

WELCOME

Academies Update Event

27th June 2024

Agenda

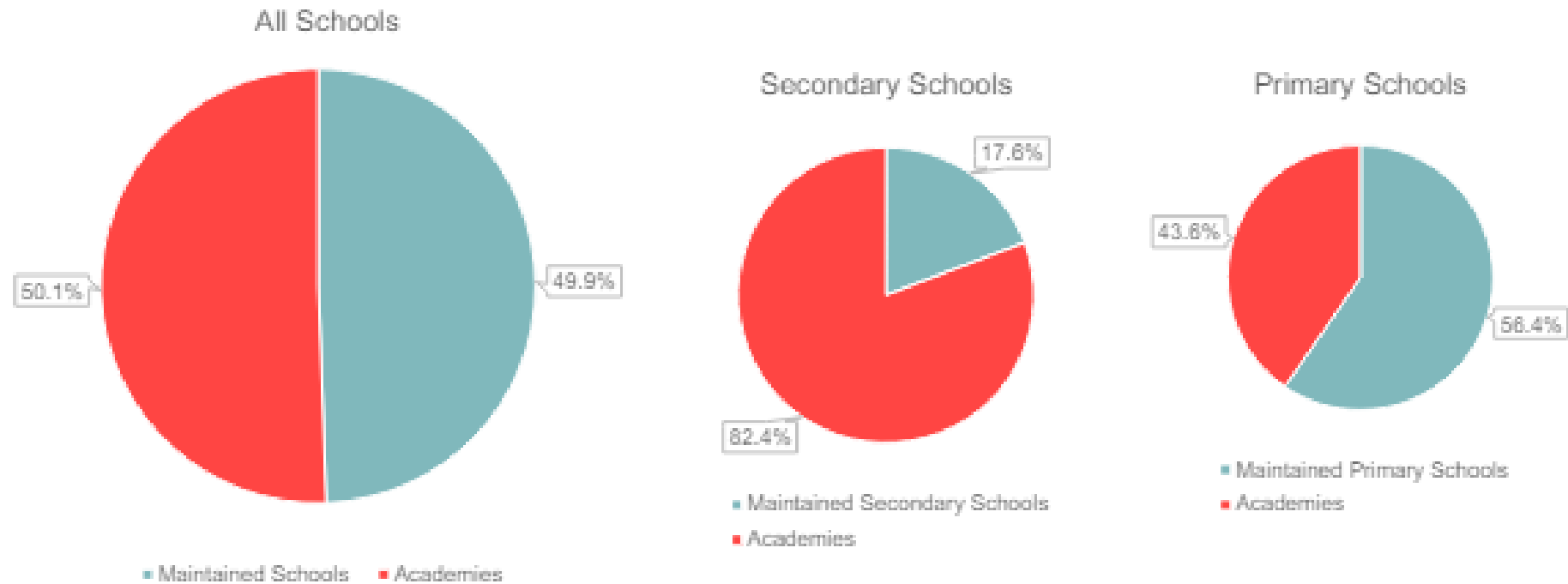
- 09.30am Intro - Chris Beaumont, Clive Owen LLP
- 09.35am Finance update - Chris Beaumont, Clive Owen LLP
- 10.05am Mergers overview from Muckle LLP – Joanne Davison, Muckle LLP
- 10.30am Break
- 10.45am Lloyds bank overview on financial risk – Kim Whitley, Lloyds Banking Group
- 11.10am Governance overview – Joanne Davison, Muckle LLP
- 11.35am Close

Finance update

- Sector update
- Academy Trust Handbook – ATH
- Academy accounts Direction – AAD
- Budget Forecast Return
- IFRS 16
- Cyber attacks

Sector update

Academisation of Schools Sector – 10,839 academies



Data as 1st April 2024

Sector update

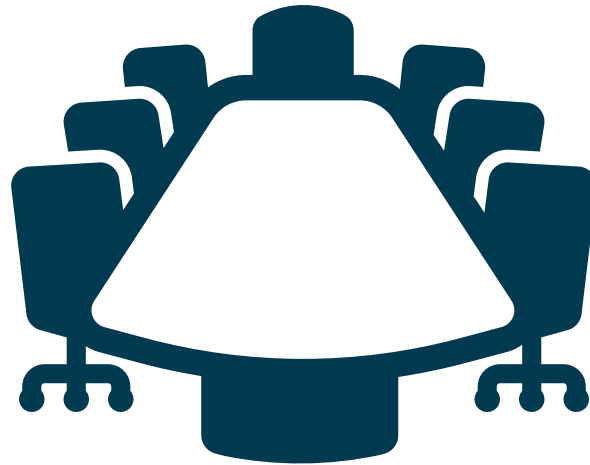
Applications to become an academy

Convertor:

- Primary: 552
- Secondary: 63
- Special/AP: 47

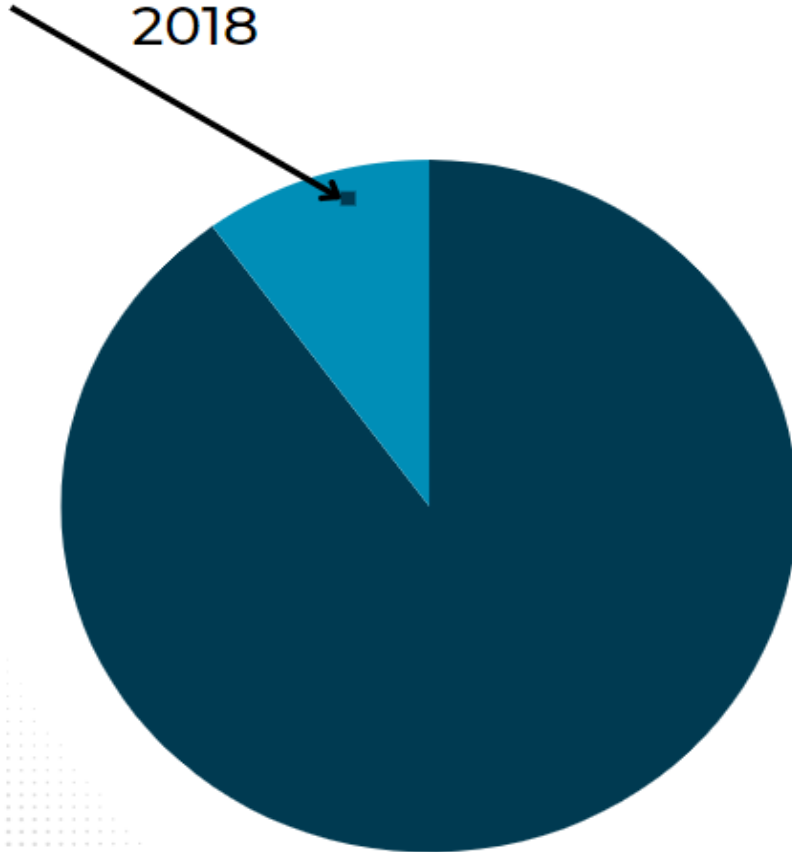
Sponsored:

