



ACADEMIES PLUS (A+)

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WELCOME TO THE LATEST EDITION OF MOORE KINGSTON SMITH'S ACADEMY SECTOR SUPPLEMENT, ACADEMIES PLUS (A+)

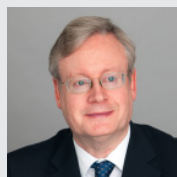
In our last edition of A+ we focused on the impact of Coronavirus. A few months on, and as one crisis recedes (fingers crossed), another crisis has arisen which is causing similar levels of concern and upset. The invasion of Ukraine is now dominating the news and as well as being astonished and angry in equal measures at the horrors that can be unleashed in the modern world, people the world over are also having to assess the impact of the conflict in their working lives and on their day jobs.

In times of such uncertainty and rapid change, we see providing regular updates to our clients and contacts as a key element of our work. We hope therefore that you find this edition insightful and helpful, and if you would like to discuss any of the articles in more detail, please do get in touch.

You can find our previous editions on the [Academies pages](#) of our website, along with information on the work we do in the education sector.



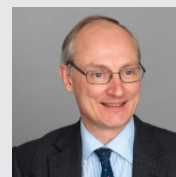
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CURRENT TOPICAL MATTERS FOR ACADEMIES

By James Saunders, Nonprofit Partner, Moore Kingston Smith

Outlined below is a brief reminder of some of the important high-level matters that are going on in our sector right now.

- **Sustainability and climate change** are rapidly rising up the agenda for any trust. The reporting regulations around streamlined energy and carbon reporting are impacting on many larger trusts already and will no doubt be extended in some format to all entities in due course. Additionally, the evolving environmental, social and governance (ESG) agenda will need trusts to be examining their carbon footprint.
- Trusts should be aware that the Department for Education (DfE) published a draft Sustainability & Climate Change strategy paper in November 2021 which set out its strategic aims and overarching vision as part of the government's 25-year environment plan and net zero strategy. The expectations on individual trusts going forward are likely to be challenging, particularly when considering energy efficiency and renewables in new projects, procurement processes, reporting requirements and in the school curriculum.
- **Cyber fraud** continues to be a major threat to trusts with reports of highly sophisticated attacks circulating at the end of last year. Trusts can access free services to assist with checking their protection against ransomware, phishing and spoofing attacks, but the

dangers remain extremely high in an area where the criminals are constantly evolving the effectiveness of their methods of attack. The policy paper "Government Cyber Security Strategy: 2022 to 2030" (published 25 January 2022) notes that "...the targeting of healthcare, education and other essential services continues to demonstrate the severity of such cyber attacks, which not only cause significant disruption to the delivery of essential public services, but can also pose a real risk to public safety...", which highlights that schools are in the crosshairs of the cyber criminals as much as, if not more than, any commercial operation.

- **Digital transformation** offers a raft of potential solutions to the dangers of cyber attacks, the ongoing battle for financial savings and efficiencies, and the improvement in internal controls. On a slightly different technological tangent, but of particular interest to the academy sector, are plans for a UK National Academy, announced in the government policy paper "Levelling Up the United Kingdom" (published 2 February 2022), which has been described as a "...new digital education service [that] will support pupils from all backgrounds and areas of the UK to succeed at the very highest levels. The UK National Academy will be free and made available online to support the work of schools up and down the country. It will allow students to acquire additional advanced knowledge and skills, offering even more opportunities for every child to thrive..."
- Wellbeing is an ongoing and major concern for most academy trusts – and this covers both pupils and staff. No one has been left unaffected by home working/schooling and the pressures of teaching and learning in a pandemic, and reports continue to reflect on the increase to anxiety and stress levels at times of enormous strain.
- There continues to be a focus – in the media and by the Education and Skills Funding Agency (ESFA) on **executive remuneration**. For the year just gone, new fields in the Academies Accounts Return (AAR) were introduced to add detail to wages disclosures. Higher pay details and pension breakdowns are being developed, for the ESFA to reconcile and compare AAR data in the future. The press headlines focusing on perceived excessive executive pay mean that this issue is not going away any time soon.
- The conditions for claiming pandemic emergency funding grants may have been misinterpreted by some trusts who may have claimed a grant incorrectly. Although the ESFA has said that the guidance, drawn up as it was under intense time pressures, may have resulted in an unintended consequence, there is still a risk that claims will be clawed back if found to be erroneous. A similar issue is arising for furlough claims, where trusts who have claimed will potentially be reviewed in due course to inspect the accuracy and applicability of any such claims.
- The ESFA continues to ramp up its oversight of related party transactions, and on internal governance (via assessments such as the school resource management self-assessment checklist). Because of perceived weaknesses and control failures in the sector, the ESFA has begun to reconcile disclosures in statutory accounts with applications made and permissions granted (or not) via the portal for related party transactions (RPTs).

