

Annex 4 - HM Treasury Accounts Direction

ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH THE AGREED REPORTING FRAMEWORK FOR ACADEMY TRUST SCHOOLS

1. This Direction applies to the Department for Education in respect of the preparation of a set of consolidated Academy Accounts (known as the “Sector Annual Report and Accounts” or “SARA”) for academy trust schools¹.
2. The SARA must be produced in accordance with the Chief Secretary to the Treasury’s letter to the Secretary of State for Education dated 10 March 2015.
3. The Department for Education shall prepare the SARA for the academic year which ended 31 August 2017, consolidating all academy trusts which were open during that year. The SARA shall be prepared in accordance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury (“the FReM”) which is in force for the financial year 2016-17. Specific disclosure requirements need not be satisfied if the information is not material.
4. The SARA shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs as at 31 August 2017, of the income and expenditure, changes in taxpayers’ equity and cash flows of the sector of academy trust schools taken as a whole; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them
5. The Performance Report, the Accountability Report and the Statement of Financial Position² shall be signed and dated by the Principal Accounting Officer of the Department for Education.
6. The Statement of Accounting Officer’s responsibilities ³shall be signed and dated by the Principal Accounting Officer for the Department for Education.

¹ In this direction, “academy trust school” means, “*an independent educational institution that is publicly funded by central government directly (rather than through a local authority) and run by a charitable company, subject to a funding agreement with the Secretary of State for Education.*”

² In accordance with the FReM requirement to produce a Performance Report, Accountability Report and Statement of Financial Position.

³ In accordance with the FReM requirement to produce a Statement of Accounting Officer’s responsibilities.

7. The Accountability Report will include additional information in the form of a “grant tracker” (as set out below), which reconciles the grant income reported by academy trust schools in the academic year to grant paid by the Department for Education in the respective financial years to 31 March. A grant tracker will be prepared for each of capital grant and revenue grant. Amendments to the format of the grant tracker should be agreed with the National Audit Office.

8. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

A handwritten signature in dark ink, appearing to read 'Ian Bulmer', with a large, stylized initial 'I'.

**Ian Bulmer, Deputy Director
Government Financial Reporting
24th August 2018**

Derogations from Annual Report & Accounts requirements, agreed with HM Treasury

Issue	Rationale	Reference
Directors' Report		
Identity of Chair and Chief Executive	The sector does not have a single Chair or Chief Executive, unlike Departments, NDPBs, etc.	FReM 5.3.9
Composition of Management Board	The sector does not have a unified Management Board, unlike Departments, NDPB, etc.	FReM 5.3.9
Details of significant Management Board directorships and interests	Not applicable to sector as no unified Board structure	FReM 5.3.9
Personal data-related incidents	Data not collected from ATs for 2016/17	FReM 5.3.9

Governance Statement		
Compliance with Corporate Governance Code of Conduct	Individual academy trusts set local corporate governance policies –no over-arching opinion possible for sector. ESFA governance of the sector covered in Governance Report.	FReM 5.3.13-14, MPM A7.1B

Accountability Statement		
Statement of Parliamentary Supply plus related notes	As the sector is not a Department, the requirement for SoPS is not applicable. Grant tracker in place to disclose grants received from Department for Education.	FReM 5.3.4, 5.3.28
Fees and charges	Not considered applicable to non-fees-and-charges-based organisations such as ATs.	FReM 3.2.12

Accountability Statement		
Remote contingent liabilities	Not applicable to sector, which is not a Department <i>per se</i> .	FReM 3.2.12
Public Sector Information Holder disclosures (fees and charges)	Information not collected from individual ATs for 2016/17.	FReM 3.2.12

