

Local authority schools to be more transparent and accountable

As part of a drive to make financial reporting across all types of schools more consistent, the Department for Education has today (Wednesday 17 July) invited views from across the education system on applying some of the financial measures used in academies to local authority run schools.

Academy trusts already have strong financial reporting measures in place, including requirements to publish their annual accounts, declare or seek approval for related party transactions and report on high pay for executive staff.

Today's consultation sets out proposals for these arrangements to be adopted by local authority maintained schools to help strengthen their transparency and financial health, bringing them in-line with the requirements and high standards that academy trusts already have to meet.

Academies Minister Lord Agnew said:

In everything we have done to strengthen the way schools are run since 2010, we can be certain that an unprecedented level of accountability and transparency has been brought into academy finances, with these robust processes allowing us to spot financial mismanagement quickly and intervene where we need to.

We know that many local authorities do a good job in overseeing the financial affairs of their schools, but the accountability arrangements typically in place in their schools are not equal to that of academies.

It makes sense for both parents, and the entire education sector, that the financial reporting and accountability measures of academies are extended to local authority maintained schools, ensuring consistency across our entire state funded education system.

That is why we are consulting on this, to bring parity between the financial transparency measures of local authority run schools and academies.

Today's consultation doubles up the efforts of Lord Agnew to clamp down on financial mismanagement in all types of schools across the country and to ensure that local authority schools are reporting on their financial affairs in the same way that academies are already required to do.

The proposed changes follow data collected in from 2016 to 2018, which showed that across England, a larger percentage of maintained schools had an

accumulated deficit compared to academy trusts, and the rise in 2017-18 continued to be higher in maintained schools.

The greater transparency of finances in academies enables us to identify problems more quickly and intervene where we need to, and so the current measures used in academies presents a strong case for considering adapting and implementing the same controls across the maintained schools sector.

This will help strengthen arrangements for maintained schools and reduce the future likelihood of growing deficits or misuse of funds in those schools.

As part of the consultation, the department will also consider how any new arrangements may create additional burdens, and so the benefits of any new changes introduced for transparency measures will need to outweigh any burdens on local authorities and schools.

Today also builds on the new Setting Executive Pay guidance, published by the Department last week, which provides clear guidance and advice to academy trust boards on what they should be considering when deciding senior staff salaries.