OBSERVATIONS FROM THE 2021 AUDIT CYCLE

By Ann Mathias, Head of Education, Moore South UK

Following the end of the annual audit cycle in January of each year, we always highlight some benchmarking that was relevant during the submission of the Academies Accounts Return (AAR).

For this year, the major changes have been that Covid funding has been specifically reported for the first time, and the AAR was also more reflective of the detailed breakdown of income received variously from the ESFA and from other non-ESFA bodies.

Discussions with schools suggested that operations were very challenging. The priority of all schools has been the welfare of staff and pupils and to ensure all pupils were given the best level of educational support. 79% of schools felt that student welfare will be greatly impacted by Covid. Most schools commented on the fact that in-year surpluses had improved, but only as a result of lower operational costs through remote working and the lifeline given through various sources of Covid funding support.

Significant matters that came out of our analysis were as follows:

Staff costs as a % of total grant income (including Covid catch-up and excluding capital funding)

Schools have received additional grant income this year compared with previous years. As would be expected, therefore, this % figure has reduced. However, the reduction is not as great as expected because funding is also being reduced by the gradual phasing out of teacher pay and pension grant income. The figure will also be affected by the level of in-house support services such as catering, premises and cleaning, because staff numbers in those sections will have reduced disproportionately during the lockdown and furlough periods.

The following detailed elements are of interest:

- The ratio for primary schools is generally between 75% to 85%. However, schools with inherently lower levels of students have suffered (particularly, for example, rural schools) and often they are being forced to consolidate year groups to deal with staffing challenges.
- Secondary schools have seen even lower ratios than previous years due to the receipt of additional Covid testing grants which primary schools did not receive. Secondary schools averaged between 70% and 80%, lower than the benchmarks in the previous year.
- The ratios for sixth forms and post 16 education providers have not reduced as much and have exceeded the benchmark set by ESFA of 80%. This is generally due to funding constraints and smaller specialist classes absorbing higher salary costs.

Other notable key benchmarks were:

Covid funding income per pupil



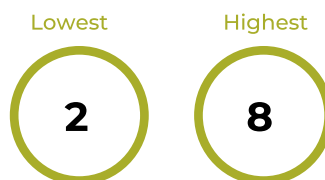
The higher funding has been where schools have received further funding as a result of deficit forecasts, or for SEND/free school meals students, or for Mass Testing funds.

Technology spend per pupil



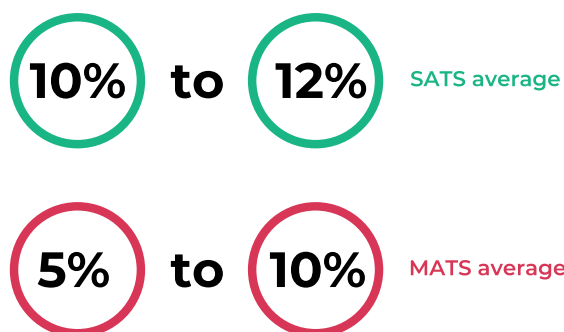
Our recent pulse survey of the education sector conducted by the Moore network highlighted that IT support for students was a particular concern. Although many schools received gifts of laptops (which schools have found extremely helpful), the results of our survey identified that 24% of students would be unable to work remotely due to lack of IT.

Sickness days per FTE



Some schools reported that absences were lower than anticipated because of the flexibility of remote working, while others were impacted enormously from staff illnesses, particularly in the first nine months of the academic year. This disparity may well be representative of the way that Covid infections swept through individual school populations and hit those schools' teaching teams so intensively.

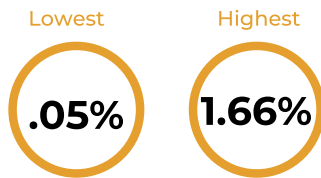
Key management staff costs as a % of staff costs



Key management staff costs in larger MATs (classed as 8 or more schools) could be as low as 1.5% of staff costs. This is because efficiencies have been made by consolidating staffing structures within Senior Leadership Teams so that decision making is more streamlined.

Costs within primary schools were higher as there appeared to be a flatter management structure and fewer efficiencies of scale.