- Primary: 124
- Secondary: 20
- Special: 20



Sector update – Towards MATs

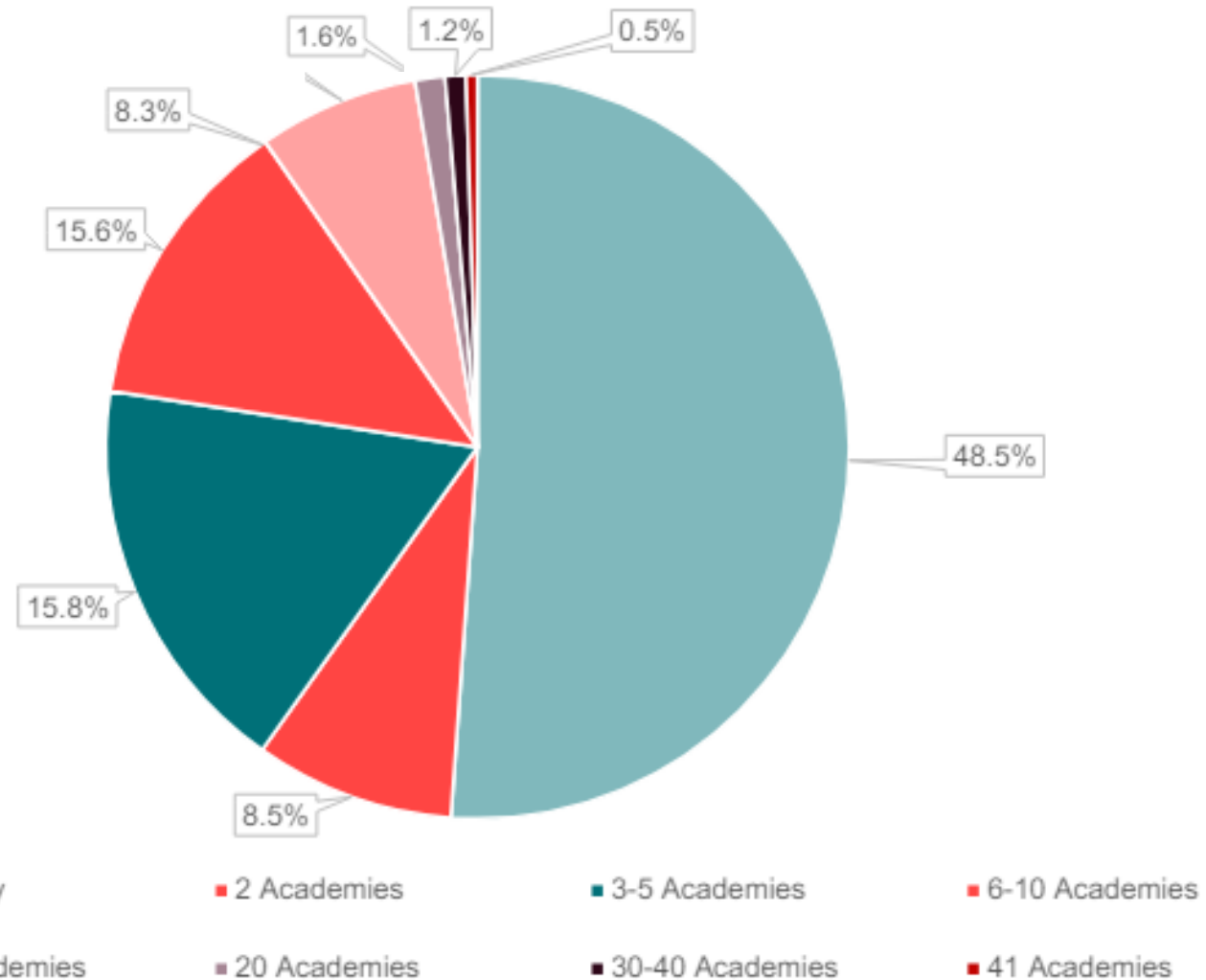
Down from 20%
since December
2018



- 10.2% of academies are standalone

89.8% of academies are in 2+ School Trust

Sector update – Towards Scale



Sector update

Academy Project data published by the DfE in July 2023 confirmed that 275 academy transfers took place in the year previous to the data. An increase of almost 100 transfers from the previous year. (176, 2021-22. 275, 2022-23)

There are now 10,839 academies in England which sit within 2,272 academy trusts.

Continuation of growth in MATs and a declining population of Single academy trusts.

Common trends include:

- Voluntary transfers
- Mergers
- New trusts being established
- Re-brokering

The review of effectiveness of the system of internal control now includes a conclusion on whether the academy trust has an adequate and effective framework for governance, risk management and control. Academy trusts must include this conclusion at the end of the Governance statement:

Either

Based on the advice of the audit and risk committee and the accounting officer, the board of trustees is of the opinion that the academy trust has an adequate and effective framework for governance, risk management and control.

Or

Based on the advice of the audit and risk committee and the accounting officer, the board of trustees thinks that the academy trust does not have an adequate and effective framework for governance, risk management and control. The reason for this conclusion is XX and the plan for improvement is YY.

The academy trusts should confirm whether the internal auditor/reviewer has delivered their schedule of work as planned, provide details of any significant control issues arising as a result of the internal auditor's/reviewer's work and, if relevant, describe what remedial action is being taken to rectify the issues

AAD

- Makes the point that using the DfE chart of accounts structure and mapping may make it easier to understand the relationship between the financial statements and the AAR (paragraphs 1.4-1.5)
- Removes references to the COVID-19 supplementary bulletin, as Covid-19 grants have either stopped or become part of business as usual activity
- The ESFA has identified a number of areas from its assurance work, which will help academy trusts improve compliance. These are set out at in the table on the next page.

Issue	Improvement
<p>Submission deadlines are not always achieved. For example, late accounts due to changes of staff, particularly the accounting officer.</p> <p>Consequence: potential follow up action by ESFA.</p>	<p>Forward plan and establish a delivery timetable early in the year. Ensure there is someone available to sign the accounts.</p>
<p>The trustees' report does not always represent the academy trust's current circumstances. For example, exemplar text from the model accounts is copied without amendment or the report is not updated from the previous year's text.</p> <p>Consequence: stakeholders do not have the context to interpret the financial results/position of the academy trust.</p>	<p>Although trustees may seek assistance in drafting the report, the trustees must approve the final text.</p>
<p>The elements of the governance statement covering internal scrutiny are not always consistent with the actual scrutiny arrangements at the academy trust. For example, the option chosen for delivering internal scrutiny reported in the annual scrutiny report, is different.</p> <p>Consequence: potential that information on the academy trust's internal control environment is misleading.</p>	<p>Trustees must be satisfied of the accuracy and consistency of the governance statement, before approving the final text.</p>
<p>Internal scrutiny arrangements are weak. For example, areas for review are set by the internal scrutineer.</p> <p>Consequence: the board may not have assurance that the academy trust's system of internal control is effective.</p>	<p>The planning of the programme of internal scrutiny must be informed by the academy trust's risk register and agreed between the trust board, the audit and risk committee and the internal scrutineer.</p>

<p>High risk recommendations from the audit findings letter are not always actioned in a timely manner. For example, outstanding recommendations are carried forward from year to year.</p> <p>Consequence: significant weaknesses in the academy trust's financial reporting procedures and internal controls are not rectified.</p>	<p>Ensure the audit and risk committee review the auditor's findings and monitor timely action taken by the academy trust's managers in response to those findings (Handbook paragraphs 4.14-4.15).</p>
<p>Where the model accounts provides statements that must be used, the academy trust must not omit that text. For example, additional statements relating to estates management, required in the 2022/23 Direction, have not always been included.</p> <p>Consequence: compliance with both the Direction and the model accounts is a requirement of the funding agreement conditions.</p>	<p>Review the 'what has changed' sections of the Direction and model accounts for both 2022/23 and 2023/24 and ensure the academy trust's own financial statements template is updated for all required changes.</p>

The 23-24 AAD provides some examples of sources of information that the Accounting Officer should consider when signing the ‘accounting officer’s statement of regularity, propriety and compliance’:

- Review of management reporting documents
- Review of trustees’/governors’ minutes
- Ensure use of funds is compliant with the funding agreement or relevant grant terms and conditions
- Review of correspondence from ESFA for example FNTI/NtI/ ‘minded to’ letters
- Review of the school resource management self-assessment checklist (SRMSAC)
- Confirm compliance with the academy trust’s scheme of delegation
- Confirm compliance with delegated authorities
- Evaluate the trusts compliance with the “musts” in the Handbook
- Ensure related party transactions have been completed in accordance with the not-for-profit principles and the relevant statements of assurance have been obtained and reviewed
- Consider whether any personal benefit has been derived from the academy trust’s transactions by staff or connected individuals
- Check adherence to tendering policies
- Review the tests the reporting accountant carries out in the Auditor Framework and Guide to provide evidence to support their conclusion on regularity
- Review other external sources of assurance available to the academy trust over the year, for example specialist reviews or inspections.

