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Dear Colleague

DfE Consultation Response - Financial Transparency of Local Authority Maintained Schools and Academy Trusts

I would like to inform you of the implications and additional requirements for Local Authorities and Local Authority Maintained Schools resulting from the response provided by the DfE to their consultation “Financial transparency of local authority maintained schools and academy trusts”. The publication of the response to the consultation, which ran from 17th July – 30th September 2019, has been delayed due to Covid-19. A summary of the consultation response and implications / required actions (in bold) is detailed below:

DfE Consultation Proposal	DfE Consultation Response	School Action
<p>1 We propose to publish the names of LAs on GOV.UK who fail to comply in any financial year with 3 or more deadlines from the following collections:</p> <ol style="list-style-type: none"> 1. School Financial Value Standard (SFVS) 2. Dedicated Schools Grant CFO assurance statement 3. Consistent Financial Reporting 4. Section 251 Budget 5. Section 251 Outturn 	<p>The Department will publish names of LAs who have not complied, starting from when they have missed 3 deadlines from the start of 2020-21 (taking account of any postponement or relaxation of deadlines in 2020-21 because of Covid-19). The names of individual schools that failed to submit returns on time will not be published at this stage.</p>	<p>Schools are requested to ensure that:</p> <ol style="list-style-type: none"> 1. School Financial Value Standard (SFVS) self – assessments are submitted to the LA by 31st March each year. Please ensure that consideration of the SFVS is timetabled into your schedule of Governing Body meetings in order to meet the 31st March deadline. 2. Schools are requested to ensure that their Consistent Financial Reporting return is submitted to the LA each

			year by the published deadline.
2a	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 LA CFO at the end of the financial year.	Changes to the DSG assurance statement return will apply for the return for the financial year 2020-21.	Details of schools with suspended budget and notices of financial concerns will be required to be reported on the LA DSG assurance statement submission to the DfE.
2b	We propose to add a new section to the DSG assurance statement that captures the amounts that LAs have recovered from investigating fraud.	Changes to the DSG assurance statement will apply for the return for the financial year 2020-21.	The amounts that the LA has recovered from investigating fraud in schools will be reported on the LA DSG assurance statement submission to the DfE.
3	We are proposing a directed revision of the schemes for financing schools to make it a requirement for maintained schools to provide LAs with three-year budget forecasts.	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.	LA maintained schools in North Yorkshire are already required to produce three-year budget forecasts for submission to the LA.
DfE Consultation Proposal		DfE Consultation Response	School Action
4	We propose to make schools append a list of Related Party Transactions (RPTs) to their response to the new question in the Schools Financial Value Standard (SFVS) about their arrangements for managing RPTs. In addition the number of RPTs and value for each is requested to be disclosed on the CFO Assurance Statement	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. LAs will be required to disclose the number of RPTs and value for each on the CFO Assurance Statement.	Schools will be required to append a list of Related Party Transactions (RPTs) to their 2021-22 Schools Financial Value Standard return for submission to the LA by the end of the financial year 2021-22. Further guidance will be issued in due course with regard to the recording of RPT's
6a	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%.	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%. The 5% deficit threshold will apply when deficits are measured as at 31 March 2021.	Within North Yorkshire, any LA maintained school in cumulative budget deficit is required to submit a financial recovery plan to the LA irrespective of the value of the budget deficit. The DfE fully support LAs who require all schools with any level of deficit to submit recovery plans.

6b	We propose to collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO	We will collect information on the number of recovery plans in each LA through the DSG annual assurance return from the CFO. This will apply for the financial year 2021-22.	Details of schools with an accumulated budget deficit will be required to be reported on the LA DSG assurance statement submission to the DfE for the 2021-22 financial year.
6c	We propose to formalise the approach to working with LAs and include a request for high level action plans from some LAs	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: <ul style="list-style-type: none"> • 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. 	Additional measures, over and above current LA actions, in respect of reporting, monitoring and intervention may be required for schools with an accumulated budget deficit.
DfE Consultation Proposal		DfE Consultation Response	School Action
7	We propose that all LA maintained schools should be required to publish annually on their websites the number of individuals earning over £100K in £10K bandings.	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. Schools are required to publish this information on their websites from 1 st January 2021.	From 1st January 2021, LA maintained schools are required to publish annually on their websites the number of individuals (if any) earning over £100K in £10K bandings.
8	We propose that all LA maintained schools should be required to publish annually on their websites their latest Consistent Financial Reporting (CFR) statement of income, expenditure and balances.	We will implement an amended proposal 8, whereby schools will be required to publish a link from their own websites to the national benchmarking website, where the CFR is already published. Schools are required to publish this link on their websites from 1st January 2021.	From 1st January 2021, LA maintained schools are required to publish a link from their own websites to the national benchmarking website

School colleagues and Governing Bodies are requested to note the implications and the additional requirements placed on LA maintained schools resulting from the DfE consultation

outcome. **Please ensure that the required actions are implemented for your school within the required timescales.**

Please contact your Financial Consultancy to Schools Service (FMS) Support Officer or the FMS Helpline (fmshelpline@northyorks.gov.uk), in the first instance, if you require any advice in relation to implementing the required actions.

Kind Regards

Yours sincerely

A handwritten signature in blue ink, appearing to read 'H Emmett', with a long horizontal flourish extending to the right.

Howard Emmett
Assistant Director – Strategic Resources