

ACADEMIES PLUS (A+)

In this issue:

- Current topical matters for academies
- Academy Trust Handbook 2022/23
- ESG - Starting the journey
- Talent attraction and retention in academy schools
- The cyber threat to academies and multi-academy trusts: 2023 and beyond
- News in brief

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

In our last edition of A+, the war in Ukraine was dominating the news. Since then, the full consequences of the conflict have been impacting the world – and in the UK, we have also seen those adverse conditions exacerbated by a calamitous Autumn period of government, which turned a fiscal challenge in to a full-blown economic crisis. As the UK government tries to set the economy back on an even keel, the recent period of uncertainty and rapid change continues apace.

We see providing regular updates to our clients and contacts as a key element of our work – and this is even more important at such times of change. 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.



Anjali Kothari
Head of Education
akothari@mks.co.uk
(St. Albans, City)



Neil Finlayson
Education Partner
nfinlayson@mks.co.uk
(City)



James Saunders
Education Partner
jsaunders@mks.co.uk
(City, Redhill)



James Cross
Education Partner
jcross@mks.co.uk
(City)



Mital Shah
Education Partner
mshah@mks.co.uk
(Heathrow)

CURRENT TOPICAL MATTERS FOR ACADEMIES

By James Saunders, Nonprofit Partner, Moore Kingston Smith

The academy sector at the moment is grappling with a significant number of wheels turning at the same time. From the continuing fallout from Brexit and Coronavirus, to planning for a pending recession after a period of staffing struggles and crippling inflation, the operational and financial landscapes are changing dramatically and regularly. This in turn brings pressures on management staff as they deal with such fast-moving shifts in priorities – it is a very difficult time to be running an academy trust and its finances.

When you throw in specific developments in the education sector – the fallout from the introduction and then cancellation of the 2022 schools' white paper, teacher strikes, the upheaval in the Teachers' Pension Scheme membership, the potential of turmoil in the independent school sector – trying to prepare mid-term financial forecasts is a tricky business.

(The now defunct) 2022 Schools' White Paper

The government publication "Opportunity for all" had a number of key targets and set some interesting methods for raising standards. The cancellation of the government bill should not hide the fact however, that many elements of the bill will still be relevant and in operation.

While there was the high-profile volte-face (colloquially a u-turn) in the current (i.e. late 2022) government about the previous (i.e. early 2022) government's cast-iron commitment to all state schools being converted to academies by 2030, there are other areas where the academy sector will still be impacted by the intentions of the bill, if not its actual passing in to law.

One key increase to the burdens of academy trusts is likely to come out of increased and more rigorous Ofsted activity as the government looks to raise standards by increasing inspections.

Furthermore, there was/is a very specific target of expecting most academy trusts "be on a trajectory to either serve a minimum of 7,500 pupils or run at least 10 schools" – which is quite a specific band into which a majority of trusts are expected to move. This seems to be an indicator of how trusts are expected to operate, even if the extra commitment to all schools operating in this structure has been dropped.

What this does show is that education policy seems to be miles away from the joined-up, multi-era strategy that is needed to provide long-term stability to a sector which continues to lurch from crisis to crisis without the foundations of a shared long-term strategic goal.

Cyber attacks and fraud

We are hearing about trusts suffering cyber attacks on a weekly basis at the moment. It is the most real-time threat to any trust and one that needs the most aggressive countermeasures to ensure security of data and money.

We published a full report on this in late 2022 [The cyber threat to education and academy trusts in the UK](#) and later in this newsletter Richard Jackson provides a further update on the matter from the cyber specialist's perspective.

From the perspective of an auditor of academy trusts, we can only encourage our clients and sector contacts to be as vigilant as possible, and promote that vigilance in others as well, so that wherever possible that hyperlink is not clicked, the fraudulent payment is not made, and the hacker is not allowed to gain access to systems through careless use of passwords.

Possible significant changes to the independent school sector

There are significant discussions and policy proposals currently being mooted by the Labour party which would bring about significant changes to the independent school sector.

Separately, these proposals are interesting to monitor from the academy sector perspective. Cumulatively, should a significant number of these materialise, there could be a major and direct impact on academies' pupil numbers and finances if large numbers of independent schools close and pupils require rehousing in the state sector.

While it is too early to be trying to second-guess the full impact of a future government altering the independent school landscape, it is only sensible for academy leaders to keep abreast of the various moving parts, including debates around tax exemptions, VAT rate changes, rates relief changes, and charity status. An understanding of possible opportunities and threats arising from potential changes to the independent school sector should be brought into any trust's strategic design.