Agency costs as a % of staff costs



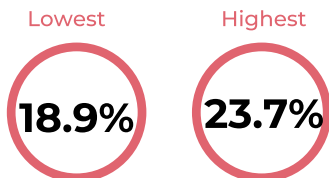
Agency costs have generally reduced this year, partly because of the flexibility to work remotely, but also due to the opportunity for schools to collaborate more, seeking help from other schools either within their MAT or within the collaboration of schools they have worked with, rather than using agencies to fill staff absences or shortages.

Local Government Pension Scheme Liabilities increase

We have seen a very large range of increases this year, from 14% to 60% in single academy Trusts, and between 21% and 69% in MATs. In exceptional cases, newly formed free schools have increased over 300%, and expanding smaller MATs have seen increases of between 100% and 198%. These increases will have been partly due to the liabilities transferred in.

Assumptions that have impacted on these liabilities include the performance of investments within the market, the decrease in the discount rate upon which forecast liabilities are calculated, the change in the age demographic of employees since the last triennial valuations and the increase in forecast staff salary costs. Interestingly, the life expectancy of staff has been assumed to reduce (which will decrease the liability), with one of those factors affecting the life expectancy being the impact of Covid on long term health.

Employer Pension Contribution Rates



We have also seen examples around the country of exceptional rates up to 30%.

Reserves Policy

Trusts are finding this harder to maintain with increasing pension costs and foreseeable overhead increases. The preferred cover of costs is often a figure equivalent to a certain number of months of salary costs or operational costs. There are a few Trusts who are being more focussed and building up specific reserves to fund particular projects that require longer term funding, and this is reflecting a move in the wider nonprofit sector for reserves policies to be 'smarter' and move beyond a simple closedown calculation - but the majority retain the more basic '3 month operating costs' approach.

Future planning

Trusts will no doubt be very aware of the upcoming increase to national insurance rates – from 6th April 2022 there will be an increase of 1.25% for the health and social care levy. The government is expected to compensate academies for this increase, but the exact details have yet to be published.

At the time of writing, inflation is reaching higher rates than we have experienced for many years – expectations are that inflation will increase to 7% - 8% before falling later in the year. Other than staff costs, key items that Trusts are re-budgeting are building materials, fuel and energy costs and catering foods. Again, at the time of writing, these costs are seeing enormous weekly increases (with more expected to follow) as the Ukrainian conflict hits world economies hard.

Electricity costs could rise to 50% by April 2022. A lot of trusts have been tied into fixed contracts for the last few years, but these agreements are now up for renewal and tender. There is also a move towards trusts being carbon neutral by 2030 as confirmed in the latest COP26 conference and by the Department for Education's own commitments. There will be funding available to ensure schools have the resources to achieve this, but figures have yet to be agreed.

Conclusion

Trusts have seen a lot of change over the last academic year, but the next few years will bring significantly more challenges in terms of costs and funding levels. The ESFA will be re-emphasising the importance of accurate, timely and relevant budget setting. Trustees must look to question and challenge the figures set by the Senior Leadership Team to ensure Trust finances are viable over the short to medium term as a minimum.

USING EDUCATION TECHNOLOGY TO ADDRESS KEY CHALLENGES AND PRIORITIES IN THE EDUCATION SECTOR

By Tarini Aurora, Managing Consultant, Digital Analytics, Moore Kingston Smith

Advancement in technology has given rise to a multitude of possibilities and the global Covid pandemic has accelerated digital disruption across all sectors, including education.

Education Technology (edtech) refers to the use of digital solutions in the education sector that aim to enhance the educational experience and support a digital learning, research and dissemination environment. It is having a huge impact on traditional learning practices and teaching methods and redefining them in line with the contemporary needs of today.

Effective use of digital technologies in the sector can be beneficial to everyone involved, from students to teachers and administrators. There is a wide range of technological applications that can transform an educational institution and help build competitive advantage. These are crucial not only for survival, but also for institutions to thrive in a challenging and competitive environment.

Tackling top challenges with technology enabled solutions

1. Financial constraint triggered by multiple contributing factors

One of the top challenges is the financial constraint resulting from the recent rise in running costs (including increases in employer's contributions to the Teachers' Pension Scheme and higher national

insurance contributions) as well as rising inflation rates and soaring energy prices. Educational institutions must therefore look to improve the operational efficiency and effectiveness of their work to minimise their cost base and improve their financial standing. Undertaking process reviews of administrative functions to re-engineer and streamline them can potentially deliver quick wins for the team and help identify high-impact areas for digital transformation.

