110k, (ii) their job role and description and (iii) whether they are predominantly focussed on curriculum and education leadership or school business management leadership. We believe that this measure should be introduced for LA maintained schools and would require them to publish annually on their websites the number of individuals earning over £100K in £10K bandings.

Statement	Agree	Disagree	Neither agree nor disagree
We propose that all LA maintained schools should be required to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings			
LA response: Disagree.			
Comments: Better to consolidate information on all schools on a LA website/ accounts. On individual school websites identifying the individual will be too easy – how does this comply with GDPR?			

Proposal 8: Increasing transparency in reporting maintained school income and expenditure

Statement	Agree	Disagree	Neither agree nor disagree
We propose that all LA maintained schools should be required to publish annually on their websites their latest Consistent Financial Reporting statement of income, expenditure and balances.			
LA response: Agree.			
Comments: Would checking on compliance and accuracy of data be a LA responsibility?			

New financial burdens on local authorities

Local authorities are invited to provide information on any new burdens they believe would arise from the proposals in this document.

New burdens include a cost for the 3 year Audits estimated to be £120k.