



Academy Trust Updates 2026

Carly Pinkus
Ed Passmore
Carina Cuddington

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Your hosts



Carly Pinkus

Head of Academies and
Schools at BKL



Ed Passmore

Head of Charities at BKL



Carina Cuddington

Managing Director and
Co-Founder of EduFin

About BKL

500+

People, based mostly in London,
Cardiff and Newcastle offices

#37

UK Top 40 firm of accountants, tax
advisers and auditors



Member of DFK International's
global alliance of 200+ firms



Part of the global B Corp network of
businesses dedicated to balancing
profit and purpose



Partnering with social mobility charity
LTSB to employ apprentices on AAT
training programmes



The BKL Foundation, our charitable
foundation, allocates a percentage of
BKL's profits to good causes

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 2026: Key changes

- | | | |
|----|-----------------------------------|---|
| 01 | SEND & inclusion | Named board-level oversight and consistent monitoring of participation, outcomes and strategy impact. |
| 02 | Financial leadership | CFO qualification expectations for larger trusts and formal assessment of trustee financial skills. |
| 03 | Executive pay | DfE approval thresholds and stronger evidence that remuneration represents value for money. |
| 04 | Procurement | Stronger requirements around DfE options, staffing frameworks, energy and MIS contracts. |
| 05 | MAT transparency | Clearer disclosure of funding distribution, central and local spend, and top-slice methodology. |
| 06 | Resilience & integrity | Escalation of going-concern concerns and continued focus on fraud and public money. |

Effective 1 October 2026, with selected measures extending into 2027.

ATH update: Governance, inclusion and capability

SEND and inclusion

Designate a trustee or committee. Monitor participation and outcomes across academies, including disadvantaged pupils, children known to social care and those with EHCPs.

CFO succession

For larger trusts, recruitment from 1 October 2026 should specify an appropriate professional qualification. From 1 September 2027, a non-qualified appointment requires DfE notification.

Trustee financial expertise

Formally assess the knowledge and practical skills of trustees serving on finance and audit and risk committees. Address gaps through training or recruitment.



Board challenge: can the trust evidence oversight, challenge and follow-through?

ATH update: Finance, procurement and transparency

Executive pay

- DfE approval before remuneration packages above £174,000
- DfE approval before performance-related payments above £25,000
- Evidence policy alignment, value for money and the rationale for increases

Procurement

- Consider DfE-approved options and retain evidence
- Use approved agency staffing frameworks unless an alternative is demonstrably equal or better value
- Use DfE-approved energy arrangements where appropriate
- Align MIS contracts by 1 September 2027

Funding and resilience

- For 31 August 2027 accounts, explain MAT funding distribution, central and local spend, and top-slice methodology
- Accounting officers notify the board and DfE of going-concern concerns
- Maintain controls and report fraud or irregularity promptly

Immediate priority: convert each requirement into an owner, evidence source and implementation date.

Academies Accounts Direction 2025/26: Key changes

Remove

Trade union facility time disclosure is no longer mandatory.

Reclassify

PILONs are now included within staff restructuring costs.

Expand

Higher-paid staff disclosures capture part-time and part-year equivalents above £60,000.

Reassess

KMP identification follows control and influence, with added remuneration accrual disclosures.

Clarify

SECR wording uses explicit thresholds and definitions align to Managing Public Money.

Stay alert

Related parties remain a key compliance risk, particularly completeness and approvals.

Limited changes in number, but several affect data collection, judgements and disclosures.

AAD update: Pay disclosures and restructuring costs

Payments in lieu of notice

- Include PILONs within the staff restructuring costs note
- Consider whether comparatives require reclassification
- Explain clearly where treatment has changed

Higher-paid staff: test the equivalent, not just actual pay

Part-time example

0.6 FTE
£38,000 actual
£63,333 full-time equivalent

Include in £60k–£70k band

Part-year example

Six months employed
£34,000 actual
£68,000 annualised

Include in £60k–£70k band

Narrative should explain the basis used. Comparatives should be presented on the same pro-rated basis.

AAD update | KMP, related parties and reporting judgements

01

Identify KMP

Apply authority and responsibility for planning, directing and controlling the trust, directly or indirectly.

02

Capture remuneration

Include accrued remuneration, explanations, prior-period accrual movements and relevant off-payroll arrangements.

