



Academy Trust Updates 2025

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18 September 2025



Your hosts



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About BKL

400+

People



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and the City of London

#35

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LTSB since it was founded, employing
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bringing in diverse talent



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What we'll be covering

01 Academy Trust Handbook

02 Academies Accounts Direction

03 Pensions update

04 Sector updates

05 Questions and answers

Academy Trust Handbook 2025

- ATH 2025 introduces no changes that would require a successfully run academy trust to change how it operates. Instead, it offers clarity to trustees in three areas:
 - Roles and responsibilities
 - Financial requirements
 - Regulatory concerns and intervention
- Intervention powers of the DfE and the potential recovery of misappropriated funds
 - The option to issue an Ntl solely on educational grounds has been removed from the ATH 2025

ATH update

Roles and responsibilities

- Managing Public Money
- Updating Accounting Officer Duties, specifically their duty to raise concerns
- Updated definitions of regularity propriety, value for money and feasibility
- Providing links and tools in relation to the above
- Providing trusts with further guidance on Estate Management
- Confirming that trusts must have an understanding and be working towards meeting the six core digital and technology standards by 2030
- Link to guidance and support on sustainability to help trusts ensure that they have a climate plan in place

ATH update

Financial requirements

- Providing trusts with further guidance and support surrounding procurement procedures and practices
- Clarification of the role and responsibility of the board in setting executive pay

Regulatory concerns

- Internal Scrutiny – clarifying that the income threshold currently in operation relates to the most recent set of audited accounts
- Confirmation that the DfE may recover funds where there is evidence of irregularity or fraud
- Confirmation that trusts must not pay any cyber ransomware demands
- Provision of links with further information on DfE oversight and support

Academies Accounts Direction 2024/25

Split into three

- AAD 24/25
- Model Accounts
- Framework and Guidance for external auditors and reporting accountants of Academy Trusts

Other reference material

- ATH 2024
- Key areas of non-compliance
- Good practice guides – NCR updated August 2025 (non-exhaustive)

AAD update

- Companies Act 2006
- Finance leases
 - Model accounts not updated for this
 - 3.128 of the AAD gives some guidance
 - Additional disclosure in
 - Accounting policy
 - Areas of judgement
 - Fixed assets
 - Creditors
 - Lease disclosures
 - Cashflow statement
 - Pre-approved list (issued by DfE and on GOV.UK webpage)

AAD update

- Model accounts
 - Minimal changes
- Internal scrutiny
 - Reminder of £50m threshold for internal audit – must from 1 September 2025
- Accounting officer statement has been reworded

Pensions update

Teachers' scheme vs LGPS

Teachers' scheme
Statutory scheme
Defined benefit arrangement
E&W scheme and Scottish scheme
Individual employers are not 'tracked'
Unfunded arrangement (no assets)
Administered by Government

LGPS
Statutory scheme
Defined benefit arrangement
97 regional UK funds
Individual employers are 'tracked'
Funded arrangement
Administered locally

LGPS rule of thumb: A school related in a region must be in that regional LGPS Fund

Pensions update

- Triennial valuation took place March 2025
 - 25/26 accounts will include the most recent formal funding valuation figures

Pensions update



Funding valuation
(Year 0)

Accounting valuation
(Year 1)

Accounting valuation
(Year 2)

Accounting valuation
(Year 3)

A funding valuation is carried out every three years

Each year, the assets and obligations are projected forward from the last valuation

The projection allows for:
Known asset returns
Contributions paid
Changes in assumptions

Every three years, the projection is updated to be based on the latest funding valuation

Pensions update

- Triennial valuation took place March 2025
 - 25/26 accounts will include the most recent formal funding valuation figures
- Discount rates have increased from 4.25% to 5.8%
 - This is the main driver in LGPS asset increases
- Asset ceilings
 - Many academies could see a net asset position
 - Asset ceiling is the economic benefit from future contributions
 - Do employers have any control over contribution rates set?
 - Should any LGPS asset be recognised?

