



## ACADEMIES TRUST HANDBOOK 2021

### Key changes

#### Introduction

Academy Trust Handbook 2021 (“ATH2021”) was formerly known as Academies Financial Handbook but it has been rebranded to reflect the wider range of responsibilities of Trusts and to provide something close to a ‘one stop shop’ for trustees, local governors and leaders of Trusts.

ATH2021 is available on ESFA website [here](#) and it should be read in conjunction with several other documents which were updated in November 2020:

- Governance Handbook 2020 – available [here](#)
- Academy Trust Governance – Structures and Role Descriptors – available [here](#)

ATH2021 applies with effect from 1 September 2021 so you have a couple of months to introduce any necessary changes to your Trust.

#### Governance, roles and responsibilities

ATH2021 builds on AFH2020 by including the following additional wording.

##### **Members**

A new requirement (para 1.4) to check the suitability of existing and future members by ensuring that they are not subject to a direction under section 128 of the Education and Skills Act 2008. (This requirement already applies to trustees, local governors and school managers).

##### **Parental involvement in the governance structure**

The role of parents in academy governance has diminished in recent years, with many trusts (in particular MATs) no longer having any parental representation on the trust board. However, ATH2021 aims to reverse this trend by introducing a requirement (para 1.11) for all trusts to have reserved places in their governance structures for parents, carers or other individuals with parental responsibilities:

- single academy trusts – at least two such places on the board
- MATs – at least two such places on the board or at least two such places on each local governing body, where the trust has established these.

##### **Trust’s obligation in relation to safeguarding, health & safety and estates management**

These are highlighted in paras 1.15 – 1.20.

### ***Senior executive leader (Accounting Officer)***

When a senior executive leader is planning to leave the trust, the board should approach their Regional Schools Commissioner in advance to discuss the structure and options, including plans for recruitment (paragraph 1.36).

From 1 March 2022, any newly appointed senior executive leader can only be a trustee if the members decide to appoint them as such, the individual agrees, and the trust's Articles permit this. The DfE's strong preference is for no other employees to serve as trustees (para 1.23).

### ***Governance reviews***

ESFA clearly considers that these need to be improved. ATH2021 stresses that an external review is more powerful than self-evaluation and that the DfE has a strong preference for them to be conducted routinely. The reviews should include consideration of the interaction between members and trustees, including the extent to which members are able to assure themselves that the trustees undertake their duties effectively. In fact, an external review of governance would, in our opinion, be very helpful to the members in their role of overseeing the effectiveness of the trust's governance.

As a reminder, the Governance Statement in a trust's annual report and accounts must disclose details of governance reviews undertaken during the year (Annual Accounts Direction 2021 para 2.36).

### ***Disclosure and Barring Service checks***

ATH2021 also includes a reminder that enhanced DBS checks must be obtained for all staff, supply staff, members, trustees and individuals on any committees including local governing bodies.

### **Financial requirements**

#### ***Scheme of delegation***

All trusts **must** have a written scheme of delegation and ATH2021 specifies that this **should** be reviewed annually, and immediately when there has been a change in trust management or organisation structure.

#### ***Publication of executive pay***

Since 1 September 2020, it has been a requirement for trusts to publish on its website, in a readily accessible form, the number of employees whose benefits exceed £100k, in £10k bandings, for the previous year ended 31 August. For this purpose, benefits did not include employer pension contributions.

However, in ATH2021, benefits have been re-defined to include employer pension contributions and so this will bring more senior executives into the disclosure.

ATH2021 suggests that trusts may wish to display this information in a tabular form with columns for salary, pension etc.

Furthermore, where the academy trust has entered into an off-payroll arrangement with someone who is not employee, the amount paid by the trust for that person's work for the trust must also be included in the website disclosure where the payment exceeds £100k. (This is consistent with the new requirement to include such payments in the senior executive pay band note in the trust's financial statements).

### ***Prior approval for staff severance payments***

Under ATH2021 (para 5.12), prior approval **must** be obtained from ESFA before making:

- an exit package which includes a special severance payment which is at, or above £100k; and/or
- that employee earns over £150k.

### **Governance documents – public inspection**

In the spirit of transparency about governance, trusts are reminded that they **must** make available for public inspection:

- the agenda for every meeting of the trustees, LGBs and committees
- the approved minutes of each meeting
- any report, document or other paper considered at each meeting.

The trust may, however, exclude any material in the documents which relates to:

- a named teacher, other employee, pupil etc
- any matter which, by reason of its nature, the trustees are satisfied should remain confidential.

### **Internal scrutiny**

The focus on improving internal scrutiny continues in ATH2021.

It was already clear that the chair of trustees should not also be chair of the audit & risk committee. ATH2021 also states that, where the finance committee and audit & risk committee are separate, the chair should not be the same person.

### **Cybercrime**

ATH2021 (paras 6.16 – 6.17) recognises the increasing risk which academies face from cybercrime. It emphasises that trusts **must** be aware of this risk, put proportionate controls in place and take appropriate action where a cyber security incident has occurred. Trusts **must** obtain permission from ESFA to pay any cyber ransom demands. The handbook also provides links to various other resources and agencies.

This is clearly an issue which should be on the trust's risk register and which the audit & risk committee consider as part of the internal scrutiny arrangement.

## External audit

ATH2021 introduces more guidance about external auditors. It states in paragraph 4.5 that trusts should retender their external audit contract at least every five years. It also includes a reminder of the scrutiny of the external auditors work which must be undertaken each year by the audit & risk committee (para 4.17).

If you would like further guidance on these points or on any other aspects of the Academies Trust Handbook, please contact one of your usual academy contacts at BHP for a discussion.