There are various cases of deploying digital solutions in the administrative realm, for example:

- **Digitising admissions and applications**

As part of the admissions and application process, artificial intelligence (AI) chatbots can be deployed to handle standard queries and provide 24/7 assistance. Paper-based application forms can be easily digitised with on-the-go solutions, such as mobile scanning.

- **Data reporting and analytics**

Data management solutions can support with time-consuming management information system updates and with the reporting of covering information that may cover such data as pupil attendance and performance. Moreover, overlaying data analytics can provide actionable insights and enable or improve data-driven decision-making.

- **Smart inventory management**

Use of smart inventory management systems can help staff monitor school supplies in real-time and proactively handle re-ordering to replenish stock levels.

- **Automating simple administrative tasks**

Automation capabilities can be leveraged for simple administrative tasks such as sending email reminders for fee collection. Setting up automatic email reminders to be sent on pre-set timelines can help reduce the workload.

All these solutions would help free up valuable time for the administrative team and allow them to focus more on what matters most - students and education.

2. Delivering 'quality-first' teaching and learning in the new normal

A key aspect on the agenda of educators is to ensure 'quality-first' teaching and learning is delivered. The global pandemic has challenged the traditional education model and there is now a need to have a more adaptable education model.

We already see the emergence of 'flipped' classrooms wherein students navigate through the curriculum sitting at home via online lectures and use the classrooms to have more engaging discussions and collaborative learning experiences. This has helped foster close collaboration and deeper learning as students actively participate in classrooms.

There are many more opportunities to use edtech to improve students' learning experiences and embed 'quality-first' in the education model, for example:

- **Personalised learning experience**

Machine learning can be leveraged to drive flexible and personalised learning experiences for students instead of a 'one-size-fits-all' approach. Each person has a different style and pace of learning that can be supported using digital solutions.



- **Data-driven specialised learning**

Big data and analytics can play an important role in driving data-driven improvements, as it can help measure a student's learning progress and identify key learning patterns. This learning data can provide valuable insights about the student's strengths and development areas, allowing teachers to design specialised learning plans and implement intervention protocols as needed.

- **Optimisation of teachers' focus**

AI tools can be leveraged to support teachers with their laborious administrative tasks, allowing them to spend more quality time with students. An example of this is automatic marking of exams, especially where the testing is of an objective nature, such as fill-in-the-blanks or multiple-choice questions.

- **All-in-one classroom management tools**

Comprehensive classroom management tools enable teachers to assign homework, manage multiple classes, personalise learning, and even communicate with parents, all on one platform.

3. Investing in long-term digital strategies to futureproof educational institutions

The advantages of edtech in the typical classroom are significant, and educational leaders should look to invest in longer-term strategies that would futureproof their institution. With growing competition, educational institutions are being pressed to enhance the value they deliver to continue attracting parents and their hard-earned money.

As an impact of the global pandemic, we have already seen the emergence of digital classrooms with interconnected devices and cloud-enabled solutions that enable real-time communication, collaboration and access to online lectures/material. These can be further supplemented with smart technological tools to enhance the educational experience, for example.

- **Interactive educational content**

Building learning platforms that leverage audiovisual interactive presentations and gamification of educational programmes can help stimulate students and capture their attention for longer periods. Sentiment-analysis engines can be embedded to assess student engagement levels and provide actionable insight to maximise classroom interaction.

- **Blended learning environment**

Adopting 'phygital' tools that combine the physical and digital environment (such as interactive smart boards) can revolutionise hybrid teaching and foster inclusivity with remote learners.

- **Learner-centred experience**

Applying design thinking methodology can help administrators focus on learner-centred education and enhance the end-to-end student experience, from application and admissions to graduation and future opportunities. Mapping out the student journey and understanding the pains and gains could open a plethora of options to re-imagine their experiences and further enhance learning outcomes.

- **Immersive learning experience**

Looking further into the future, virtual reality (VR) and augmented reality (AR) technologies will undoubtedly offer opportunities to facilitate immersive learning experiences. Specialised VR headsets can enable students to interact with computer-simulated environments and learn by doing, such as exploring 3D models of the human body or visiting historical heritage sites. AR can be useful to animate educational content for ease of comprehension, especially for difficult concepts like those in physics and chemistry.

The technology behind VR and AR is moving at an astonishing rate and these will start to become a viable option for educators in the next five years.

Conclusion

Edtech has disrupted the educational ecosystem and will continue to do so as further technological advancements are made. Even learner needs and preferences have evolved in the new normal and it has become more important than ever for educational institutions to adapt, adopt and advance in the digital age.