States that material grants should be disclosed separately within non-GAG DfE/ESFA grants in the financial statements within funding for the academy trust's educational operations. These could include:

- Student support services
- 16-19 core educational funding
- Pupil Premium and Service Premium
- Pupil Number Adjustment (PNA)
- Universal Infant Free School Meals
- Insurance
- PE and Sports Grant; and
- Teachers Pay Grant

3 year forecasts

- Teachers pay increases
- Support staff pay increases - £1,290 proposed
- Teachers' pay additional grant – additional grant in 24/25, thereafter part of NFF?
- New pension grant for 24/25
- LGPS employer rate from April 2026?

Deadline 29 August 2024!



IFRS 16 - Leases

- Guidance issued 28 March 2024 (effective for Local Authority Schools – 1 April 2024)
<https://www.gov.uk/government/publications/leasing-for-academy-trusts/changes-to-leasing-agreements-for-academy-trusts>
- Impact – From 1 September 2024 , unlike now will not require specific agreement from ESFA if a trust enters into a finance lease provided certain conditions met:

IFRS 16 - Leases

- All existing leases in place before 1 September 2024 for items included in this list
- Leases related to IT equipment (for example laptops, tablets, desktop computers, printers, photocopiers, servers, door entry security systems, CCTV Systems, whiteboards and touch screen boards)
- Leases related to telephony (for example mobile phones, landline phones and telephone systems)
- Leases related to catering and cleaning equipment (for example tills, water coolers, vending machines, dishwashers, washing machines, ovens, fridges, freezers, water boilers, small kitchen appliances, crockery and cutlery)
- Leases related to furniture (for example desks, tables and chairs)
- Leases related to bathroom and sanitary items (for example hand dryers, towel dispensers, sanitary bins)
- Leases related to gym equipment (for example treadmills, free weights and weight machines, rowing machines and exercise bikes)
- Leases related to groundskeeping equipment (for example lawn mowers, string trimmers, leaf blowers and salt spreaders)
- Leases related to LED lighting systems or to support renewable activity (for example lightbulbs, control mechanisms and control panels) - consent is granted where the product has been sourced with support from the Department for Education through [Get help buying for schools](#) or from a recommended route on our [Find a framework](#) website
- Leases related to minibuses and other vehicles for the use of the school
- Leases related to temporary classrooms and equivalent structures (but not land leases they sit on, which may require separate consent – see [school land transactions guidance](#))

FRS 102

- Accounting standard
- Accounting for operating leases and finance leases will be the same – borrowing.
- For Local authorities effective 1 April 2024
- Academies not effective until year ending 31 August 2027
- Leases on the balance sheet – start prep for now
- NOT a PYA

Cyber attacks

A recent BBC report highlighted that information from the Information Commissioner's Office showed that there were 347 cyber incidents that were reported to them in the education and childcare sector in 2023, an increase of 55% on the previous year.

The ICO highlighted that between the end of 2022 and 2023 the number of ransomware incidents had increased by 170%.

The report goes on to suggest that most schools and colleges have identified a cyber security breach in the last year.

The report highlighted a number of schools which had incidents. The impacts it talks about include:

- Loss of lesson plans
- Inability to mark homework done online
- Loss of pupil register
- Loss of fire safety plans/registers
- Loss of library data to be able to chase overdue books
- Catering facilities being unable to take payment for lunches

The ICO states that it has a 'wealth of free advice and resources' available.

Get in touch!



Email: chris.beaumont@cliveowen.com
Tel: 01325 349700



Email: kevin.shotton@cliveowen.com
Tel: 01325 349700

Thank you
Any questions?



muckle^{LLP}



Trust Mergers

Joanne Davison & Carla Poaks

Contact us



Joanne Davison

Partner

Telephone: 0191 211 7958

Mobile: 07921 498 381

joanne.davison@muckle-llp.com

Carla Boaks

Solicitor

Telephone: 0191 211 7825

Mobile: 07541 100 415

carla.boaks@muckle-llp.com

Agenda

- What is a merger and why?
- Initial Considerations
- Preparation for Growth
- Top Tips
- Questions



What is a merger?

- Is a merger actually a merger?
- One (or part of) trust transfers all assets and property to another
- Name change – discretion of ongoing trust
- Board changes – discretion of ongoing trust
- Local governing body – discretion of ongoing trust



Why a merger?

- Developing education landscape
- Pupil benefits/School to School support (SAT to MAT)
- Staff development
- Economies of scale
- Succession planning
- Improving governance
- Intervention



Initial Considerations

- What do you want to achieve?
 - Weaknesses?
 - Extra capacity?
 - Economies of scale?
- Do you have capacity?
 - Do you have resources and expertise?
 - Are any changes required?
 - Do you need anything?



Initial Considerations

- Pre-merger services - MoU
- Local landscape
 - What is already out there?
 - Any clear partners/gaps?
 - Have the right conversations
- Communication plan – internal and external



Preparation for Growth

- Get house in order
 - Systems
 - People
 - Processes
 - Early planning for integration – IT/Finance

Have those difficult conversations!

- Is everyone on board?



Preparation for Growth

- Property review
 - payments to third parties - rent, repairs, grant obligations
 - loss makers- e.g. leisure facilities, swimming pools
 - outstanding maintenance work/capital spend



Preparation for Growth

- Contract review
 - review provision across Trust and review long term strategy. Prepare contracts register and use as planning tool
 - be aware of procurement rules
 - FINANCE AND PAYROLL
 - develop a plan to ensure efficiencies but beware of hidden costs / liabilities



Preparation for Growth

- Specific Sports funders – Sport England, Football Foundation, FSIF
- (3G Pitches)– ongoing obligations
- Land ownership – restrictions on assignment, charging etc
- Grant funding – assignment/claw back
- Employee issues?



Preparation for Growth

- Governing document and policy review
- Board review – skills and composition
- Sub-committees - still fit for purpose
- Local Academy Councils
 - scheme of Delegation
 - model of delegation
 - reporting



Top Tips

- Due Diligence – don't underestimate!!
- Make the difficult decisions... and early
- Keep talking!
- Remember the why!





Any questions?

Contact us



Joanne Davison

Partner

Telephone: 0191 211 7958

Mobile: 07921 498 381

joanne.davison@muckle-llp.com

Carla Boaks

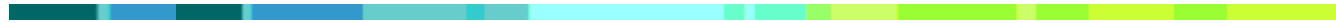
Solicitor

Telephone: 0191 211 7825

Mobile: 07541 100 415

carla.boaks@muckle-llp.com

muckle^{LLP}e



Fraud Guidance

- Helping to protect you and your business



LLOYDS BANK

80% of frauds in the UK are enabled by computer technology*



Are your defences strong enough?

