

Strengthened guidance on academy trust finances

Academy trusts in England will be reminded of the importance of having sound financial checks and balances as the Government sets out strengthened material on their use of public money.

To ensure trusts running schools are aware of their financial responsibilities, Schools Minister Lord Agnew has today (Thursday 27 June) issued an [updated handbook](#) to help bolster the financial management and governance of academy schools.

The key change to the handbook is a new requirement that academy trusts must show how they have checked that their internal systems are effective and compliant through an independently-prepared annual report submitted to the Education and Skills Funding Agency (ESFA).

The handbook also includes boosted material on:

- The role governing bodies should play to make sure the pay and other benefits of senior staff are reasonable and reflect their responsibilities;
- The need for trusts to maintain a risk register to ensure procedures and systems are adequately scrutinised;
- The importance of having an agreed whistleblowing procedure and a structure that protects and supports staff so they can report concerns in confidence;
- The role of trustees, emphasising the importance of robust governance; and
- The Secretary of State's powers to act to tackle rare cases of mismanagement – including removing trustees from a trust.

Academies Minister Lord Agnew said:

Academies are raising standards in our schools by placing freedom in the hands of school leaders. In the majority of cases, standards have risen more quickly in sponsored academies than similar council-run schools.

But we must build on that, and it is important that we hold academy trusts to account to ensure that all academies offers the best education possible and spends public money reasonably.

To do that, trusts must have strong financial management and governance structures – and this handbook will help trusts to deliver it.

The Academies Financial Handbook is updated annually by the ESFA to support

academy leaders, trustees, accounting officers and auditors by describing the requirements to run effective, compliant and successful trusts.

With more than 50% of children in state-funded schools in England now being taught in an academy or free school, today's publication builds on the Government's work to further improve financial management and accountability across the sector and clampdown on trusts not adhering to the requirements set out in the Academies Financial Handbook.

It also follows Lord Agnew writing to 213 academy trusts in the last 18 months – calling on them to justify excessive salaries – and the publication of new guidance for school governors and trustees to help them challenge and support school leaders.