03

Challenge related parties

Where the CEO is a trustee, related party requirements still apply. Focus on identification, approvals, disclosures and conflicts.

04

Align definitions

Regularity and propriety align to Managing Public Money. SECR criteria are stated as explicit thresholds.

Audit-ready evidence: documented judgement, complete populations, consistent comparatives and clear narrative.

Recommended next steps

- | | | |
|----|-----------------------------|---|
| 01 | Now | Map each change to an owner; confirm applicability and implementation date. |
| 02 | Before 1 October 2026 | Update governance responsibilities, skills assessment, recruitment wording, pay approvals and procurement policies. |
| 03 | During accounts preparation | Remove facility-time disclosure; identify PILONs; recalculate pay equivalents; refresh KMP and related-party populations. |
| 04 | For 2027 | Document MAT funding methodology; align MIS contracts; prepare for CFO notification and funding disclosures. |

Outcome: stronger governance, cleaner accounts preparation and fewer late audit adjustments.

Pensions update

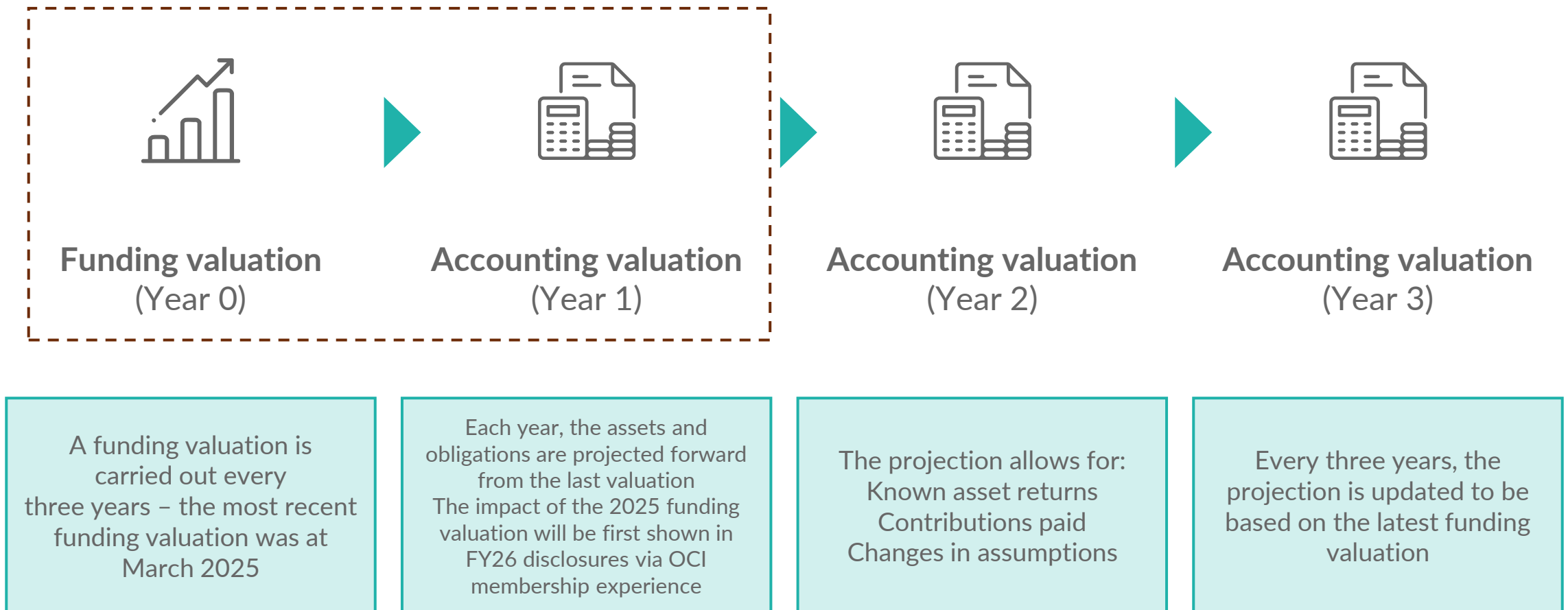
Teachers' scheme vs LGPS

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

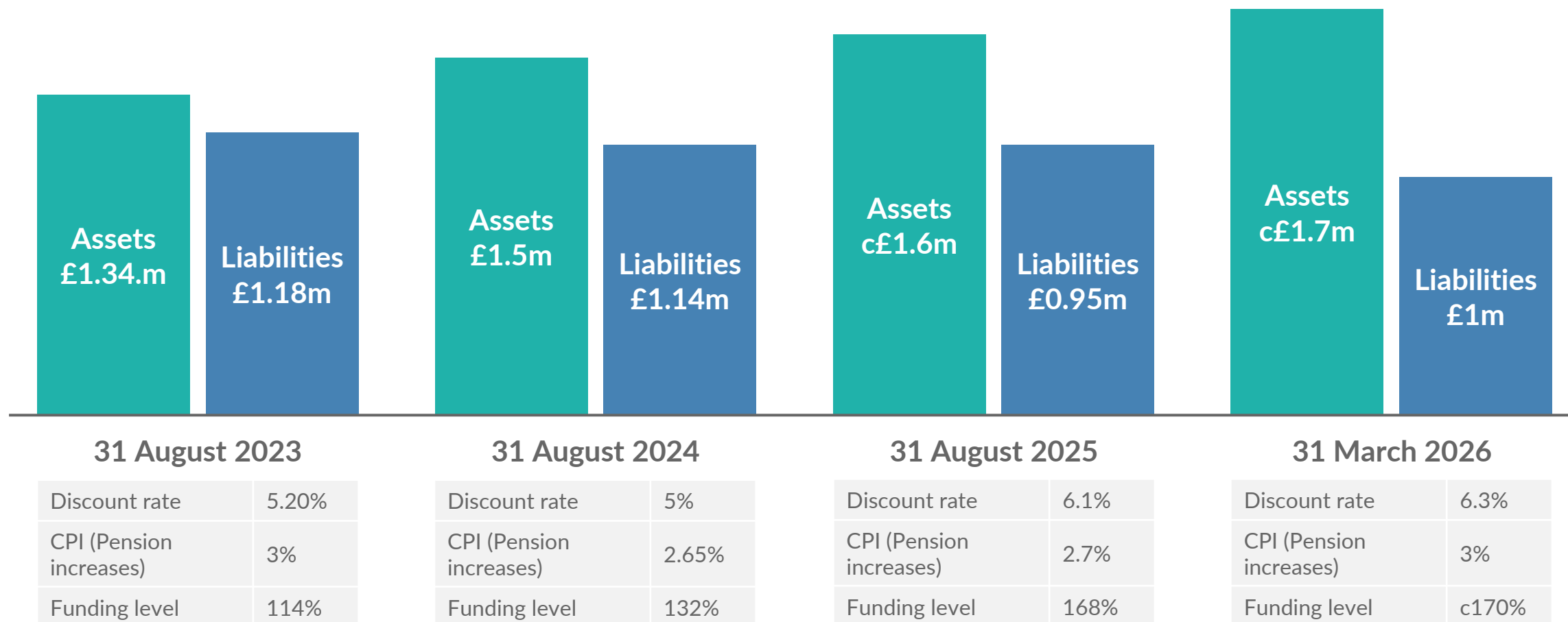
LGPS
Statutory scheme
Defined benefit arrangement
97 regional UK funds
Individual employers are 'tracked'
Funded arrangement
Administered locally

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

Pensions: Where are we in the valuation cycle?



Impact of market conditions



Pensions update

- Triennial valuation took place March 2025
 - 25/26 accounts will include the most recent formal funding valuation figures
- Discount rates have increased by c. 0.2%
 - 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?