Source: National Audit Office, 2022



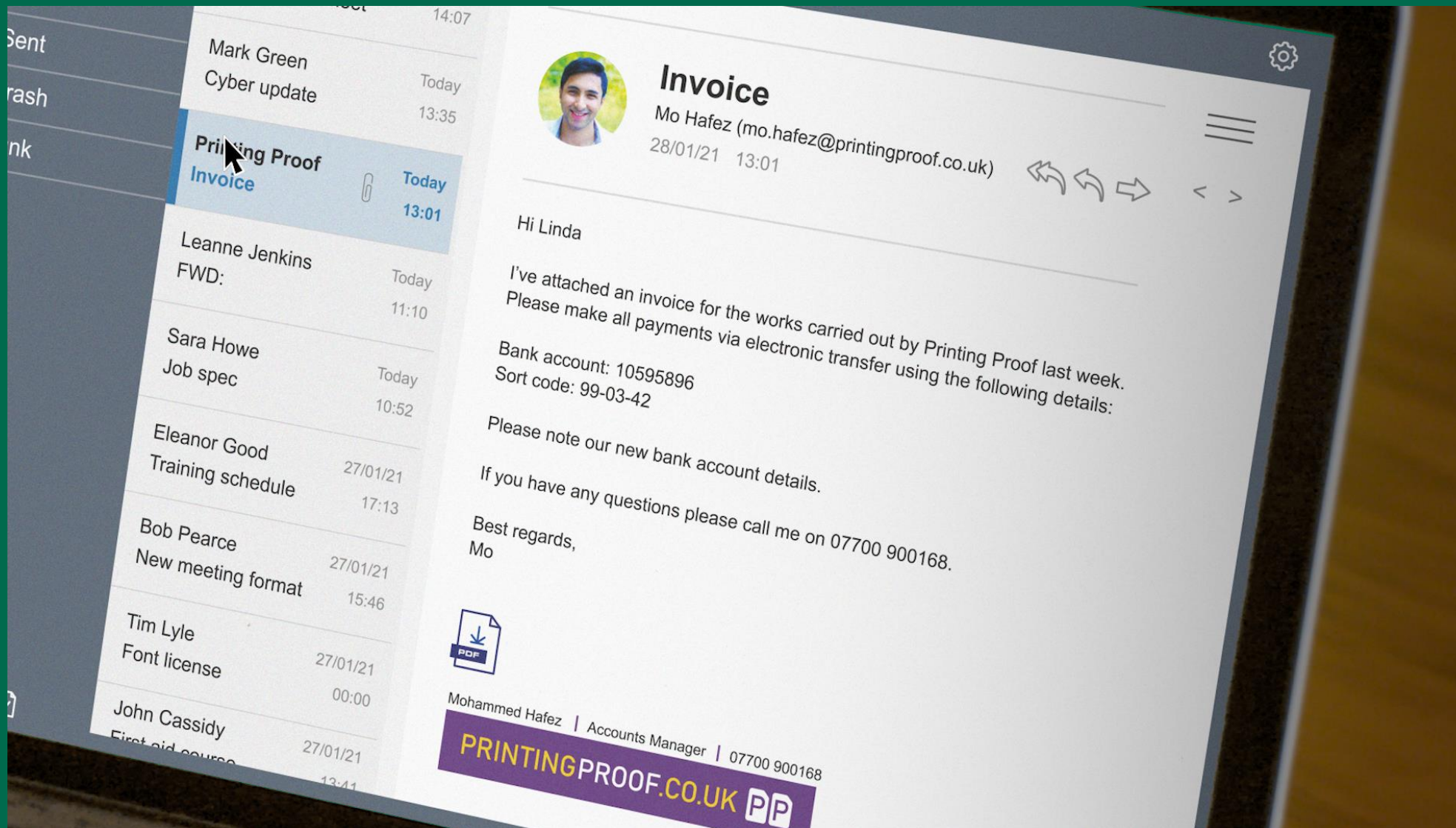


Business Email Compromise

- CEO
- Invoice Fraud
- Payroll Fraud



Invoice and CEO Fraud



Payroll Fraud



Stay One Step Ahead of Business Email Compromise

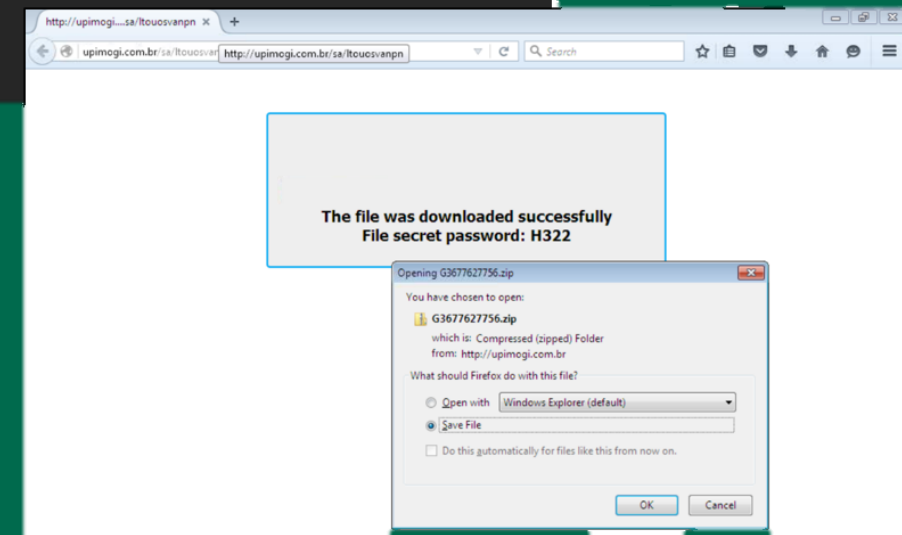
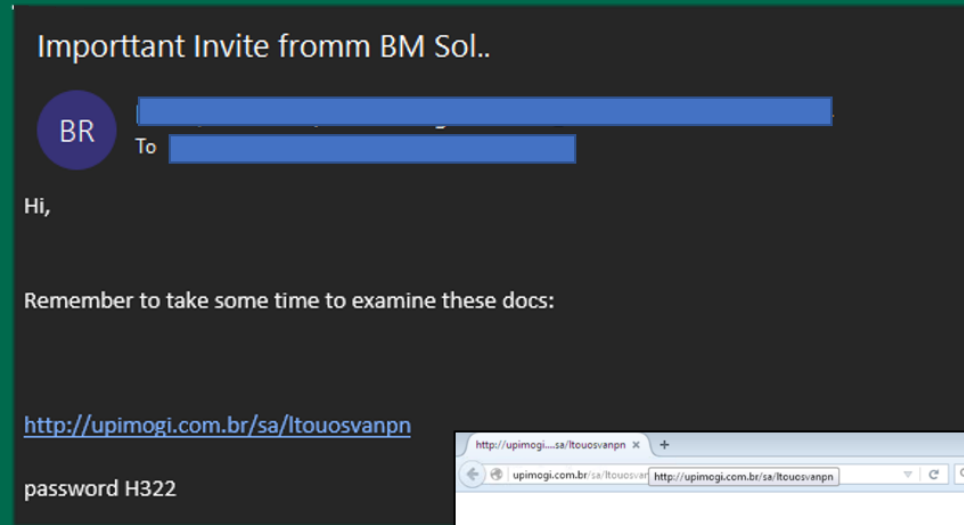


- Don't rely on email as being secure.
- Establish clear procedures for all payments.
- Raise staff awareness of current scams, train and test.
- Authenticate the instruction using a different communication channel.
- Use Confirmation of Payee (COP)
- DMARC



Phishing Attacks

- How often do you train and test your employees on phishing?
- How easy is it for staff to report phishing?
- Remember – anyone could be caught out.



