



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

Dear colleagues

I wanted to update you on actions ESFA, and the wider Department, are taking in relation to academy trusts' financial management during the COVID-19 pandemic. I appreciate this is a worrying time for you, your families and your schools so what I set out below is intended as a proportionate and pragmatic response to reflect the challenging times we find ourselves in.

### Financial returns and Academies Financial Handbook requirements

To help reduce administrative burdens, ESFA and the wider DfE are [stopping, pausing or deferring all but the most essential data collections and requests](#) from academy trusts (and other education and care settings).

What this means in practice is that the requirements for the budget forecast return outturn (BFRO) this year no longer apply, and you will not need to submit it this year (the planned deadline was 19 May 2020). We have deferred decisions on other financial returns due later in the year, including the budget forecast return three year (BFR3Y), until we have a clearer idea on the COVID-19 position. Information about the return of your financial statements is below.

In relation to broader requirements of the Handbook, I see strong governance, financial management and decision making as essential to help trusts deal with the current challenging circumstances. Given that trusts' spending patterns may change in the coming weeks and that academy boards and management teams will, in time, be recasting budget plans for a return to normality in school life, our advice is that the framework of controls set out in the Handbook has never been more important.

I am not, therefore, advocating that trusts should move away from the Handbook's requirements. However, I do recognise that within this framework boards will need to adjust some procedures locally, for example:

- to reflect the realities of remote working and absences
- holding board meetings by telephone or video
- reviewing schemes of delegation to ensure decisions can be made appropriately

I hope that trusts will see the Handbook as a key tool to help them manage some of the financial and other risks associated with the new ways of working that we all face, and to lay the groundwork for the preparation of their financial statements.

You will no doubt have also seen the Department's recently published [guidance about governance](#) in the context of COVID-19.

### **Internal scrutiny**

In relation to the internal scrutiny requirements in the Handbook, whilst in-person review visits to academies would be inappropriate at present, it is at boards' discretion whether remote checks are feasible and helpful in managing risk during school closures. Looking further forward, trusts' audit committees may find that the current unique circumstances can help shape their plans for internal scrutiny and crisis management in the future.

### **Submission of financial statements**

I recognise fully the pressure and uncertainty academy trusts are currently facing with the impact of the COVID-19 pandemic. With this in mind, I have considered the timetable for trusts and their external auditors preparing, auditing and submitting financial statements, and associated returns including auditors' management letters and internal scrutiny reports, by the deadline of 31 December 2020.

Our position, based upon the information we currently have, is that given trusts will commence this work in late summer to early autumn, which is still several months away, the current timetable should remain.

We will continue to monitor the position and will discuss this with our stakeholder groups and external auditors, balancing the practical implications of implementing a change with the benefits of producing timely and robust financial information.

### **Intervention activities and regulatory notices**

Our general principles regarding intervention during the COVID-19 pandemic are that, given the current circumstances and the significant impact on trusts at the moment, we will:

- remove any unnecessary burdens on trusts, ensuring they have the opportunity to best focus resource where it is needed
- judge any intervention activity on a case-by-case basis, based on individual circumstances

With financial notices to improve (FNtIs), we will only issue and publish in the most critical circumstances.

To support trusts during this period, the Department has published [financial support guidance](#) to ensure schools can focus on the vital role they are playing at this time. This guidance covers:

- eligibility for the funding
- how schools and trusts should access the funding

- what specific costs are covered by the fund
- funding allowances
- our expectations for schools and trusts
- short-term support with costs

I would strongly encourage you to read this guidance before submitting any questions about the support available to you.

In addition, where you are encountering difficulties related to COVID-19 we may be able to assist by matching you with a School Resource Management Adviser (SRMA).

SRMAs can provide a range of support in this difficult period, including carrying out the vital day-to-day activities of a school business manager/trust finance director where these staff members are absent, to providing advice on long-term strategies to cope with reduced income associated with site closures. This expert advice is provided by ESFA free of charge. If you require this additional support during this period then please contact us through the [enquiry service](#).

### **ESFA audit and assurance visits**

We have made the decision to pause the start of any new routine funding audits and financial management and governance (FMG) reviews covering, at least, the duration of the school closures.

Where funding audits and investigations were already in progress, we have sought to complete the work, taking into account providers' capacity to resolve any issues. In a few instances we have had to postpone visits, and in these cases, we will contact the trust later in the year.

It may be necessary for us to contact providers during the COVID-19 pandemic in order to continue to maintain effective oversight and protection of public funds. Where such contact is necessary, we will continue to be sensitive to the challenges trusts face as a result of COVID-19.

We will continue to monitor and review the situation in the light of the circumstances. When the COVID-19 lockdown measures are reduced and there is a return to predominantly school-based working across the country, we will assess when it is appropriate to restart routine funding audits and FMG reviews.

### **Complaints, admissions and safeguarding**

To help ease the burden upon academies and trusts, we will not be considering complaints about schools' compliance with complaints and exclusions regulations at this time. If we receive complaints about these, we will notify the complainants that we will consider their complaint once restrictions are eased. Where a school's own complaints processes are underway or have not been completed, we advise that they must be, but acknowledge that schools may not be in a position to follow their usual processes or timescales in this regard.

We may still need to contact trusts or individual schools about requests for Secretary of State direction to admit and admissions appeals maladministration. We will aim to ensure any requests for information or action are considerate of the current circumstances and take into account any adjustments trusts have made to how they work in this period.

Children's welfare remains our priority during the outbreak. The Department has provided [COVID-19 safeguarding guidance](#) to help trusts and local governing boards meet regulatory and statutory requirements whilst working in challenging circumstances. We will continue to work with you to ensure safeguarding policies and procedures are working effectively, and seek assurances as necessary that the trust:

- has in place the policies required by the regulations and statutory guidance
- ensures these are effectively implemented in its academies

We have extended our normal deadlines for responding to our safeguarding enquiries. If you are unable to meet our deadline due to the impact of COVID-19, you should get in touch to discuss and agree a revised deadline for submitting your full response.

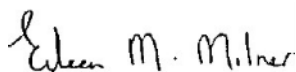
### **Further guidance**

As you will appreciate, this is a rapidly moving situation. That means that we may need to issue further guidance in due course and will notify if that is the case.

I also appreciate that this letter may not have addressed all of your questions. Many of you have been submitting questions to the Department about a range of issues and I absolutely appreciate your desire for early answers at this challenging time. We are working at pace to do that and will update relevant guidance and web pages, and notify you directly of significant changes, as appropriate. I do, however, hope that some of the general principles outlined here give you some reassurance of the steps we are taking to help manage the requirements we place upon you; and would ask you to continue to submit further questions via the usual channels.

I would also like to take this opportunity to thank you personally for all you are doing in these challenging and uncertain times. The situation is unprecedented to say the least, but I remain confident that we, together, can work through things and ensure that everything returns to something approaching normal when we are in a position to do so.

With my thanks and best wishes



**Eileen Milner**

Chief Executive, Education and Skills Funding Agency