ACADEMY TRUST HANDBOOK 2022/23

Having been delayed by plans of government changes in mid-2022, there was the belated release of the updated version of the Academies Trust Handbook. Covering changes to financial reporting and day to day operations for academies which came into force from 1 September 2022.

There are a few key changes to note including:

- Financial reporting – an academy trust must submit a budget forecast return to the Education and Skills Funding Agency (ESFA) each July, which must be approved by the trustees before submission. The board of trustees must notify ESFA within 14 calendar days of its meeting if proposing to set a deficit revenue budget for the current financial year, which it cannot address after taking into account unspent funds from previous years. This is different from previous years and confirms the withdrawal of the Budget Forecast Return Outturn.
- Special payments – an academy trust must obtain ESFA approval before making a special staff severance payment where an exit package (which includes a special severance payment) is at or above £100,000, or where the employee earns over £150,000. This is the only change that has been made re: special severance payments.
- Indemnities – an academy trust will be able to enter into indemnities which are in the normal course of business without seeking approval.
- Other novel or contentious transactions – an academy trust must obtain ESFA's prior approval for the following transactions, unless these special payments are below the delegated limit (1% of total annual income or £45,000 (whichever is smaller) per single transaction:
 - writing-off debts and losses;
 - entering into guarantees or letters of comfort; and
 - entering into indemnities which are not in the normal course of business.
- religious character – changes have been introduced where services which can only be provided by a religious authority are regarded as meeting the 'at cost' requirement.

The Handbook applies to the year 2022/23, so it will be relevant to your operations right now.

It can be found on the [GOV.UK](https://www.gov.uk) website.



ESG – STARTING THE JOURNEY

By Marcus Lees-Millais, Manager, Financial Sustainability, Moore Kingston Smith Nonprofit Advisory

Academy trusts have only really scratched the surface on Environmental, Social and Governance (ESG) considerations – what are the first steps?

ESG is not a new term – but it has been more of a buzzword than a guiding principle for its first decade. However, businesses and corporations have recently woken up to ESG as something that is integral to future business health rather than solely a moral question in its own right. Solid foundations based on ESG principles are generally acknowledged as a positive long-term strength for any organisation – there appears to be a general consensus in the modern world that building a genuinely responsible organisation with a positive societal purpose is similar to being a financially successful entity.

But what does an academy trust need to think about when it comes to ESG?

Environmental

Taking E, S and G in turn, the first element is Environmental. It is worth noting that there are two elements to this:

- your impact on the environment; and
- the impact of environmental factors on you.

Your impact on the environment

This really comes down to reviewing what you are doing to minimise your impact on the environment, and what else you could do. This is becoming really important to organisations in their own right as reporting and regulatory developments come onstream. But another very important factor for schools in particular is that pupils are often especially engaged on this subject and given they are a significant stakeholder in any school, their thoughts may well be important to consider.

Setting targets does not necessarily mean simply being carbon neutral on a certain future date (which is a common basic aim for many entities) – instead, it could mean having a formal, staged and agreed environmental policy that covers aspects such as:

- energy and utilities usage;
- waste management; and
- CO2 production.

These changes may not be fundamental ones, but their cumulative impact should not be underestimated.

The impact of environmental factors on you

This is 'the other side of the coin' – is environmental change impacting on your organisation? While there may not be any direct link to the business model of an academy trust – i.e. a school is probably not using raw materials that might be endangered by environmental changes, or is unlikely to be subject to onerous environmental regulations or penalty regimes – there may be smaller impacts that are affecting schools on an everyday basis, such as pupils and teachers finding it more difficult to get in to school more often because of 'freak' weather conditions, and energy costs increasing.

Social

This is focused on the ways that you interact with your pupils, your teaching and admin teams, and the wider community. It is useful to look at this from an external and an internal perspective.

From an external perspective, schools invariably sit right at the heart of their local communities and so this section is especially relevant. The local community's perception of a school is consistently one of the key drivers of its overall success in attracting pupils, so understanding the external view of your place in your community is vital. This means regularly getting insight and feedback as perception may change over time, even from year to year as pupil year groups move in and out of the school.

On a more proactive level, it is also important to ask and assess how the school is using the voice it has in the local community. As a representative body, a school has a unique role to play in galvanising the local community and encouraging participation in health, welfare, social and environmental activities – are you maximising your impact in these areas?

From an internal perspective, comprehensive employment policies, team wellbeing surveys and other monitoring methods all help to assess how your people are feeling about their school. We have seen particular successes with schools bringing in schemes which are variously described as employee benefit, reward, perk or discount schemes. These are advantageous to all parties without necessarily being particularly costly to the employer.