Nordpass reveal the world's most common passwords 2022

Top 10 passwords

1. password
2. 123456
3. 12123456789
4. guest
5. qwerty
6. 12345678
7. 111111
8. 12345
9. col123456
10. 123123





Telephone scams aka Vishing



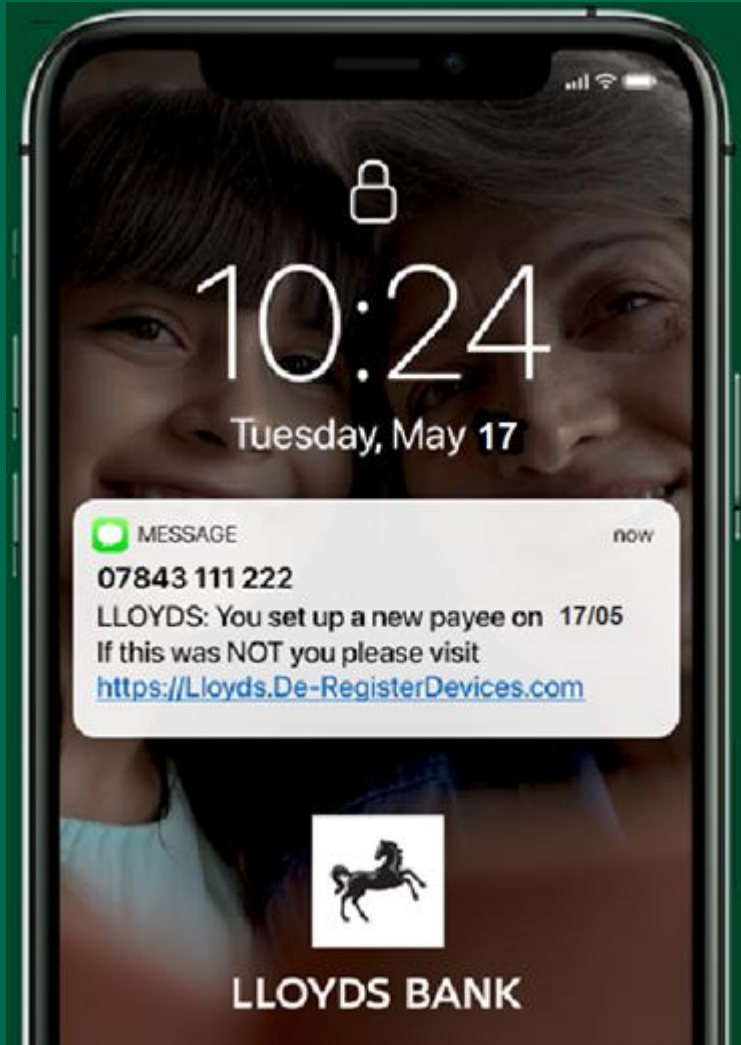
Telephone scams remain a significant threat

- Fraudsters target payment clerks aiming to trick them to into taking action.
- Fraudster's objectives:
 - To know card reader codes /passwords
 - Move funds to a “safe” account
 - Gain remote access to your device
- Spoof telephone number
- If in doubt call 159



SMS/Text, WhatsApp Scams

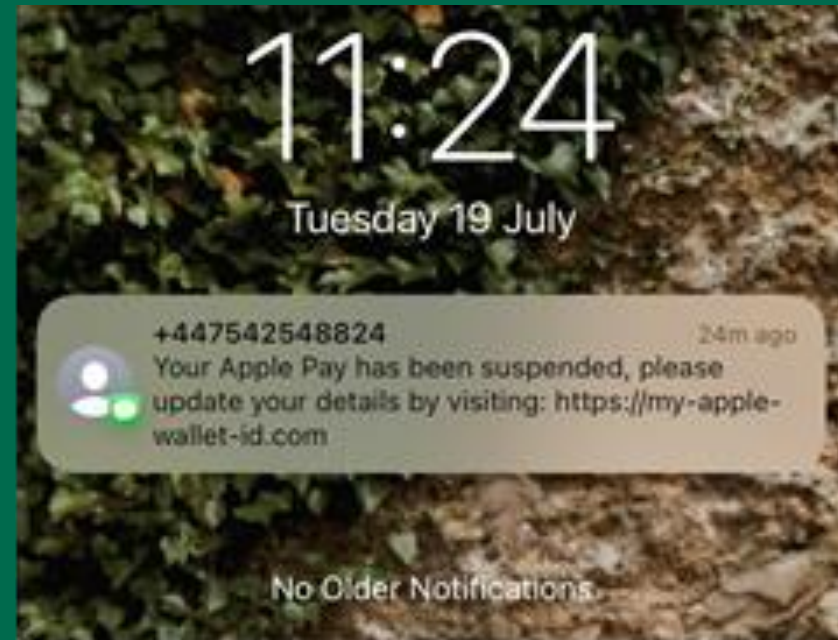
- The fraudster's objective is to harvest credentials to be able to access the victim's bank account.



Sender – beware this can be “spoofed”

Requirement for your urgent action

Link to a website or telephone number



Stay one step ahead of telephone, text and email scams

- Vishing, smishing and spear phishing
 - Provide training, testing, and encourage reporting emailscams@lloydsbanking.com
 - Think before clicking on links or open attachments.
 - Independently authenticate calls, texts, emails or letters
 - The bank will NEVER ask you: full password, memorable information or log in details; 2 factor authentication codes (e.g. card reader).
 - Don't visit web addresses provided by unverified callers.
 - Call 159



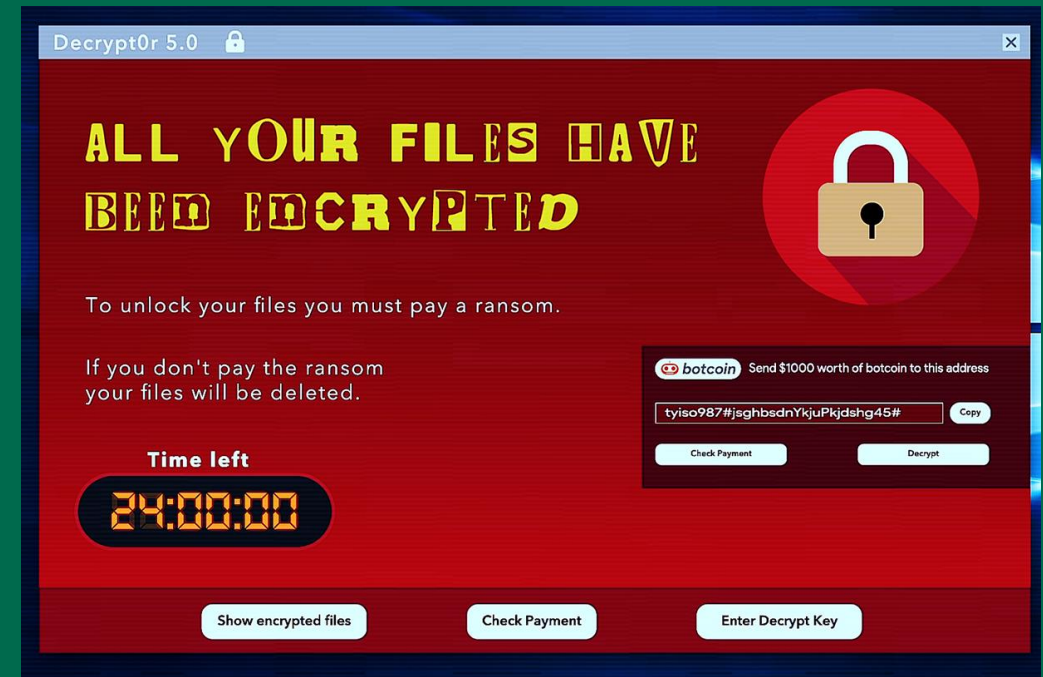


Ransomware

It's a matter of when you get attacked not if

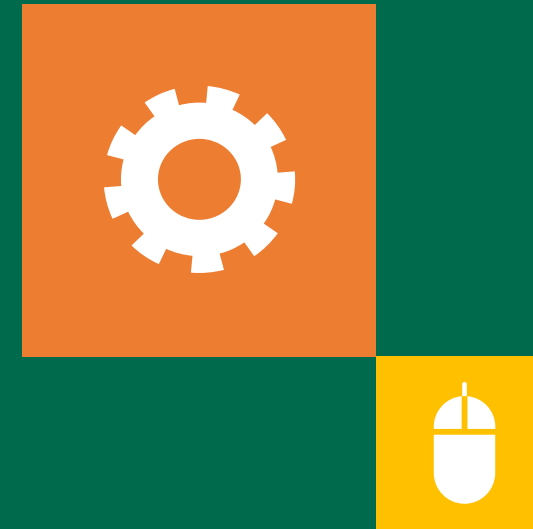
Ransomware

- Malicious software that prevents you from accessing your computer, or the data that is stored on it.
- No guarantee if the ransom is paid
- Double extortion ransomware
- Call the police hotline for in the moment support
- Visit 'No more ransom!' website
- Disruption caused by the need to forensically clean or rebuild system.