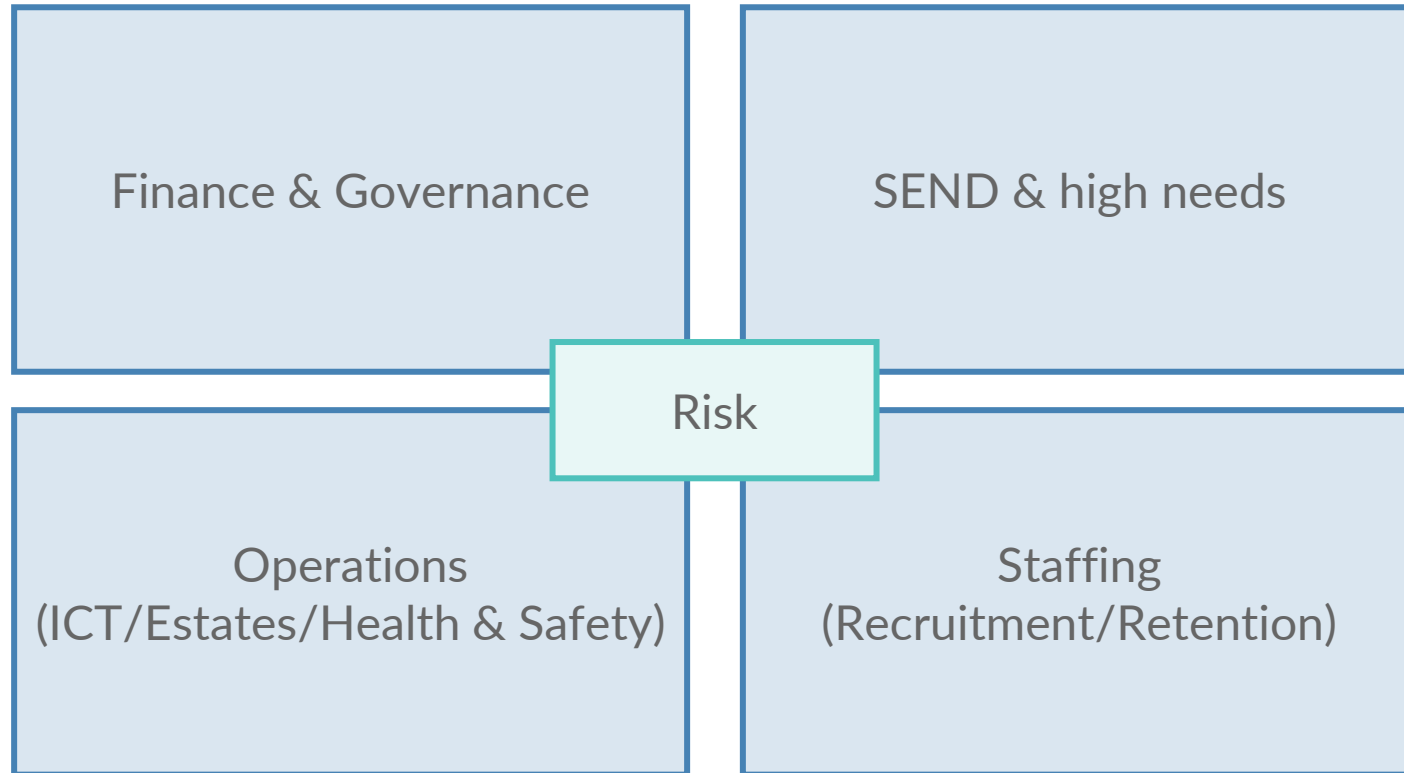
Pensions update

How the accounting valuation is done

Projection of assets
Assets at 31 August 2025
+
Expected investment return
+
Employee contributions
+
Employer contributions
-
Benefits paid
=
Expected assets at 31 August 2026
+/-
Excess investment return (actual less expected)
=
Assets at 31 August 2026

Projection of obligations
Obligations at 31 August 2025
+
Interest cost
+
Employee contributions
+
Service cost (cost of benefits earned over the period)
-
Benefits paid
=
Expected obligations at 31 August 2026
+/-
Changes in assumptions (remeasurements)
=
Obligations at 31 August 2026