Remuneration / Staff Report		
Cash Equivalent Transfer Value disclosures for ministers and directors	Not disclosed as no unified board of directors or Ministers specifically allocated to the sector (Ministers' details disclosed in DfE ARAs)	FReM 5.3.21
Payments to past directors	Disclosures not made for individual AT directors due to scale of data.	FReM 5.3.24
Payments for loss of office	Disclosed on an aggregate level: disclosures not made for individual AT directors due to scale.	FReM 5.3.24
Fair pay disclosures (pay multiples)	Not disclosed as median pay data for sector not collected.	FReM 5.3.25, 26
Remuneration Policy	Individual academy trusts set local remuneration policies – few over-arching policies for sector. Broad sector-level policies & principles disclosed.	FReM 5.3.20
Single figure total remuneration for each minister and director	Not disclosed as no unified board of directors or Ministers specifically allocated to the sector (Ministers' details disclosed in DfE AR&As). SARA discloses number of staff trustees paid in £10k	FReM 5.3.21

Remuneration / Staff Report		
	bands above £60k. SARA will also identify ATs with employees receiving more than £150k in an annex – individual directors are identifiable via ATs' AR&As.	
Pension entitlements - remuneration for each minister and director	Not disclosed as no unified board of directors or Ministers specifically allocated to the sector (Ministers' details disclosed in DfE ARAs). AT directors' remuneration disclosed in aggregate (excluding pension contributions).	FReM 5.3.22
Remuneration (including pension entitlement) components for ministers and directors	Not disclosed at individual level as no unified board of directors or Ministers specifically allocated to the sector (Ministers' details disclosed in DfE ARAs). AT directors' remuneration disclosed in aggregate.	FReM 5.3.21
Staff policies	Individual academy trusts set local staff policies –no over-arching policies for sector. Broad sector-level policies & principles disclosed where applicable.	FReM 5.3.27
Details of off-payroll engagements	The number of off-payroll engagement disclosed (split between trustees and non-trustees), but details of follow-up actions not collated from ATs.	PES (2016) 12, 19.3 & 19.4

Annexes		
Core Table – Public Spending	Not applicable to sector, which is not a Department <i>per se</i> .	PES (2016) 12, 11
Core Table – Administration Budgets	Not applicable to sector, which is not a Department <i>per se</i> .	PES (2016) 12, 11
Environmental and sustainability disclosures	Data not collected from ATs for 2016/17; the Department will investigate the possibility of collating analogous information for future years, plus disclosures on the Department's work to promote sustainability in the sector.	PES (2016) 12, 22
Parliamentary Ombudsman complaint disclosures	AT sector is not subject to Parliamentary Ombudsman oversight. As an analogy, the Directors' Report refers to the ESFA complaints procedure.	PES (2016) 12, 26

Accounts		
Value of any land & buildings adjustment and the basis for this.	Commentary on the total level of land & buildings accounting adjustments (as a single figure) will be included.	FReM 7.1.1, 7.3.1
Information of what PFI commitments relate to	Not applicable as PFI commitments are legally held by contracting local authorities; ATs are liable to LAs for servicing costs of PFI commitments.	FReM 5.4.26
Inclusion of non-current asset capitalisation thresholds used by ATs	Information on individual AT capitalisations thresholds not collected	FReM 5.4.21
Related Parties	Disclosures are in the spirit of the standard, rather than	FReM 10.2.7, FReM Annex 2

Accounts		
	<p>completely adherent. As there is no parent entity, it is not possible to apply the standard in full.</p> <p>For 2016/17, we have referred readers to the 2016-17 DfE accounts and to the Grant Tracker for disclosure of DfE Group payments to ATs, and provided links to ESFA's investigations of academies' governance and financial management, including treatment of related parties.</p> <p>From 2018/19, the Department will consider disclosure of details of specific related party transactions requiring Departmental approval, in line with new RPT approval procedures.</p>	
Pension disclosures	<p>Separate analysis of gains and losses relating to the change in pension liability between financial assumptions, demographic assumptions and experience gains/ losses, as required by IAS 19, has not been disclosed within Note 14. The data is combined into a single figure in AT accounts and has been similarly aggregated in the SARA. Department will investigate the possibility of providing separate disclosures for</p>	FReM 6.2.1

Accounts		
	future years.	
Post-balance sheet events	In line with Whole of Government Accounts, adjusting events will be disclosed but the accounts will not be adjusted accordingly.	FReM 10.2.4