



BAXTER BULLETIN
Academy Trust Handbook 2021

We hope that you have all managed to have a well-deserved break over the summer. The challenges posed by COVID-19 are on-going but hopefully for most of us things are getting back to some sort of normality. This bulletin follows the publication of the ESFA's Academy trust handbook 2021 which is effective from 1 September 2021 (formerly known as Academies financial handbook). [ATH 2021 \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

Academy trusts **must** comply with this handbook as a condition of their funding agreement. It provides the framework to ensure all trusts have effective financial management and other controls are consistent with other publicly funded bodies.

The handbook is prepared for anyone who has responsibility for governing, managing or auditing an academy trust. The handbook '**musts**' are requirements whereas the '**shoulds**' identify minimum good practice which should be applied unless an alternative approach would be more suitable to the individual trusts circumstances. Below we identify the '**new musts**' along with other changes to be considered from 1 September 2021.

The main changes included in this edition are as follows:

Roles and responsibilities

- Information on suitability checks for existing and future members [1.4]
- Confirming that trusts should have reserved places for parents in their governance structure [1.11]
- Highlighting trusts' obligations in relation to safeguarding [1.15], health and safety [1.17] and estates management [1.20]
- Emphasising the process of appointing a senior executive leader as a trustee [1.23]
- Emphasising the value of external reviews of governance for trusts [1.32]
- Advising trusts to liaise with their RSC when their senior executive leader is planning to leave the trust to discuss their structure and options [1.36]
- Replacing the term clerk with governance professional [1.49]
- Reminding trusts of the requirement for Disclosure and Barring Service checks [1.51 and 1.52].

Point for action – ensure the key people responsible for running the academy comply with the above amendments.

Main financial requirements

- Explaining when trusts should review their scheme of delegation [2.4]
- Updating information on what trusts need to publish on their website in relation to employees whose benefits exceed £100k [2.32]
- Reminding trusts of governance documents which need to be available for public inspection [2.51].

Point for action – ensure the board approves a written scheme of delegation of financial powers that maintains robust internal controls over the academy trusts funds.

Website disclosure on benefits for employees includes salary; employers' pension contributions, other taxable benefits and termination payments where they exceed £100K.

Internal scrutiny

- Explaining that the chair of the audit and risk committee should not be the same person as the chair of the finance committee [3.10]
- Explaining that internal scrutiny **must not** be carried out by a member of the senior leadership team [3.15]

Point for action – where the finance committee and audit and risk committee are separate the chair should not be the same person.

Ensure internal audit is independent and objective by not using any member of your senior leadership team to undertake this work.

Annual accounts and external audit

- Setting out when trusts should re-tender for their external audit service [4.5]

Point for action – trusts should retender their external audit contract at least every five years.

Delegated Authorities

- Explaining that trusts **must** obtain prior approval for staff severance payments of £100k or more which include a non-statutory/non-contractual element, and/or where the employee earns over £150k [5.12].

Point for action – ensure any severance payments are authorised in advance with ESFA if exceeding limits above.

The regulator and intervention

- Introducing a requirement for trusts to provide ESFA with authority to obtain third party information [6.5].
- Providing trusts with advice and guidance on cybercrime [6.16 and 6.17]
- Renaming the Financial Notice to Improve (FNtI) to Notice to Improve (NtI) reflecting how ESFA intervenes in broader governance issues [6.18 to 6.22].

Point for action – ensure cybercrime is considered as a risk and proportionate controls are in place to prevent cybercrime. Where an incident of cybercrime has occurred the trust must take appropriate action. No cyber ransom demand must be paid without permission from the ESFA.

As always, we would encourage you to read the publications referred to herein and if you do have any queries, please do not hesitate to contact us.

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