Sector updates: Current risks



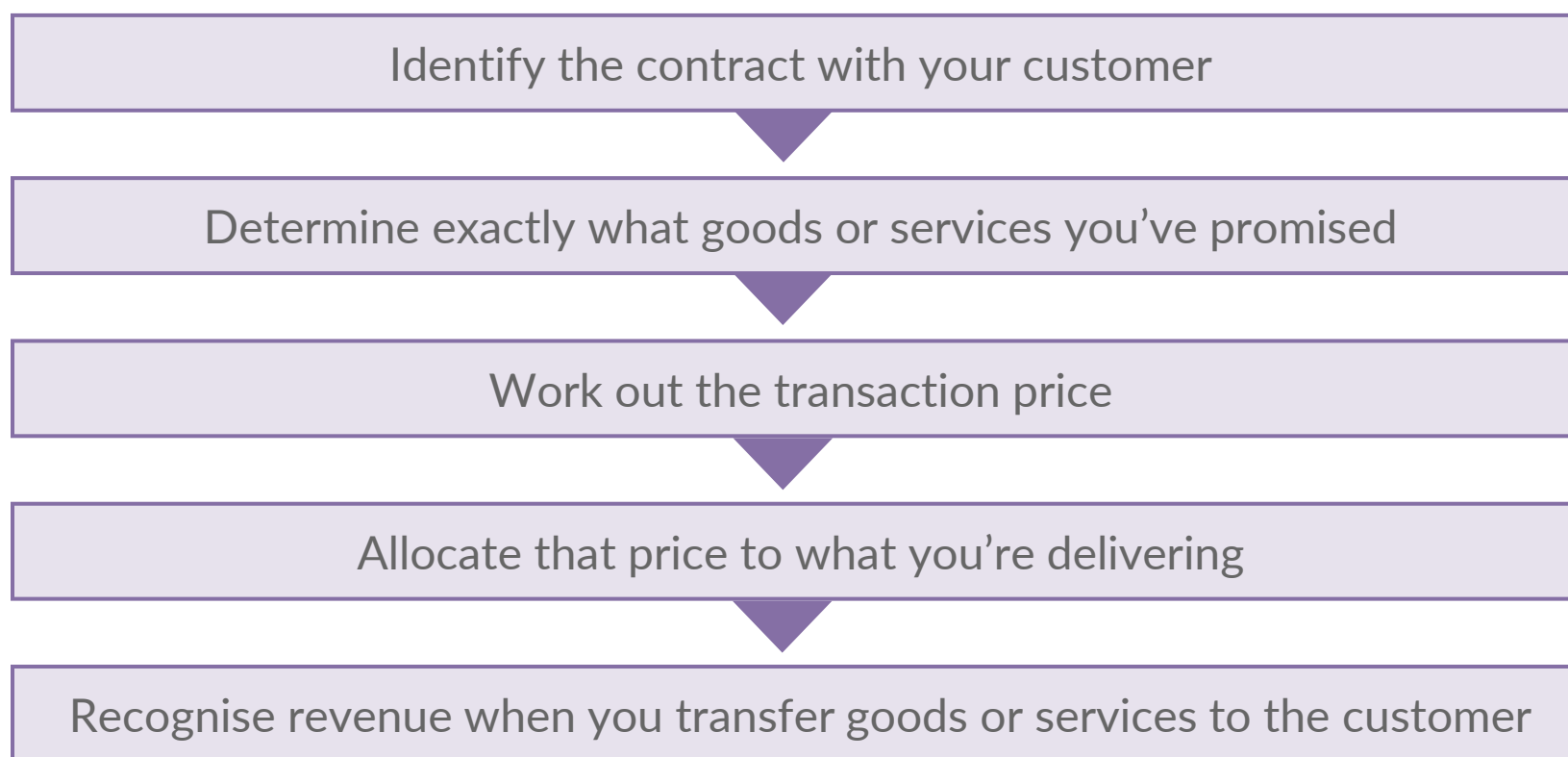
Sector updates: Charities SORP 2026

- For academy trusts effective from 1 September 2026
 - Revenue recognition
 - Lease accounting – significant leases to be shown on the Balance Sheet
 - Tiered reporting - three-tier reporting regime
 - Trustees' report - more emphasis on clear and transparent narrative reporting
 - Cashflow statements

Sector updates: Charities SORP 2026

Remember to review any ancillary income for 2025/26 in preparation for 2026/27 comparative figures

