



Permanent Secretary

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Dame Meg Hillier MP
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House of Commons
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47th PAC Report of Session 2021-22 - Academies Sector Annual Report and Accounts 2019-20

I wrote to you on [28 September 2022](#) with details of the presence of asbestos in the school estate, which had been requested in Recommendation 4 of the 47th report.

I am now writing to update you on the actions that my department is taking on Recommendation 6 regarding the small number of examples of failed leadership within academies and ensuring necessary lessons are learned:

Recommendation 6 - The Department should:

- *write to the Committee within six months detailing how it will better identify and address cases of failed leadership within academies*
- *this should include how it will ensure the necessary lessons are learned to avoid similar incidents from occurring in future elsewhere in the sector*

How we address cases of failed leadership

The overwhelming majority of academy trusts are well led and managed and cases of failed leadership in academy trusts are extremely rare. Moreover, the department has robust processes for monitoring trusts which enable us to identify potential concerns at an early stage. These processes are kept under continuous review with the objective of preventing trust failure.

Where necessary we can require trusts to take steps to strengthen their leadership. In the most exceptional cases we will use our powers to terminate funding agreements so that academies can be transferred to other trusts. Where there is evidence that trust leaders have engaged in misconduct, the Secretary of State has the power to bar them from further involvement in the management of schools.

Paragraphs 6.2 and 6.3 of the 47th Report within the [May 2022 Treasury Minute](#) briefly described the position at that time.

In June 2022, the Department launched the [Academies regulatory and commissioning review](#). The review is considering what improvements may be made to the regulatory framework to address and prevent harms and to promote positive behaviours to address emerging risk. The review is continuing and will report in early 2023.

The Department has also reviewed how it publishes information about directions issued under Section 128 of the Education and Skills Act 2008 prohibiting unsuitable individuals from participating in the management of independent schools, including academies. Directions are now published in a more accessible format at [Individuals prohibited from managing or governing schools](#). This is consistent with the department's general policy on transparency and publishing information about poor performance, particularly in the academy sector. It makes it easier for interested parties to understand how the Secretary of State's power to prohibit unsuitable individuals from participating in the management of independent schools is being used.

The requirement for trustees to hold financial qualifications

We continue to work with the sector to strengthen the financial capability of trustees and Boards.

- In September 2022, we updated our [Understanding your data: a guide for school governors and academy trustees](#) for governors and trustees, to help them provide rigorous challenge and scrutiny to their organisation's financial strategies. The updated guidance addresses seven themes, including financial management and governance; and Integrated Curriculum Financial Planning (ICFP).
- In December 2022, we launched the third series of free School Resource Management training webinars and actively promoted these to governors and trustees. These webinars include modules on budgeting and annual cycles and strategic financial planning.

In partnership with the National Governance Association (NGA) and Confederation for Schools and Trusts (CST), we are continuing to evaluate the training and guidance needs of trustees and Boards, to inform ongoing development of the tools and guidance on offer through the School Resource Management programme.

We have also made progress on the Multi-academy Trust Chief Executive Officer (MAT CEO) development offer and in December 2022 we held the final meeting of our Expert Advisory Group working on the creation of a MAT CEO development offer content framework. The framework sets out the required skills, knowledge and behaviours for effective trust leaders and is expected to be published in January 2023.

The impact of the pandemic on the internal controls of academies and their spending

The 2020-21 financial statements show the percentage of trusts whose external auditors identified 'irregular' expenditure, or trusts had operated outside of their procedures has fallen this year and is consistent with the pre-pandemic results. Where cases of reported irregularity are identified, the Education and Skills Funding Agency (ESFA) has a clear policy and process for the follow up and timely escalation of the issue with the respective trust – and will carefully consider this information alongside other factors relating to the trust's financial health.

I hope that the Committee will be reassured by these measures.

A handwritten signature in black ink, appearing to read 'S Acland-Hood', with a stylized flourish at the end.

SUSAN ACLAND-HOOD
PERMANENT SECRETARY