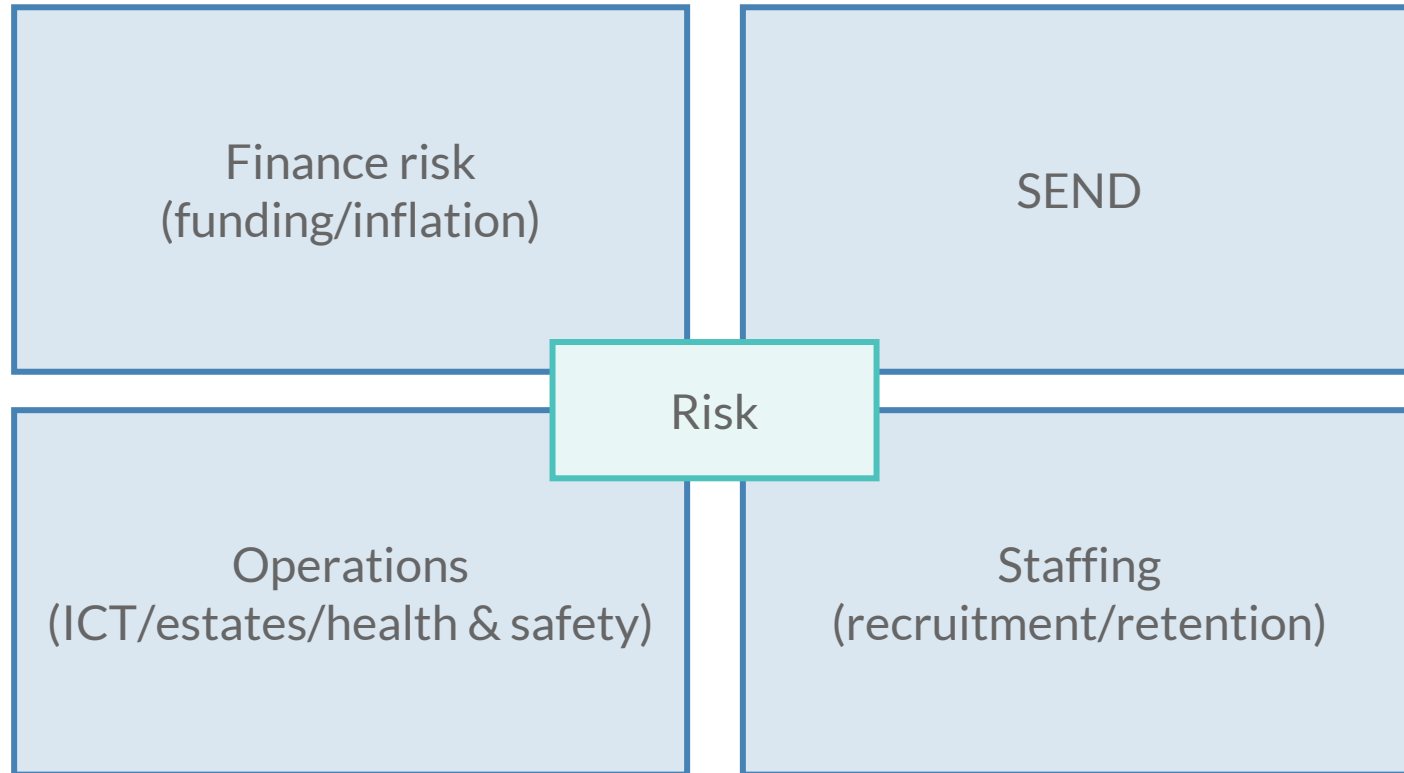
Pensions update

How the accounting valuation is done

Projection of assets
Assets at 31 August 2024
+
Expected investment return
+
Employee contributions
+
Employer contributions
-
Benefits paid
=
Expected assets at 31 August 2025
+/-
Excess investment return (actual less expected)
=
Assets at 31 August 2025

Projection of obligations
Obligations at 31 August 2024
+
Interest cost
+
Employee contributions
+
Service cost (cost of benefits earned over the period)
-
Benefits paid
=
Expected obligations at 31 August 2025
+/-
Changes in assumptions (remeasurements)
=
Obligations at 31 August 2025