Edtech offers multiple benefits, including increased access, ease of collaboration and wider communication to promote overall quality of education. It has the potential to enable better learning outcomes, improve student performance and, in turn, school rankings.

The role of data and insight in the education realm can have far-reaching and impactful outcomes for all - students, teachers and administrators. Educational leadership teams must be at the forefront of this to leverage learning innovation and ensure educators of today are well-equipped to provide 'quality-first' teaching to the bright minds of tomorrow.



REDUCING THE RISK OF AN EMPLOYMENT TRIBUNAL CLAIM

By Richard Cummings, Strategic HR Partner, Moore Kingston Smith HR Consultancy

Tribunal cases are prevalent and, broadly speaking, the reason there are so many is because both parties – the academy and the (ex-)employee – believe they are in the right. When this type of stand-off occurs, the employee raises a tribunal claim and the process starts.

There is always a risk that an academy will be faced with disgruntled employees. This may start when the academy instigates a process in response to an employee issue, such as higher-than-average absence levels or poor performance.

In other instances, it may be because the employee has raised something that has been (or is perceived to have been) ignored or improperly dealt with, such as a grievance or a request for flexible working or unpaid leave

Each action, whether started by the academy or the employee, triggers a response. Where actions are instigated by the academy, such as those aimed at performance, conduct or absence issues, the academy should consider how the message is delivered, and be very careful over the language used – reducing the risk of the employee responding negatively simply due to poor communication of a valid point is vital.

Additionally, consideration should be given in advance to the steps and processes that will be followed, as well as the possible worst-case scenarios and what the employee may respond with. It is not uncommon for allegations to be made by the employee that are seemingly unrelated to the issue at hand. Schools must still deal with those issues to show they are undertaking a fair process. For example, where a flexible working request has been refused, the employee may raise a grievance regarding a culture of bullying by their manager. It is advisable to investigate this fully to reduce the risk of further escalation, rather than just dismiss it as irrelevant to the case in hand or as a side issue.

In practical terms, grievances can be very difficult for academies to investigate, particularly when the grievance relates to a peer as opposed to a manager. When two or more colleagues have experienced a disagreement, the school runs the risk of one of them feeling let down by the process and there is always the potential of a constructive dismissal claim being raised.

Whatever the situation, and whether initiating an action or responding to it, schools should consider how reasonable they are being and whether the employee is being reasonable too. A good rule of thumb to follow is for the school to put themselves in the employee's position. Even in the instance when it is firmly believed that the employee has not been completely truthful or has behaved inappropriately, schools should maintain the highest standards of integrity.

Schools cannot completely eradicate employment tribunal claims but they can reduce the likelihood of getting one. Every letter that is written is not really written for the employee; it is written for their solicitor.

Would the solicitor believe the school to be reasonable and their client (the employee) to be unreasonable? If this is the case, the likelihood of it progressing to tribunal is reduced.

The employment tribunals system is incredibly busy. Where claimants (the employees) call for multiple witnesses or place the school and several of the leadership team as the respondents, cases can run into several weeks. In this event, cases lodged now may not be heard for up to two years.

Schools should always ensure they are taking advice from an expert. Ask the questions about both the associated risks and the options available when dealing with employee issues. Do not be afraid to challenge the advice and be brutally honest with your HR or legal adviser, telling them absolutely everything, even if you know of process errors or feel embarrassed to admit something. Again, the more honest you are, the more likely your adviser can provide workable options, carry out damage control and work with you to reduce any further risks

GOVERNANCE UPDATE

By Luke Holt, Education and Nonprofit Partner and Governance Lead, Moore Kingston Smith

As 2022 progresses and we (hopefully) move into the final stages of the pandemic, three governance 'themes' continue to dominate the wider education and nonprofit landscape:

1. Lessons learned during the pandemic
2. Safeguarding and equality
3. Equity, diversity & inclusion

Academies sector

In some aspects, the academy sector is ahead of the game in all three areas. There is a significant amount of high-quality guidance on hand from the DfE, with some 23 specific areas picked out at [Academy trusts: governance](#) and broken down into further subject matter. There is a [Governance Handbook](#) for academies, regularly updated and tailored very specifically to the academy sector, which has for some time featured extensive sections on, for example, diversity in boards and the promotion of equality.

In other aspects the entire education sector has had to face up to the impact of [Everyone's Invited](#). However, it would not be a surprise to see the state school sector brought into this realm more expansively in the near future, and appropriate considerations will need to be brought on to the agenda of academy trusts' governance committees if they haven't already.

