



Education & Skills
Funding Agency

Education and Skills Funding Agency
Sanctuary Buildings
Great Smith Street
London
SW1P 3BT

Tel: 0370 000 2288
[ESFA-enquiry-form](#)

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To accounting officers in academy trusts. Copied to chairs of trustees

Dear colleague

It is now almost 4 years since I became Chief Executive of the Education and Skills Funding Agency (ESFA), a role I am particularly proud and honoured to have held. As some of you know, I will be taking up a new role in the autumn and therefore at the outset of this, my last letter to you, I would want to record my thanks to you for the support you have provided and for the constructive way in which you have always sought to work with me.

As I write to you at the end of a second academic year of unprecedented challenges for education due to COVID-19, I remain, of course, aware and indeed immensely grateful for the focus and resilience being maintained by school leaders to achieve the very best for our children and young people. I know it continues to demand significant reserves of energy from you, your staff and your pupils, and I have enormous gratitude for what you are doing. Like all of you, I hope that infinitely better days lie ahead in the not too distant future. Having spoken to a great many of you during the last eighteen months, I know just how keen you are to ensure that the educational consequences of COVID-19 are met and addressed.

I also appreciate how you have had to adapt to changing circumstances in recent months, whilst maintaining a crucial structure to school life.

In my own role as ESFA's accounting officer I too experience the tensions of delivering essential functions in extraordinary times, and it is vital that we do these well. What does this mean in practice? Well, in addition to ESFA's core role as a funding body for academy trusts, we are also responsible for providing assurance to Parliament on the use of your funds and for communicating the regulatory framework within which your trusts are accountable for their money.

Academy Trust Handbook

For many years this framework has been set out in the Academies Financial Handbook. When Baroness Berridge [wrote](#) to you on 10 June about the change in name of this key document, becoming the [Academy Trust Handbook](#), the minister explained that this was to ensure its title accurately reflected the full range of important material it contains.

The new handbook, published in June and effective from 1 September, continues to provide information to help you maintain good financial systems and strong governance but it now also signposts to a wider range of existing non-financial requirements, providing a broader resource for you to use.

As the trust's accounting officer it is important that you engage fully with the handbook, and that members, trustees, the chief financial officer and relevant staff read it too. The new edition contains information in several key areas, and pages 9 and 10 of the handbook signpost you to the main changes. I would like to highlight the following points in particular:

- **Safeguarding, health and safety and estates management** - This year we are pointing you to the key legislation and guidance covering safeguarding, health and safety, and estates management. These are not new requirements but I am sure you will agree they are essential.
- **External reviews of governance** - We are also emphasising the value of external reviews of governance for trusts as an addition to self-assessment. These can be powerful tools to help you during periods of trust growth, but also more routinely where you feel such a review would benefit the overall governance of your trust.
- **Exit payments** - The handbook directs you to recently published HM Treasury [Guidance on Public Sector Exit Payments](#) setting out new approval requirements where you are proposing to make a severance payment to a member of staff. Please continue to make any academy severance payment enquiries or applications directly to ESFA via [the online portal](#).
- **Cybercrime** - In my [letter](#) last year I raised the threat of cybercrime and in recent months there have been several cyber-attacks on the sector. The DfE is pro-actively working towards providing further guidance and the handbook directs trusts to links for additional advice. The National Crime Agency does not endorse the payment of ransom demands and payment could result in repeat attacks. In this year's handbook we explain that trusts must obtain permission from ESFA to pay any cyber ransom demands and it would be very unlikely that any permission would ever be granted.
- **Notices to Improve (Ntl)** – Baroness Berridge's [letter](#) of 10 June set out that the Financial Notice to Improve (FNtl) will be renamed Ntl, better reflecting the current parameters of the handbook and notice, ensuring coherence and recognising the important role you have beyond financial oversight.

One area that has not changed substantively in the handbook, but which I want to emphasise, is the requirement for you to record information about individuals involved in school governance on the Department's [Get information about schools](#) (GIAS) service. These requirements, which include supplying a direct email address for all governance roles, are described in

sections 2.54 to 2.58 of the handbook. Providing your contacts means that you won't miss our communications including the weekly ESFA update and the DfE school governance update.

To help you, we've updated the GIAS governance guidance and added a [YouTube video tutorial](#) about providing and updating your governance information.

Academies Accounts Direction Supplementary Bulletin

We published an updated [Academies Accounts Direction](#) in March to help you prepare your annual accounts, alongside two separate documents, an auditors guide and model set of accounts. I want to highlight to you an updated supplementary bulletin which will be published on the [Accounts Direction page](#) shortly and will help you reflect the events of 2020/21 in your accounts. It covers guidance on the regularity and audit implications of COVID-19, trustees report content, and requirements for disclosure of financial support received.

Please ensure your chief financial officer is familiar with the content of the bulletin and that you work with your trust boards to agree content for the trustees' report in line with this guidance.

Financial management and governance good practice guides

We are continuing to develop our range of [good practice guides](#) reflecting feedback you have given us. These guides are intended to promote best practice in many of the areas covered by the Academy Trust Handbook and Accounts Direction. Most recently, in May 2021, we published a guide to [Academy trust risk management](#) and I would encourage you to read and apply these guides.

School resource management self-assessment tool (SRMSAT)

I would like to remind you about the requirement to complete an SRMSAT each year. The SRMSAT is a checklist covering key areas of governance, financial health and resource management and is valuable for providing assurance to your board that the trust is being managed effectively, whilst identifying improvements that you could make.

For 2021/22, all academy trusts with an open academy on 31 December 2021 must complete an SRMSAT and submit it to ESFA by 15 March 2022. We expect that this date will be fixed for future years. The SRMSAT is an [online form](#) and will be available in January 2022. A list of the questions to be included in the 2021/22 SRMSAT will be published in the autumn for information only to give you sufficient time to prepare.

Financial returns for 2021/22

Can I also remind you of the timetable for submission of your financial returns to ESFA for the academic year 2021/22 which we published in our [ESFA Update Academies: 21 April 2021](#). These dates are as follows:

Form	Go live date	Submission deadline
Land and buildings collection tool	5 October 2021	9 November 2021
Financial statements	N/A	31 December 2021
Accounts return	4 November 2021	25 January 2022
Budget forecast return outturn (BFRO)	12 April 2022	17 May 2022
Budget forecast return 3-year (BFR3Y)	21 June 2022	26 July 2022

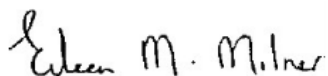
The table reflects the reinstatement of the BFRO for 2022, this return having been suspended for the previous two years as a result of the pandemic.

Finally, I want to thank those of you who have helped us develop our publications, returns and documents over the past year. In particular, the [Academies Finance and Assurance Steering Group](#) and its three Working Groups have continued to offer us invaluable support and constructive challenge. It can be difficult sometimes to reconcile priorities across the sector but your insight remains essential. Thank you.

I would be most grateful if you could ensure that you share this letter with your board of trustees and arrange for it to be discussed at your next board meeting.

With all good wishes to you and your staff and I very much hope that you all manage to get some down time over the summer holiday period.

Yours sincerely



Eileen Milner
 Chief Executive
 Education and Skills Funding Agency