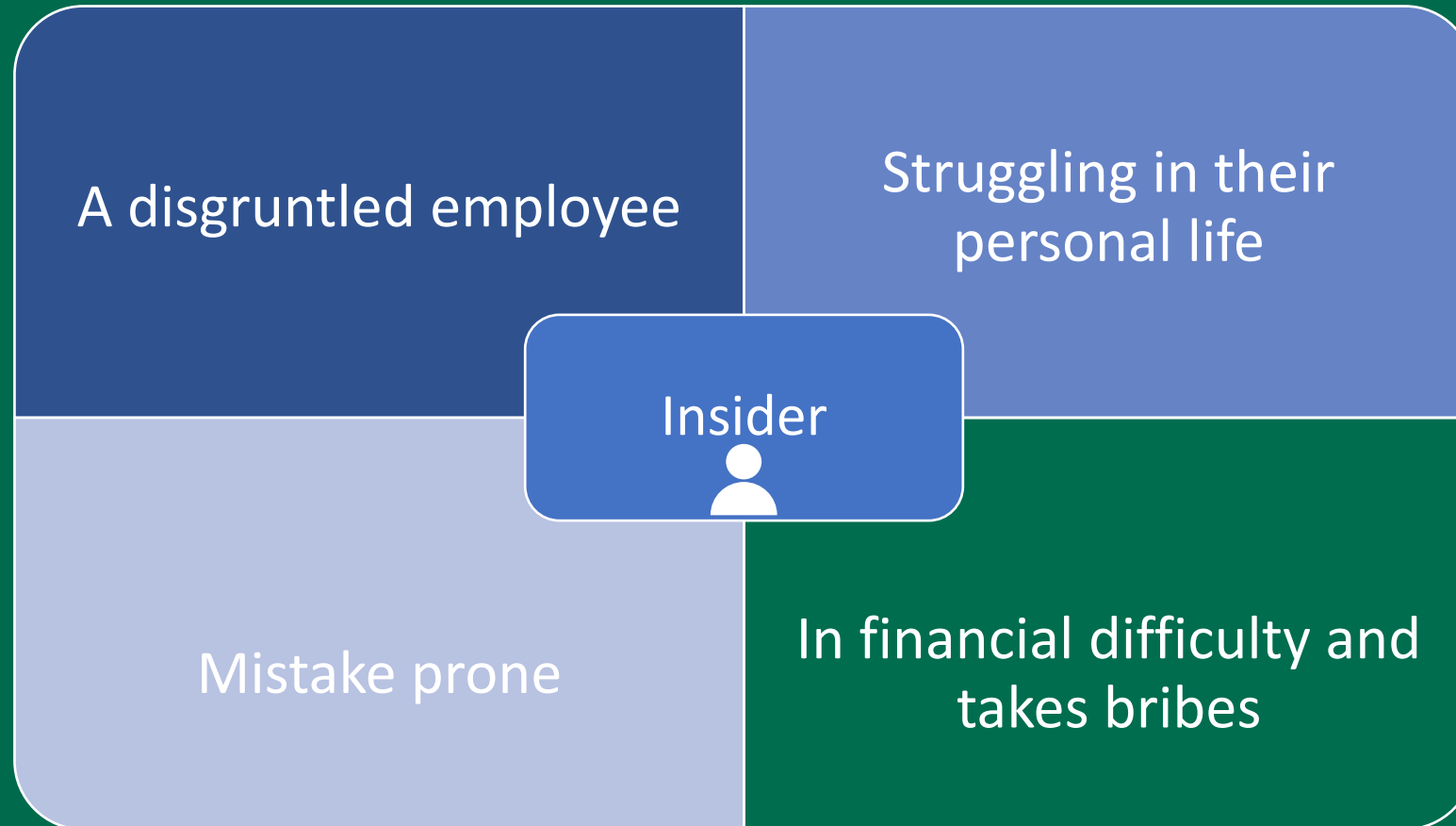


Having a ransomware prevention strategy is vital

- Back up your data regularly to an independent source.
- Update / patch software promptly.
- Protect your devices and networks with AV, firewalls and malware protection.
- Have a robust contingency plan.
- Forensic cleansing required post incident and prior to running data recovery.

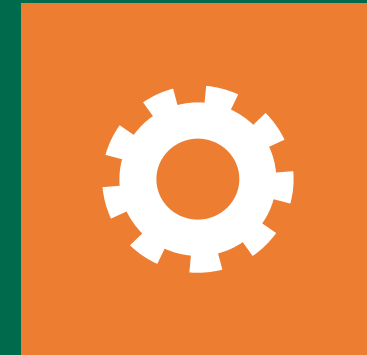


Insider Fraud



Stay one step ahead of Insider Fraud

- Robust recruitment procedures and strong exit protocols for leavers.
- Online banking users; levels of authority and payment approver responsibilities; dual authorisation.
- Regular senior oversight activity.
- Check bank statements regularly.
- Confidential “whistleblowing” line.



Purchase Scams

- Fraudsters use fake websites, copies of genuine sites and social media profiles to offer things for sale that don't actually exist.
- Tempting prices.
- Payment upfront by bank transfer – it's like handing over cash.
- When you go to collect it, or delivery doesn't materialise, you realise you've lost your money.



Remember:

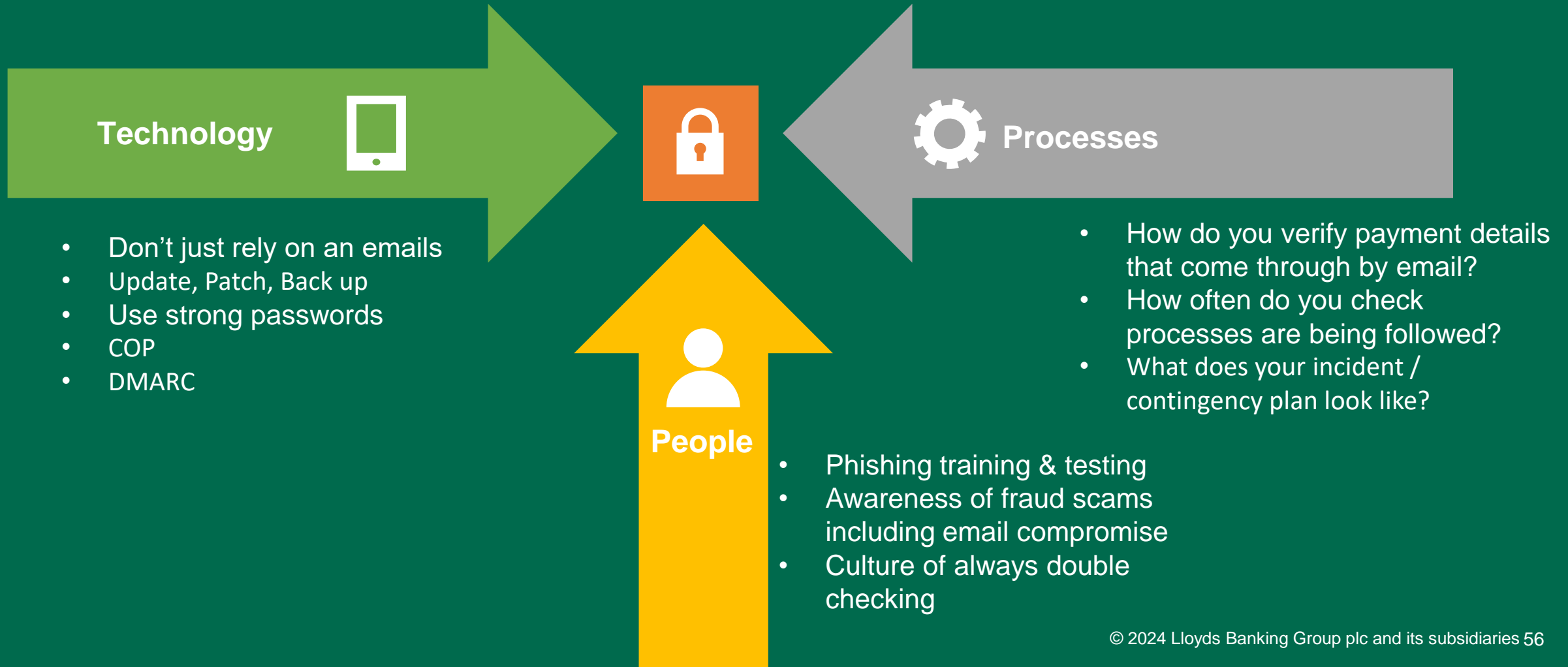
- Pay by debit or credit card – this protects your money if anything goes wrong.
- Check reviews and ask questions – to make sure a seller is genuine and trusted.
- Never send a payment upfront – Wait to see the physical item, before handing over money or making a bank transfer.



Approach to fraud management

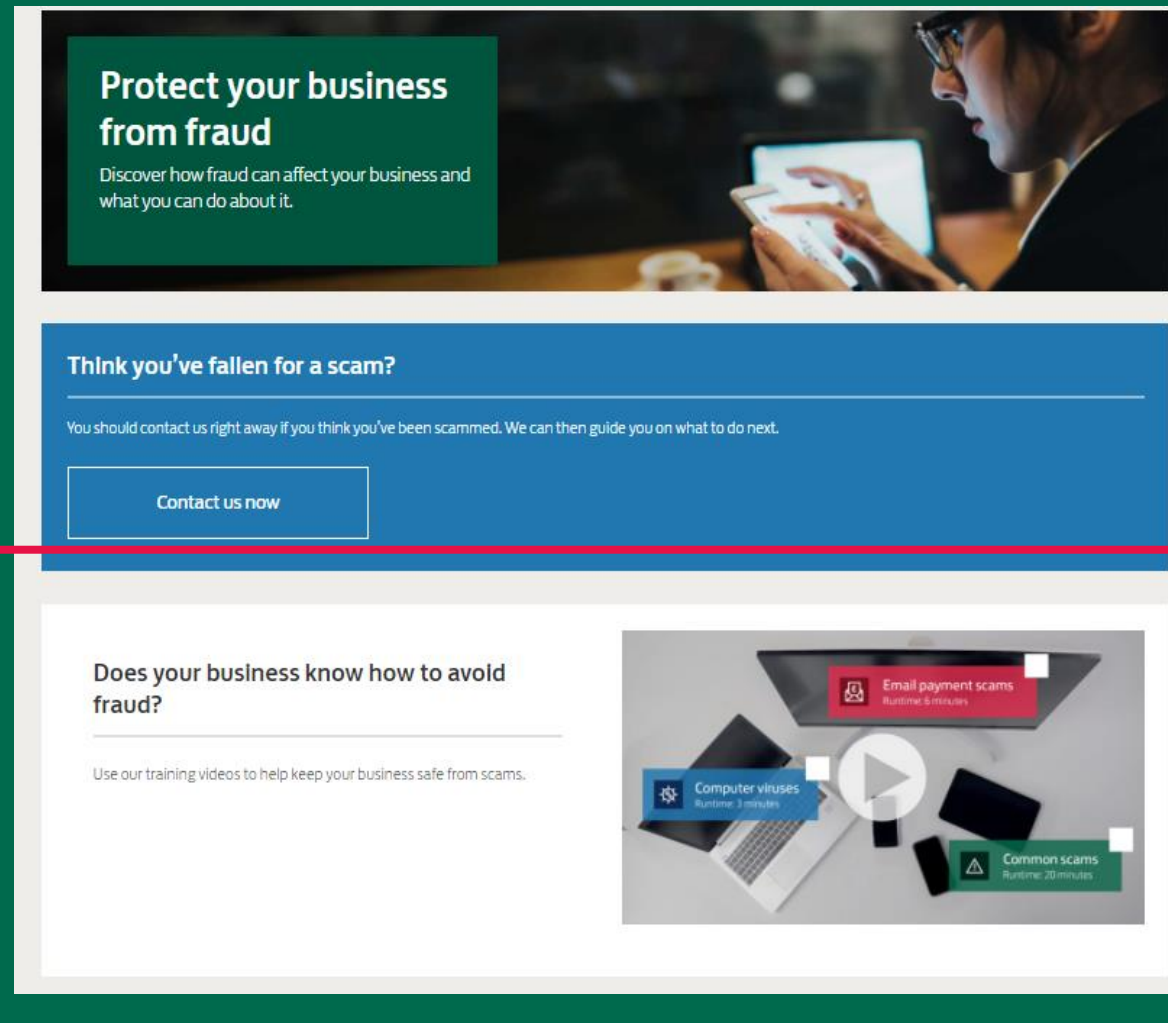
Fraud Prevention

- Adopting a layered approach is strongly recommended:



Interactive Training for your business

- www.lloydsbank.com/business/security



Protect your business from fraud

Discover how fraud can affect your business and what you can do about it.

Think you've fallen for a scam?

You should contact us right away if you think you've been scammed. We can then guide you on what to do next.

Contact us now

Does your business know how to avoid fraud?

Use our training videos to help keep your business safe from scams.