Social care and public sector care operators are struggling with significant safeguarding matters, both historical and current. The academy sector again has extensive and relevant guidance and oversight, such that the arrangements needed to be in place are at a more advanced stage than many organisations and sectors affected by safeguarding concerns. However, the risks around safeguarding are never cancelled out; they are rather mitigated in the best ways possible.



The academy sector, like any other sector, whose activities include the care and welfare of children or vulnerable individuals, must be constantly aware of old and new dangers that could cause or translate into systemic issues.

Despite the sector being outside the immediate scope of some of these current governance pressures, the most recent update of the Academy Trust Handbook, as our next article touches on, has still been focused on improving governance in the sector, and it clearly remains a priority area for the DfE.

This may partly be because of perceived governance failures or weaknesses. However, it is also a reflection that this is a rapidly shifting subject in a fast-moving sector, with a lot of moving parts in trusts' governance arrangements – and many of those moving parts are moving very quickly.

Lessons learned regarding governance during the pandemic

After any significant or difficult event, a review of lessons learned is always an important step.

The pandemic has been the most testing two years in recent memory. Based on our experiences with our clients, common themes include:

- Most schools will now have a well-tested 'emergency decisions' policy and procedures.
- During the pandemic, the 'dotted line' between trustees being focused on strategic decisions and the senior leadership team (SLT) on operational matters often became blurred – is it now time to reinstate that governance foundation and strategic divide?

- How well did the organisation's risk register/framework perform and what could be amended for the future (beyond, of course, adding 'global pandemic forcing complete lockdown' to the register)?
- Did the trust's delegated authority framework stand up to the stresses and strains imposed upon it, and were decisions made at the right levels (i.e., at board, committee, senior leadership team, or other levels)?
- Was the reserves policy appropriate (and does it continue to be, two years later)?

The wider charity sector – equality, equity, diversity and inclusion (EED&I)

The 2020 Charity Governance Code refresh marked a step change in this area for the wider nonprofit sector. Every organisation we work with now seems to be considering this area in more detail and is already on some part of the journey towards a more diverse board or governing body. A key element of this is developing and embedding a culture of equity, equality and inclusion into their organisation. A few recent articles and reports that I have found interesting include.

- **Several articles in the January 2022 edition of 'Governance and Leadership'** magazine which was dedicated to EED&I from many different perspectives.
- **The joint AGBIS and Farrer & Co publication 'Towards an Equality, Diversity and Inclusion Strategy'**
- **From Here to Diversity**, a practical guide from Action for Trustee Racial Diversity, includes one of my favourite recent quotes around building a diverse board: "Some boards create a false binary between diversity and skills, presenting a situation where either diversity is trumped over the skills needed or vice versa. This is not how we would urge a Chair to approach recruiting for diversity."
- **#iWill publication 'Getting Young People onto your Trustee Board'**

If the above isn't enough bedtime reading, the remainder of 2022 is sure to deliver more, with a recent new Chair of the Charity Governance Code Steering Group announced, more institutions undertaking 'lessons learned' reviews, and further steps taken along their EED&I journey towards agreed objectives.



ACADEMY TRUST HANDBOOK 2021

By Danna Lukic, Senior Manager (Education), Moore Kingston Smith

The rebranding of the Academies Financial Handbook as the Academy Trust Handbook this year reflected the DfE's increasing focus on wider good governance in schools and trusts as well as good financial management. It continues to set out the requirements with which academy trusts 'must' and 'should' comply, identifying minimum good practice (unless a trust can demonstrate that an alternative approach better suits their circumstances).

There is one new 'must' this year, which is worthy of special note, being:

"Trusts must be aware of the risk of cyber crime and put in place proportionate controls and appropriate action where a cyber security incident has occurred. This includes ensuring that permission is obtained from the Education and Skills Funding Agency (ESFA) before paying any cyber ransom demands."

The ESFA already has cyber crime and cyber security guidance within its "Academy Trust guide to reducing fraud". This includes checklists and questions to consider, such as:

- "Is data protected outside formal work environments, including in transit?"; and
- "Are logs and other monitoring activities able to identify unusual activity that could indicate an attack?"

The DfE is piloting a self-assessment tool called Cyber Secure for schools and trusts to assess their cyber security approach in a more accessible manner, assisting them to understand and improve their level of cyber resilience through signposting to a range of advice and guidance. The pandemic's increase in remote working has raised the risk of cyber crime, so trusts need to have robust processes in place to mitigate this.