Sector updates: current risks

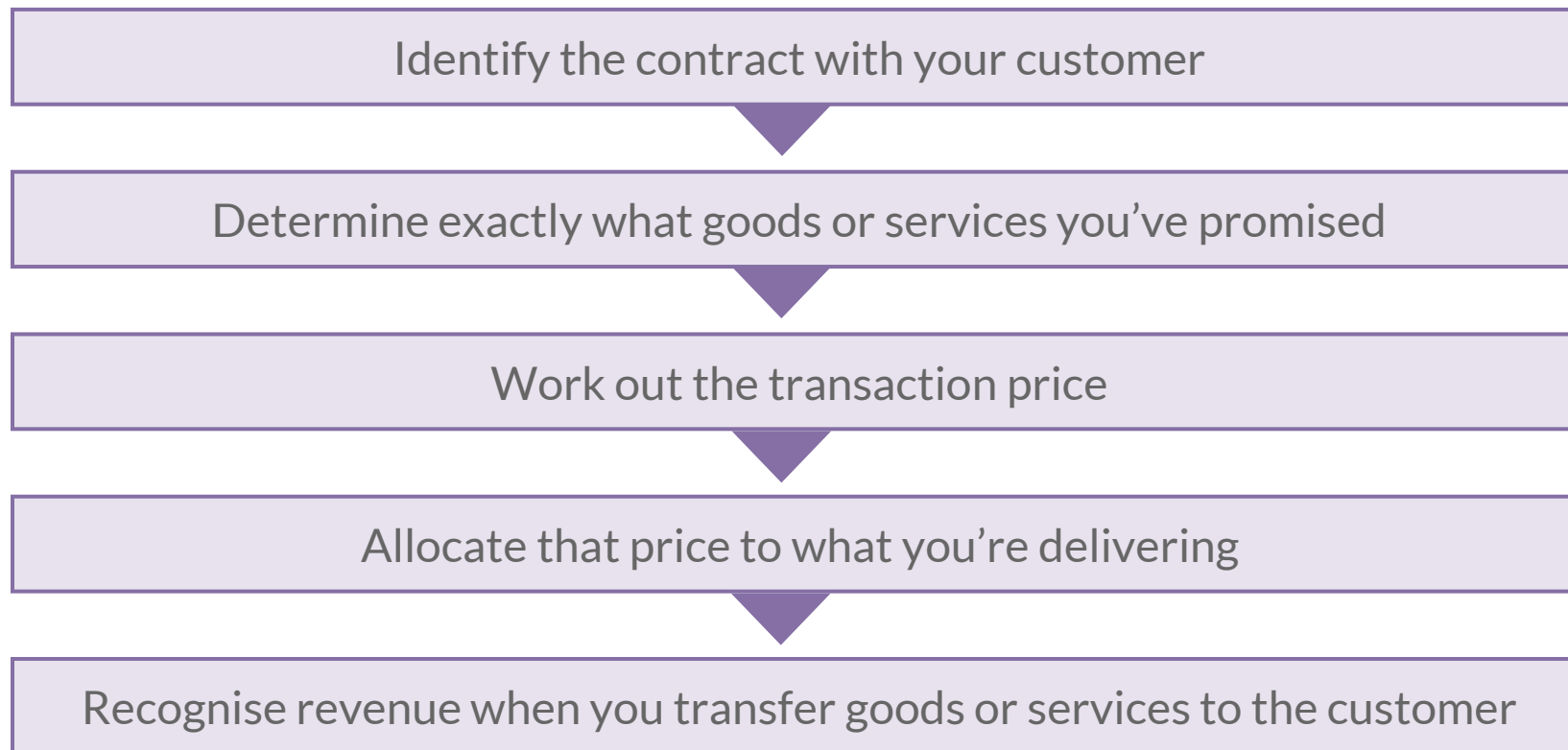


Sector updates: Charities SORP 2026

- For academy trusts effective from 1 September 2026
- Expected changes
 - Revenue recognition
 - Lease accounting
 - Tiered reporting
 - Trustees' report
 - Cashflow statements