Computer viruses
Runtime: 3 minutes

Email payment scams
Runtime: 5 minutes

Common scams
Runtime: 20 minutes

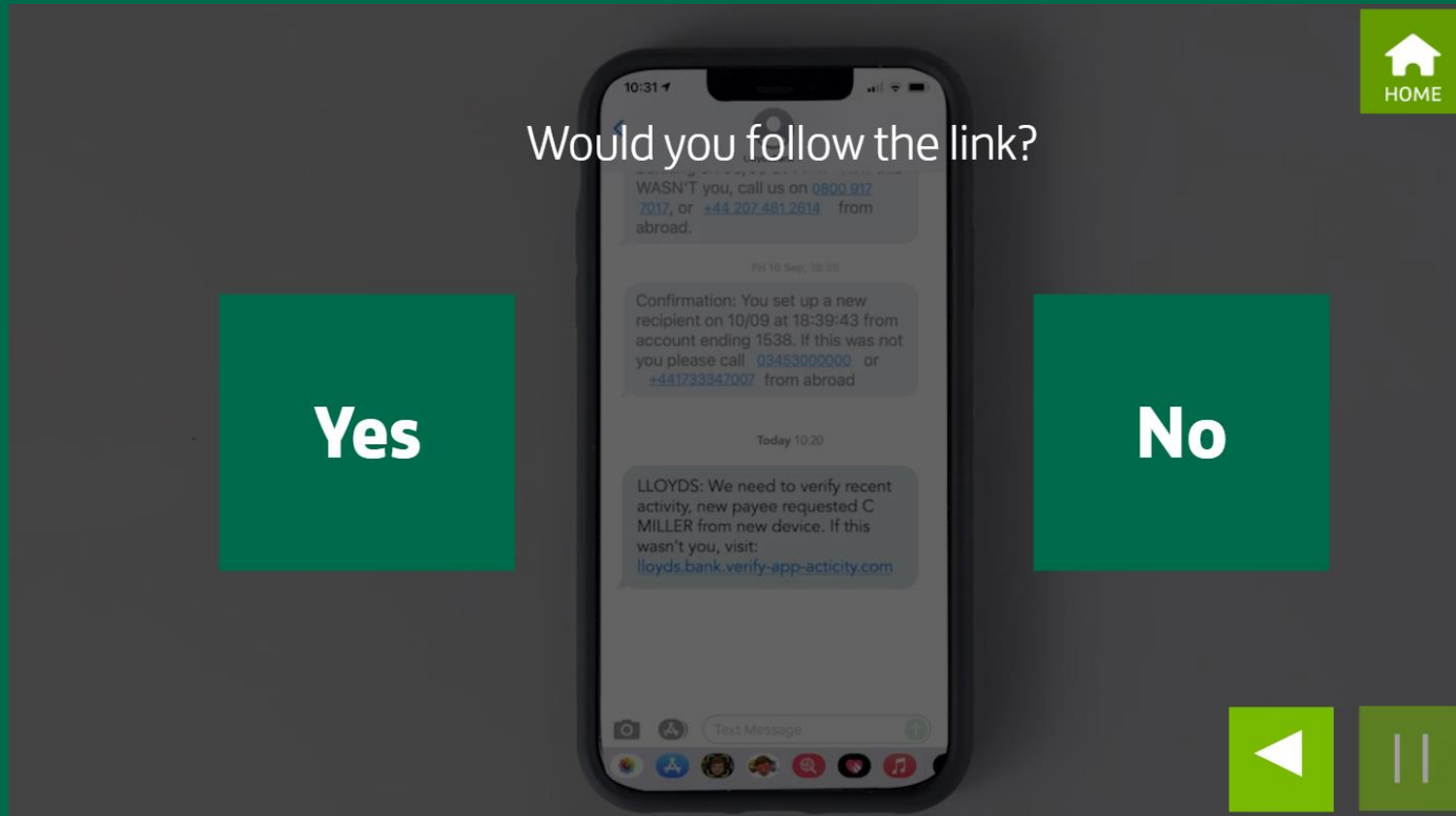


Interactive Training

- Email Payment Scams
- Online scams
- Scam texts
- Scam calls
- Computer Viruses



Interactive Training for your business



Would you follow the link?

WASN'T you, call us on 0800 917 7017, or +44 207 481 2614 from abroad.

Fri 10 Sep, 18:39

Confirmation: You set up a new recipient on 10/09 at 18:39:43 from account ending 1538. If this was not you please call 03453000000 or +441733347007 from abroad

Today 10:20

LLOYDS: We need to verify recent activity, new payee requested C MILLER from new device. If this wasn't you, visit: lloyds.bank.verify-app-activity.com

Yes

No


HOME

Text Message

Interactive Training for your business

Have a look at this list of passwords, and sort them into either strong or weak.

When you're finished, click the **Submit** button.





The smartphone screen displays a 'Notes' app interface with the following content:

- 123qwe
- password1
- (Luck)Dr4gon03
- Fall76OutBad
- Hard-Fax-Property1992
- GUEST
- Bounty40RocketFlag
- 11223344

Below the list are two input fields:

- Strong
- Weak

At the bottom of the screen, there is a 'Submit' button.





Find out more

Find out more

- For more information about how to protect your business from fraud, visit:

www.lloydsbank.com/business/security

Or contact your relationship management team.

For other support:

www.actionfraud.police.uk

www.ncsc.gov.uk

www.cyberaware.gov.uk

www.globalcyberalliance.org



Lloyds Bank for Business

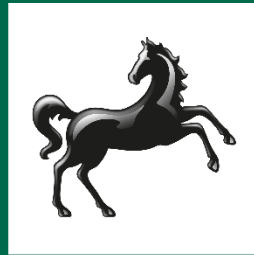


@LloydsBankBiz



Any questions?

Thank you



LLOYDS BANK



Governance Update – Lessons learnt from this year

Joanne Davison & Carla Boaks

27 June 2024

Contact us



Joanne Davison

Partner

Telephone: 0191 211 7958

Mobile: 07921 498 381

joanne.davison@muckle-llp.com

Carla Boaks

Solicitor

Telephone: 0191 211 7825

Mobile: 07541 100 415

carla.boaks@muckle-llp.com

Agenda


- What is governance and why does it matter?
- What are the board's legal duties?
- Recent case studies
- Common themes
- Top tips
- Questions

What is governance and why does it matter?

- The framework for managing the trust.
- Includes members, trustees and committee members.
- Getting the right people for the role
- Necessary skills
- Governance not management
- Diverse board



Legal Duties of Trustees

- Articles of Association
 - DfE guidance – Academy trust governance guide (07.03.24)
 - Charities Act 2011 (2022)
 - Ofsted guidance
 - Education Acts
 - The School Governance (Roles, Procedures and Allowances) (England) Regulations 2013
 - Equality Act 2010
 - Educations and Inspections Act 2006
 - Health and Safety at Work etc. Act 1974
 - Companies Act 2006
- 

Case Studies

- Hailey Hall School (Oct 23)
 - “Trustees evaluate some of the aspects of leaders’ work well. However, they do not routinely request or receive all the information they need to identify trends in pupils’ behaviour and link them to aspects of quality provision. This weakens their capacity to support further improvements. Trustees should ensure that they have all the information they need to hold leaders to account effectively so that the quality of education and pupils’ behaviour continue to improve.”



Case Studies

- Walney School (Sept 2023)
 - “Leaders and governors do not evaluate the quality of education carefully enough. Often, they draw conclusions about the quality of information that may be inaccurate or invalid.”



Case Studies

- Mount Grace School (Oct 2023)
 - “Governors have not ensured that a consultation on the school’s RSE policy has taken place or that an up-to-date policy is in place. As a result, the school has not met one of its statutory duties. Governors need to ensure that robust quality assurance processes are in place, so all statutory duties are met.”



Case Studies

- Gilbert Inglefield Academy (Nov 2023)
 - “Trustees do not have an accurate view of the school’s effectiveness. They have not challenged and supported leaders effectively. They have not addressed weaknesses effectively or in a timely fashion. Trustees need to ensure that they are fully informed and can hold leaders to account and address areas for improvement effectively.”



Case Studies

- Valley Primary Academy (Jan 2024)
 - “I am also aware that the Governing Body consists of 5 Trustees. I therefore have concerns about its capacity and capability to hold the trust to account for achieving rapid and sustained improvements at Valley Primary Academy.”




Case Studies

- Montsaye Academy (Feb 2024)
 - “There is insufficient oversight and governance of pupils who attend alternative provision. The school has not assured that pupils who attend these provisions are safe and well educated.”



Common themes

- Lack of information requested
 - Insufficient analysis undertaken
 - Lack of understanding of school weaknesses
 - Not holding leaders to account
 - Lack of understanding of roles and responsibilities
 - Lack of oversight and challenge
 - Too slow to intervene or respond
- 

Top tips

- Induction and Training
- Use committees to maximise board time
- Skills review and success planning
- Use your Governance Professional
- Ask the silly questions!
- Take the really tough decisions





Any questions?

Contact us



Joanne Davison

Partner

Telephone: 0191 211 7958

Mobile: 07921 498 381

joanne.davison@muckle-llp.com

Carla Boaks

Solicitor

Telephone: 0191 211 7825

Mobile: 07541 100 415

carla.boaks@muckle-llp.com

muckle^{LLP}e

