

# Raising standards with an updated Academy Trust Handbook

30 September 2024  Lydia Michaelson-Yeates

The Education and Skills Funding Agency (ESFA) has published the latest edition of the [Academy Trust Handbook](#), which is now in effect and is unaffected by [the recent announcement that the ESFA is set to close](#).

As anyone involved in the academy sector will know, the Academy Trust Handbook, in conjunction with the [Academies Accounts Direction](#) are an integral part of the regulatory framework for those who have responsibility for governing, managing or auditing an academy trust.

These individuals will need to read and familiarise themselves with these changes for this new academic year.

## “A shorter, sharper document”

Following the style introduced last year, the Handbook remains a shorter, sharper document than what has been published in previous years.

As the ESFA did in earlier publications, there is a helpful summary of the main changes at page 8 of the Handbook for quick reference but of course it goes without saying that it's no substitute to reading the Handbook in detail.

## Key requirements – the ‘Schedule of Musts’

In particular, it is important to focus on the [Schedule of Musts](#) which are the requirements of the Handbook brought together in one list.

We advise all boards to take a proactive approach to the Handbook and spend some time during their first meeting of the new academic year to discuss the changes and what areas their trust may need to particularly focus on going forwards to deliver the best outcomes for our young people.

In this briefing, as in earlier years, rather than list all the changes the ESFA have already helpfully addressed in its guidance we offer our own thoughts and reflections on a couple of key themes from the new Handbook the trustees and executive team may wish to consider.

## Holding and managing reserves

This year's changes primarily focus on financial requirements, internal scrutiny and delegated authorities. Given the financial pressures on academy trusts and with the new government citing the country's finances are worse than they expected, it might come as no surprise that trusts must now not only have a policy for holding reserves but must also include a clear plan for 'managing reserves'.

This theme continues around internal scrutiny. Trusts with an annual revenue over £50 million should deliver internal scrutiny using a combination of an in-house internal auditor or a bought-in internal audit service, so less flexibility than in previous years. Note that this new requirement for larger trusts will become a must from 1 September 2025 so use this year for change before the mandatory requirement next year.

## Areas of increased flexibility

Whilst internal scrutiny has been tightened, there is somewhat more flexibility around certain arrangements.

The Handbook confirms that trusts can enter into finance leases on any asset where the lease category appears on the DfE approved list. This will be welcomed and not only frees-up trusts' capacity by no longer having to seek ESFA approval on operational contracting decisions but also departmental time.

## EV salary sacrifice schemes

However, in contrast the Handbook has clarified their position on Electric Vehicle (EV) salary sacrifice schemes. Trusts must now approach the ESFA for approval before entering into any new EV scheme or accepting any further employees onto existing EV schemes.

With sector challenges on staff recruitment and retention, EV schemes have been a popular way for Trusts to attract new talent. However, such schemes invariably incur potential liabilities for Trusts which is why, with an emphasis this year on financial scrutiny, now need prior ESFA approval.

## Management of school estates

Finally, the ESFA has extended the list of examples where a Notice to Improve (Ntl) may be issued to include management of the school estate.

This change is unlikely to be welcomed by many in the sector as it gives the ESFA a fair amount of discretion to determine the trustees and executive where they have failed to *"manage their school estate and maintain it in a safe working condition strategically and effectively"*.

The issues that arose for schools surrounding RAAC and the lack of funding in the sector means this new requirement which may result in an Ntl will be a concern to many trusts.

Please do get in touch if you have any questions about the changes made or need advice on the Handbook.

## Key contact



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