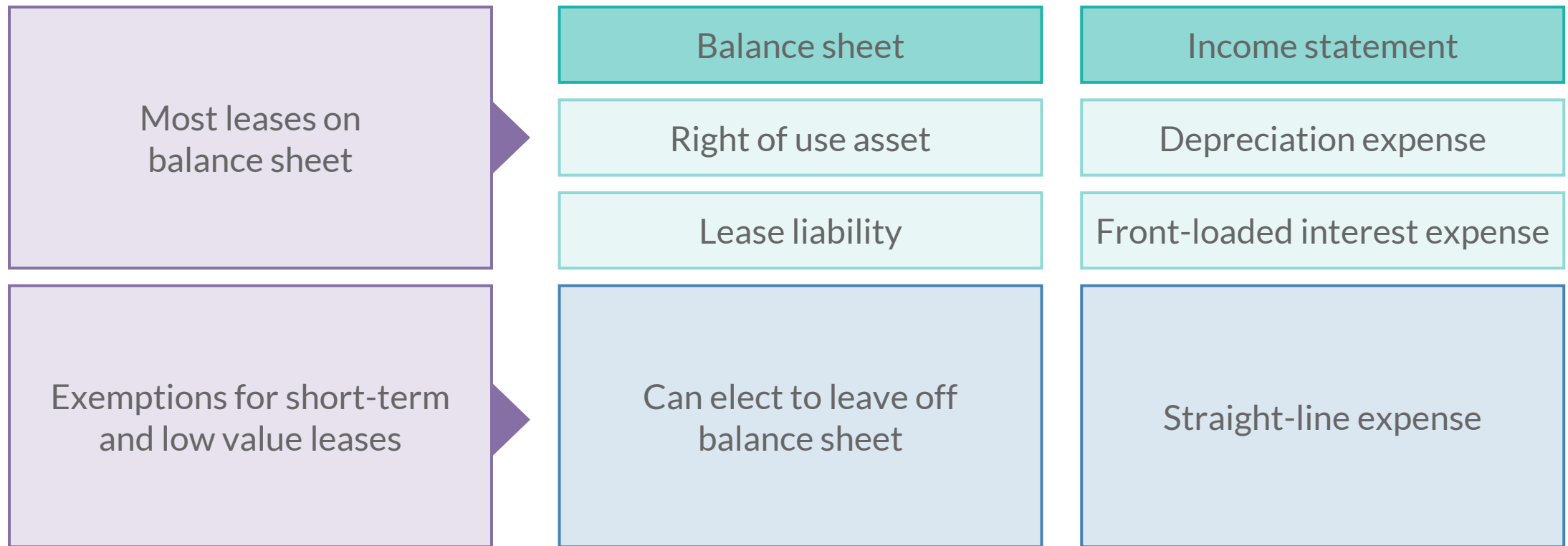
Sector updates: Charities SORP 2026

Five-step model for recognising revenue



Sector updates: Charities SORP 2026

Leases – capitalising operating leases



Sector updates: Charities SORP 2026

Lease accounting exceptions

- Short term leases
- Beware options in contract and subleases
- Low value assets
 - No set threshold
 - Focus on individual asset

Waiting on the DfE's requirements

Sector updates: Charities SORP 2026

Tiered reporting

- 2026 SORP exposure draft
- All charities applying accruals accounts
 - Tier 1 – Gross income £500,000 or less
 - Tier 2 – Gross income between £500,000 to £15,000,000
 - Tier 3 – Gross income over £15,000,000
- Good proportion of academy sector will be in Tier 3

Waiting on DfE requirements

Sector updates: Charities SORP 2026

Trustees' report

- No major changes other than...
- Sustainability section
 - Encouraged for Tiers 1 and 2, and compulsory for Tier 3
 - DfE may mandate compliance in the Accounts Direction

Sector updates: Charities SORP 2026

Cashflow statement

- New exemptions for Tiers 1 and 2
- Tier 3 must provide the cashflow statement
- Again DfE may mandate compliance

Sector updates: Internal Scrutiny

Finance	12%
Other	9%
Absence Management	8%
ICT	8%
Risk Management	8%
Payroll	6%
Student Data	6%
Health & Safety	4%
SEND	4%
GDPR	4%
Budgeting & Forecasting	4%

Central Capacity	4%
Governance	4%
ATH Musts	4%
School Improvement	3%
HR/SCR/Payroll	3%
Estates	2%
Purchasing & Procurement	2%
Safeguarding	2%
Asset Management	1%
Finance (Other)	1%
Capital	1%

- ATH 2024 now includes requirement for MATs with over £50 million turnover to have in-house or outsourced internal audit functions
- Internal Scrutiny Good Practice Guide now provides guidance to MATs

Sector updates: Funding and costs

- NFF funding increase and issues
 - Falling rolls
 - Expecting cost increases exceeding funding increases
 - Current additional (i.e. TPAG) being rolled into NFF
 - We are expecting MPPFL to increase by only 0.5% for 25/26
 - Use of current healthy reserves
 - DfE can intervene
- It has been reported that nearly half of heads expect to cut teachers
- More FSM pupils expected from September 2026, but no new funding
- Pupil premium eligibility has been frozen

Sector update: Other points

- Trusts need to be aware of:
 - Need for an asset management plan
 - Meeting the Core Digital Standards (from the ATH 2024) by 2030
 - Waste regulations from March 2025
 - AI risk
 - HMRC showing interest again in self-employment rules (i.e. music teachers)

How we can help

- Tax issues
 - VAT
 - Payroll
 - Corporation tax
- Trustee training
- Internal scrutiny
- Annex G audits
- Due diligence
- Setting up subsidiary companies
- Budget forecasting
- SECR reporting
- Gender pay gap reporting



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Q&A

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