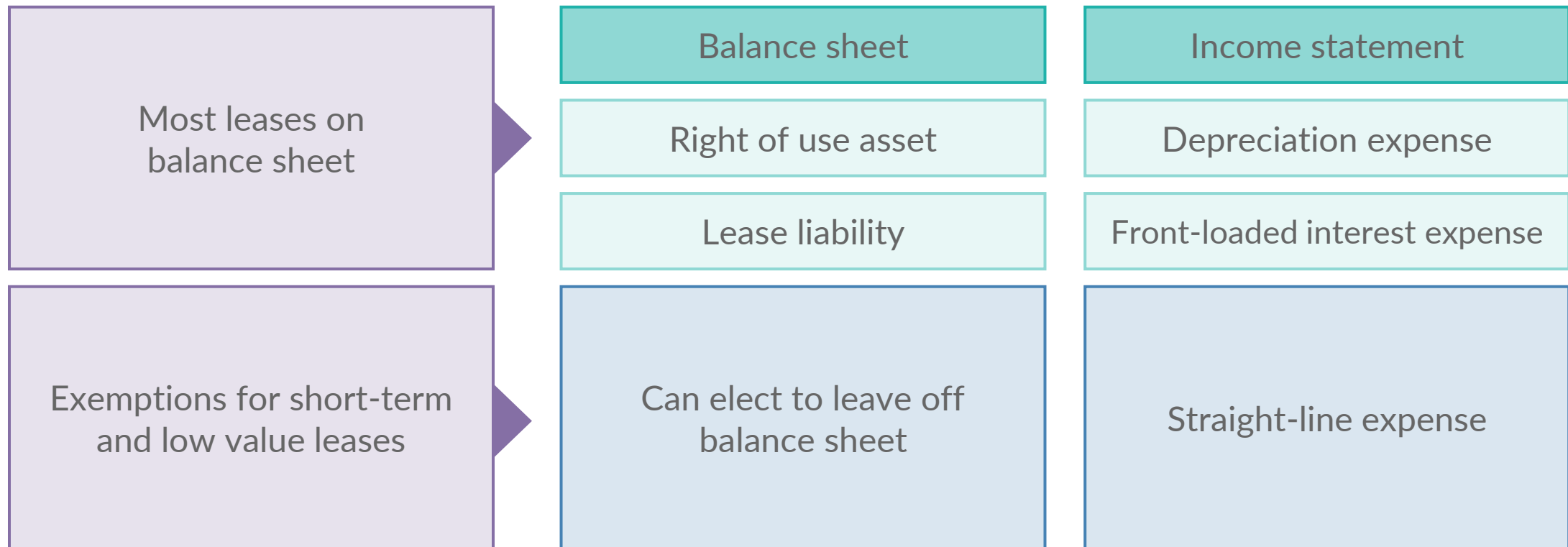
Five-step model for recognising revenue



Sector updates: Charities SORP 2026

Remember to check the pre-approved DfE finance lease list, if you have entered into a finance lease after 1 September 2024

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 confirmation of exact DfE requirements

Sector updates: Charities SORP 2026

Tiered reporting

- SORP 2026 introduces a three-tier reporting structure based on a charity's income, so that reporting requirements are proportionate to the size of your charity.
- All charities applying accruals accounts
 - Tier 1 – Gross income £500,000 or less
 - Tier 2 – Gross income between £500,001 to £15,000,000
 - Tier 3 – Gross income over £15,000,000
- Good proportion of academy sector will be in Tier 3 and thus will be required to provide more detailed disclosures e.g. how the charity is responding to and managing ESG matters.

Waiting on exact DfE requirements

Sector updates: Charities SORP 2026

Trustees' report

- The updated guidance places more emphasis on clear and transparent narrative reporting. This includes:
 - Clear links between the trustees' report and the financial statements
 - Simple explanations of reserves, future plans, and the impact of your charity's activities
 - Information on the contribution made by volunteers
 - More detail on impact and environmental, social and governance (ESG) matters where these are relevant to your charity's stakeholders
- As in previous years – 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	35%
Education	15%
ICT	12%
Risk Management	5%
Governance	5%
Compliance	2%
HR/SCR/Payroll	13%
Estates & H&S	8%
Strategy	3%
Misc	2%

- ATH 2024 introduced requirement for MATs with over £50 million turnover to have in-house or outsourced internal audit functions
- Internal Scrutiny Good Practice Guide 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. SBSG & NICs Grant) being rolled into NFF for 25/26
 - MPPFL frozen 'in line with current ministerial policy'
 - Per DfE guidance July 2026
 - Trusts expected to fund first 1% of each pay award
 - Teachers & leaders to expect 6.5% pay increases over the next 2 years
 - Use of current healthy reserves
 - DfE can intervene
- FSM pupils extended from September 2026
- Pupil premium eligibility has been frozen

Sector update: Other points for trusts to be aware of

- Children's Wellbeing and Schools Act 2026
 - Aims to change the law to better protect children and raise standards in education
- Every Child Achieving and Thriving white paper – published February 2026
 - Sets out long-term reforms to the school system in England. It includes a major section on reform to special educational needs and disabilities (SEND) provision
- Management Information System [MIS] Framework to be established in June 2027
 - Trusts must ensure that all MIS contracts are aligned by September 2027
- Meeting the Core Digital Standards (from the ATH 2024) by 2030
- AI risk

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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