Other new 'musts' this year include:

- *obtain prior approval for staff severance payments of £100,000 or more which include a non-statutory/non-contractual element, and/or where the employee earns over £150,000.*

This is additional to the previous requirements for approval of severance payments of £50,000 or more and follows the June 2021 publication of HM Treasury Guidance on Public Sector Exit Payments.

- *internal scrutiny must be viewed in the same way as internal audit.*

This is driven by the Financial Reporting Council's Ethical Standard for Auditors, which specifies that a firm providing external audit to an entity shall not also provide internal audit services to it.

- *suitability checks must be in place for members to ensure they are not subject to a direction under section 128 of the Education and Skills Act 2008.*

This should apply to both new members and existing members.

- *DBS checks must be arranged as appropriate.*

In complying with government guidance and as set out in funding agreements, relevant DBS certificates are required for all staff and supply staff, trust members, trustees and individuals on any committees including local governing bodies.

The ESFA also specifies one new explicit 'strong preference' this year – that external reviews of governance are also conducted routinely as part of a wider programme of self-assessment and improvement. The DfE's [Guidance on External Review of Governance](#) was updated in December 2021 and gives guidance on getting the most out of the review.

One new 'should' which was highlighted in the foreword by Baroness Berridge is that all trusts should have reserved places for parents, carers, or other individuals with parental responsibilities in their governance structure, where single academies should have at least two such places on the board, and multi-academy trusts should either have the same, or at least two such places on each local governing body.

The handbook again includes a schedule of the 'musts' in Part 8. This summarises the key requirements and all accounting officers, chief financial officers and trustees should read this as a minimum. Although it should not be used as a substitute for reading the full handbook, the summary is a good starting point for an approach to any trust's governance arrangements and can serve as a useful tool for periodic reviews of the wider governance environment.

PROTECTING YOUR DATA: TRUTH OR DARE?

By Benn Davis, Managing Director, Moore ClearComm

It's a serious question. Do you really know the truth about what action your school has taken to mitigate a cyber attack or data breach, or do you dare ask?

The truth is, there is a high likelihood that your school will experience a cyber attack in the coming months. The National Cyber Security Breaches Survey 2021 (published by Gov.UK) reveals that 38% of UK businesses reported a cyber attack while, in comparison, the figure for secondary schools was a staggering 58%.

It is important therefore that schools and trusts understand the nature of this threat and are aware of the potential damage that a successful ransomware attack can have in terms of lost 'sensitive' data and access to critical services.

An attack can take many forms. The most common forms are:

- access via remote access systems, which include use of remote desktops (RDP) or virtual private networks (VPN); these happen through weak passwords, lack of multi-factor authentication or unpatched systems; and
- "phishing", in which emails are sent to encourage unsuspecting users to click on a link or download a malicious file that unleashes the malware. Of particular note is that these attempts are becoming more advanced by the month. Whereas, in recent times, the attempts were relatively unsophisticated and therefore simple to spot, currently hackers are able to clone email addresses much more effectively and have eradicated many of the tell-tale signs of fake email messages.



Once a hacker acquires access to a network, they will typically seek to increase their privileges and identify high-value systems, which include databases and financial information.

It is imperative that you have a cyber and data security plan. This plan at a minimum should include:

- Cyber Essentials Basic Certification
- Policies and procedures relating to both cyber and data
- Staff training and awareness
- An internal lead to oversee implementation and updates

What is Cyber Essentials?

Cyber Essentials is a certification that demonstrates you are protected from the most common cyber attacks. It is the best defence against cyber attacks because it ensures that you have the defences in place before passing the certification. The certification covers five key technical controls to ensure you are protected.

With the certification requiring technical and policy protections from an applicant to pass, don't be reluctant to pursue Cyber Essentials just because it seems like a lot of work. At Moore ClearComm, we have changed all of this by offering a cyber secure plan, ensuring your organisation passes the Cyber Essentials certification.

What policies and procedures do we require?

Policies and procedures must be embedded in the culture of an organisation. It is critical that you have the basic measures in place to cover cyber security and data protection.

Your library of policies and procedures should include:

- General Data Protection Policy
- Data Retention Policy
- Working From Home Policy
- Bring Your Own Device Policy
- Data Breach Policy
- Security Access Policy
- Disaster Recovery Policy
- Cyber Security Awareness Policy

Once the policies and procedures have been agreed, they must be cascaded throughout the trust and its schools via staff awareness training.

