

# Councils call for oversight of academy finance

**Councils are calling for the power and resources to make sure money given to schools is spent on education and support for children following a series of recent abuses of the school finance system by academies and free schools.**

With many of these uncovered by whistleblowers and the media, rather than the Education Funding Agency (EFA) which is responsible for their financial oversight, councils have raised serious questions around the capacity of the EFA to provide the level of scrutiny necessary to ensure value for money and to catch out fraudsters.

The Local Government Association (LGA), which represents councils across England and Wales, is today calling on the new Education Secretary to restore local oversight of all school finances, providing democratic accountability so that parents and communities can be confident their children aren't missing out.

The call comes in the wake of scandals including:

- The founder and two members of staff at Kings Science Academy in Bradford being found guilty of transferring £150,000 of Department for Education grants into their own bank accounts;
- The largest 40 academy trusts spending more than £1 million on executive expenses since 2012; and
- The payment of more than £1.3 million to a third-party supplier without contracts at the Perry Beeches Academy Trust in Birmingham.

Cllr Richard Watts, Chair of the LGA's Children and Young People Board, said:

"We are told that academies and free schools are subject to more financial scrutiny than council-maintained schools, yet we keep hearing that millions of pounds of taxpayers' money, which has been earmarked to make sure our children get a good education, is disappearing into the back pockets of those in charge.

"Parents have a right to know that their children have access to the best possible education and support at school – and that money for teachers and equipment isn't instead being spent on first class train tickets or topping up chief executive salaries. Effective auditing of school accounts must be in place for that to happen."

Councils currently oversee the budgets of maintained schools, making sure that the books are balanced, money is being spent appropriately, and any inconsistencies or concerns are spotted and dealt with quickly. Academies and free schools, however, are monitored by the EFA, which is an agency of the Department for Education (DfE). The National Audit Office refused to sign off the Department's latest accounts, returning an adverse opinion on the truth and fairness of its financial statements due to concerns about academies.

The EFA is currently overseeing the accounts of around 5,000 academies, however the Government stated earlier this year its intention for all schools to become academies by 2022, increasing the number of academies and free schools by nearly 400 per cent, to more than 20,000.

Cllr Watts continued:

"The National Audit Office has raised serious concerns about the ability of the DfE to effectively monitor academy trusts' spending, even before the planned expansion of the academy programme, and we don't believe it can possibly have effective oversight of spending in more than 20,000 schools. Centralising control of schools isn't working; oversight needs to be devolved down to local councils.

"With their experience in managing large budgets, knowledge of their local areas, and their reputation as the most efficient, transparent and trusted part of the public sector, councils are best placed to keep an eye on all school spending if they are given the power and resources to do so. Not only would this bring democratic accountability back into the process, it would make sure that the best interests of local children were protected."