Governance

Governing and trustee boards are well aware of the need for comprehensive standards, policies and training for governors and trustees to ensure effective governance. As well as being a requirement of the Academy Handbook, this is also an increasing area of focus for the Education and Skills Funding Agency's enquiry unit. The vast majority of recent investigation reports have highlighted poor governance arrangements as a major weakness, even where poor governance was not the initial or primary concern reported or raised.

The establishment of a formal governance structure is the first step and is one which the vast majority of academy trusts will have carried out (not to do so is a contravention of the Academy Handbook) – so it ought to be the case that reviewing, updating and improving governance arrangements and policies is the focus for academy trusts. It is important that those reviews are regular and thorough – approaching them with an open mind and using recent experiences of difficulties or failures to learn from is vital, if you are to commit to a regime of continual improvements.

The future is a busy one for ESG work

Academy trusts need to be proactively thinking about how they are going to react to the rapid changes that ESG is generating in both generic and specific terms.

Several elements of ESG are likely to be on the agenda of many academy trusts, but the big change is likely to be centralising, formalising and integrating a consolidated ESG policy, and then actively measuring the various elements of that policy against criteria and standards.



TALENT ATTRACTION AND RETENTION IN ACADEMY SCHOOLS

By Dinah Patmore, Strategic HR Partner, Moore Kingston Smith HR Consultancy

Recruiting and retaining good talent in schools, and indeed in most sectors, has proved to be a challenge in recent times, and these challenges look set to extend into 2023, with talent predicted to continue to be scarce and expensive.

So, what can be done to meet this challenge? A starting point, for any employer, is to understand what it is employees and candidates expect from a job in general; what is the minimum criteria employees are seeking in any sector? According to the [CIPD's Good Work Index](#), the definition of good work is: it's fairly rewarded and gives people the means to make a secure living; it gives opportunities to develop skills and career; it provides a supportive environment with constructive relationships; it allows for work-life balance and it gives people the voice and choice to shape their working lives.

For academy trusts in particular, if they know what they can do to fulfil some of these criteria, and where they may be able to exceed them, they will increase their chances of successfully overcoming the talent challenge.

Reward

Having the means to make a secure living has always been one of the most basic criteria of employees. However, in today's climate, this is more important than ever, and that is clearly evidenced by the ongoing strikes across professions, including teachers.

Although most academy trusts follow the government's statutory guidance on School Teachers' Pay and Conditions (STPCD) very closely, they do have the power to depart from the STPCD and create their own reward strategy. This is a clear advantage academies have over other schools in attracting and retaining staff, and one which generally is not being exploited fully.

Linked to reward, the fact that most academies remain in the Teachers' Pension Scheme, while independent schools are abandoning the scheme in their droves, differentiates them in the market and should be a factor that is well promoted at the point of recruitment and in general.

Balance and voice

'What's that?' This is almost certainly what most teachers think whenever work-life balance is mentioned! And let's face it, it's particularly challenging to offer ways to balance work and personal life for teachers as they generally must be physically present in front of students as per the school rota.

Nevertheless, since the coronavirus pandemic, most, if not all employees (in all sectors) are seeking a greater balance than they have been able to achieve historically, as well as expecting to have the voice and choice to shape their working lives.

Finding out how your staff feel about the work-life balance that they currently have is key. By asking the right questions of staff, it is possible to ascertain what is already positive about working for your academy in terms of work-life balance and that can then be promoted accordingly. Often, there is more to shout about than may have been realised. And if there isn't very much to promote, then an opportunity will be created to consult with staff to get ideas on how the balance can be improved. There may be quick wins to be made by getting all staff involved and it's important to make it clear that unconventional and creative thinking is allowed, if not essential!

Education Technology also plays an important role in enabling an improved work-life balance for teachers. For example, with the exception of gaming, education is driving the future of Virtual Reality (VR) more than any other industry. And VR gets high marks for things like field trips and distance learning, enabling more opportunity for that all important work-life balance.

Academies have the advantage of more control over budgets, providing more freedom to decide to invest in technology, again giving them a potential advantage over the competition.



Learning and advancement

Finally, opportunities to learn and advance is another criterion that most employees have on their tick list.

Academies that are part of a group will have an advantage in the advancement aspect as there will inevitably be more career opportunities within the group than there may be in a stand-alone school.

To make sure this opportunity is fully exploited, ideally there needs to be good holistic workforce planning in place to ensure that good teachers who move around the group, often troubleshooting within the schools that are not performing so well, can be replaced with suitable internal or external candidates.