What staff awareness training is required?

You don't know what you don't know!

Under the General Data Protection Regulation, it clearly states that staff must be trained. It is therefore paramount that all staff undergo relevant training. E-learning is an efficient way of rolling out the awareness on cyber security and data protection.

For senior management, who need a more extensive understanding of data privacy, more detailed training would normally be advisable through a virtual class-led session organised through an external provider.

Who should be the internal lead?

A member of staff should be responsible for keeping records of processing, sending out advisory notes internally to keep staff abreast of developments and ensuring that relevant training has been completed. Due to the sensitive data your trust holds, a Data Protection Officer should be considered to work alongside your internal lead, ensuring you are up to date on legislation and the risks on data protection.

NEWS IN BRIEF

IMPORTANT DATES FOR YOUR DIARY – ACADEMIES PLANNING CALENDAR

The Academies planning calendar is a summary of key dates related to the Education and Skills Funding Agency activities for the 2021 to 2022 academic year. The planner relates to academy funding, finance and trust compliance with their funding agreement. [Download the calendar.](#)

IMPORTANT VAT UPDATE – GOVERNMENT DELAYS NEW VAT PENALTY REGIME FROM APRIL 2022 TO 1 JAN 2023

HMRC has announced that further reforms to the VAT penalty regime (to bring it in line with the other major taxes) have been delayed by nine months until 1 January 2023. The reason is 'uncompleted IT upgrades' and the delay will give HMRC more time to make the necessary changes.

HMRC plans to introduce new reforms to the new VAT penalty and interest regime for late returns and payments. The reforms will harmonise the rules between VAT and income tax self-assessment to make the regime more coherent. The new penalty system will replace the existing single VAT default surcharge that applies to late VAT filing and late payments. [Read the full insight.](#)

TAX FACTS 2022/23

Your online guide to UK tax rates for 2022/23. [Download your copy.](#)



2022 EVENTS PROGRAMME

Our events programme covers a wide range of topics to guide and inform you on the latest issues. You will also find past recordings of previous webinars. [Visit our events page.](#)

FINANCE LEADERS' FORUM

A Moore Kingston Smith community for senior finance executives. We focus on the common business challenges, both current and future, facing senior finance executives. [Enter our hub.](#)

THE BUSINESS DOCTOR

Bringing you practical and effective guidance on the challenges we see businesses facing right now. [Enter our hub.](#)

BREXIT HUB

Keeping you abreast of Brexit news, from insights to webinar recordings, our hub will guide you through what can be a very complex subject. [Enter our hub.](#)

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Delivering engaging topical webinars backed up with the materials that you need to help you reach your full potential. Each session provides expertise from our diverse service offerings, exploring topics from all angles and thinking in wider business terms. [Enter our hub.](#)

If you would like to discuss these articles in more detail, please email [James Saunders](#).

For all education related news and insights, please visit our website [Moore Kingston Smith Education](#).

MEET OUR AUTHORS



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James specialises in the Nonprofit sector, in particular the Education sector and is a trusted adviser to academies, multi-academy trusts and independent schools. He is a regular presenter at education sector events and participates in governmental forums.



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Ann is a partner in our Salisbury office and has over 30 years experience working in accountancy and audit. She acts mostly for family owner managed businesses and Nonprofit clients, advising on a broad range of accounting, tax and business matters. She also heads our specialist education team and undertakes governance training, due diligence work and risk and fraud awareness training for charities and educational establishments.



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Tarini has strong experience in optimising business processes and driving digital transformation in the banking and financial services industry. She is adept at leading clients through their transformative journey by using a blend of lean six sigma, design thinking and automation tools.



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Richard has worked in HR and management for over 20 years and advises organisations across multiple sectors in all aspects of HR management, from bespoke selection campaigns to developing corporate HR strategies for clients.



Luke Holt, Education and Nonprofit Partner and Governance Lead, Moore Kingston Smith

Luke has extensive experience across the entire Nonprofit sector, in particular advising independent schools, further education colleges, higher education universities, charities and housing associations.



Danna Lukic, Senior Manager (Education), Moore Kingston Smith

Danna is an audit manager specialising in the academy sector. She has worked with new and established multi-academy trusts for over a decade, with a particular focus on their statutory requirements.



Benn Davis, Managing Director, Moore ClearComm

Benn Davis is a Data Privacy and Cyber Security industry professional who successfully develops strategic relationships with clients, developing and implementing Data Privacy and Cyber Security strategies to ensure successful outcomes for clients and the team.

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