What shouldn't also be overlooked is that academies have the benefit of controlling their own learning and development budget. They therefore have the potential to exceed expectations in this area if a competitive learning and development offering is part of the strategy that they choose to adopt to attract talent in today's difficult market.

The significant advantage that academies have in this ongoing struggle for good talent, is their ability to adapt and adopt new strategies as the labour market changes which, if executed well, can give them a competitive edge over other types of schools.

THE CYBER THREAT TO ACADEMIES AND MULTI-ACADEMY TRUSTS: 2023 AND BEYOND

By Richard Jackson, Partnerships Manager, Moore ClearComm

The education sector has been subject to increasing levels of malicious cyber attacks, with new and emerging attacks reported almost daily in recent months.

Multi-Academy Trusts (MATs) are a particularly attractive target for cybercriminals, because centrally managed teams and systems for multiple schools innately create a wider threat surface for cybercriminals to attack via one attempt. Through successfully attacking a MAT cybercriminals can access vast amounts of data through a single attack, as opposed to attacking a single school site.

MATs and operational risk

The operational framework in which MATs work may contribute to factors that will determine their level of cyber vulnerability. MATs receive funding directly from the government and have more independence, which means that they have more control over how they do things than state schools.

This may create a situation where there is a decision to invest less than adequate resource or experience in respect of cyber security. In many instances, there is a lack of availability of a designated cyber expert who can assist in respect of threat/risk reduction and management, or the experience to manage a cyber attack or data breach when they occur.

While some systems and processes are centralised as part of MAT development, it is also true that each school

may still maintain independent services, networks and supply chains, opening further access routes for hackers and further complicating the management of cyber attacks as and when they occur.

NCSC: Latest research

Despite an increase in the number of ransomware attacks on education, a new cyber security survey by [London Grid for Learning](#), in collaboration with the National Cyber Security Centre (NCSC), reveals that 53% of schools across the UK feel they are 'better prepared' for a cyber attack.

This is an interesting statistic, as it is possible that most of the schools surveyed have not experienced an attack to date, while holding the view they are better prepared than in the past. This may not provide sufficient evidence that they do have adequate technical or procedural defences in place, which would (if tested) prevent or mitigate the damage of a cyber attack.

In respect of the current wave of successful cyber attacks on schools, the 53% figure may suggest that many schools' confidence in their preparedness might be misplaced. Only time will tell.

The NCSC added a warning (as highlighted in our own recent education risk articles), that seasonality is a key element of cyber attacks on schools and MATs, and that cyber attacks: "...can be expected to coincide with public examinations or results days, with hackers betting ransoms are more likely to be paid at critical periods." This is well worth bearing in mind for anyone responsible for cyber security.

More than three-quarters of UK schools surveyed had experienced some form of cyber security breach or incident, suggesting all schools should assume they will face an attack – and "this could be tomorrow"!

Other key findings from the survey include:

- 100% of schools now use firewall protection;
- 74% of schools enable 2-step verification (2SV) for their most important accounts;
- 99% of schools use an antivirus solution;
- 56% of school leaders and governors felt more informed about the cyber security issues within their schools.

These are all encouraging signs that schools may be starting to prioritise cyber security, and with more than 800 schools responding, the survey has enabled the NCSC to compare the data with that of a similar set of research in 2019.

In the three years since then, there is no doubt that the global cyber threat has grown beyond all expectation, and particularly in the last 12-18 months the threat to educational organisations has resulted in the sector gaining the unwelcome status of being one of the top four sectors falling victim to cyber attacks (alongside healthcare, finance/accounting and government agencies).



The following are examples of recent high-level security breaches

- 16 January 2023 - media channels began reporting news of a cyber attack on the Hope Sentamu Learning Trust, which has 16 schools in York, Hull and North Yorkshire. The attack resulted in teachers unable to log in to their computers when returning after the festive break. Hackers demanded £15m in a ransom payment following the attack over the Christmas holidays.

The attack underlines the threat to MATs, and the seasonal risk faced by all schools, universities and colleges. The single attack impacted 16 schools, evidencing the wider threat/risk surface that academy trusts face and must manage. [Read the full article from the Daily Mail.](#)

- 6 January 2023 - the BBC reported that a hacking group had leaked highly confidential documents from 14 schools. [Read the full article from the BBC.](#)
- 23 December 2022 - Dixons Academies Trust revealed that it had experienced a cyber incident causing significant disruption. [Read the full article from Dixons Academies Trust.](#)

NEWS IN BRIEF

100 YEARS OF MOORE KINGSTON SMITH

Moore Kingston Smith is celebrating a milestone 100 years in business throughout 2023. The centenary recognises 100 years of supporting clients, industry innovation, learning and growing into the firm it is today. Watch our [video](#) celebrating 100 years.

NEW VAT PENALTIES: JANUARY 2023 ONWARDS

With effect from 1 January 2023, for VAT returns no longer reporting on periods pre-2023 the current VAT filing and payment penalty system is to be replaced by a new system. This involves the introduction of two separate penalties: one for late submission of VAT returns, and the other for late payment of VAT liabilities. The new system will be based on penalty points. [Read the full article.](#)

GOVERNMENT CONSULTS ON PART-YEAR WORKERS' HOLIDAY ENTITLEMENT

In some 'potentially' good news for employers, the government opened a consultation on 12 January 2023 about the calculation of holiday entitlement for part-year workers on permanent contracts and irregular hours. The consultation is open until 9 March 2023. [Read the full article.](#)

TAX FACTS 2022/23

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

2023 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.](#)

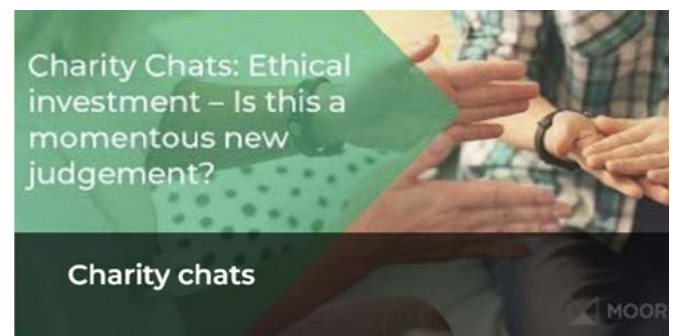
THE BUSINESS DOCTOR

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

ENTERPRISE HUB

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.](#)

VIDEOS



If you would like to discuss any of the content in this newsletter in more detail, please email [James Saunders](#).

MEET OUR AUTHORS



James Saunders, Nonprofit Partner, Moore Kingston Smith

James specialises in the nonprofit sector and has considerable experience working with charities, especially in the education, arts and creative sectors. He handles everything from core financial and compliance services to best practice and ongoing improvement for trustees and governors. He also covers specific topical issues like safeguarding, the GDPR, Brexit-related matters, the Modern Slavery Act, cyber security and systems security. He holds the ICAEW Diploma in Charity Accounting.

He is held in high regard for his education sector specialism and is trusted adviser to independent schools, academies and multi-academy trusts. James is a regular presenter at education sector events and participates in governmental forums. Previously, he worked with a wide variety of owner-managed businesses and corporate groups, helping with all aspects of accounting, tax and compliance.



Dinah Patmore, Strategic HR Partner, Moore Kingston Smith HR Consultancy

Dinah is part of the management team for the HR Consultancy business and oversees the ER team. She is the lead HR contact for numerous sectors within the firm including Charities, Education, Manufacturing and Distribution and Real Estate and Construction.

Dinah has wide-ranging experience working with business owners and leaders, gained within SMEs and large corporations in various industries, operating in both the private and non-profit sector. She works with business leaders to help shape their people strategy and delivers on the priorities that will enhance the employee experience and business performance.



Richard Jackson, Partnerships Manager, Moore ClearComm

Richard is the Partnerships Manager at Moore ClearComm, the cyber and data protection division within Moore Kingston Smith. Qualified and experienced as a cyber security and data protection professional, along with holding industry standard certification in both business analysis and project management.

He is also an experienced and passionate speaker and advocate of cyber risk management and regularly appears as a guest on webinars and podcasts.



Marcus Lees-Millais, Manager, Financial Sustainability, Moore Kingston Smith Nonprofit Advisory

Marcus provides a range of services from finance function reviews and cost recovery work to financial modelling and finance training.

Previously at Bayes Business School's Centre for Charity Effectiveness and then at Moore Kingston Smith, Marcus's financial consultancy services have seen him undertake business model and cost recovery reviews for a diverse range of clients ranging from the European Commission and large INGOs through to small, local charities and everything in between.



If you would like to receive our education updates, please email nonprofit@mks.co.uk

CONTACT US

Call:
+44 (0)20 4582 1000

Offices in:
**City (London), Heathrow, Redhill, Romford,
St Albans, West End (London)**



Join us on LinkedIn

Follow us @mooreksllp

MOORE Kingston Smith

www.mks.co.uk/education