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A Guide to good governance for new Academies

Introduction

The governing body of an academy trust is ultimately responsible for the governance of an academy, for safeguarding its assets and ensuring that it is run in the most efficient and effective manner.

It is extremely important that all trustees are fully aware of their responsibilities and understand the steps they need to take to ensure that the academy trust is properly governed. This paper outlines the key areas that trustees should focus on to ensure that their academy follows best governance practice. More detailed information can be found on the Department for Education website by following this link. www.education.gov.uk

1. Mix of experience and skills

The governing body (board) should take collective responsibility for all decisions and be involved in setting the strategic direction of the academy.

It is important therefore that there is the right number of trustees on the board. If there are too many trustees, it can impact on the board's ability to make effective and timely decisions; too few and the board may lack the breadth of skills and experience required.

We recommend that you use a simple matrix to plot the existing range of skills and experience on the board so you can identify any significant gaps.

Every trustee needs to be properly inducted, trained and developed. Before new trustees join they should receive a full information pack which will include as a minimum: the current governing document / funding agreement

- strategic and shorter term plans
- current management accounts
- recent board minutes
- CV of current board members
- an organisation chart
- general background information

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2. Roles and responsibilities

It is very important that it is clearly explained to every trustee what their role, responsibilities and legal obligations are, and the amount of time and commitment they will be expected to give to the board.

A number of trustees will have specific functions which need to be clearly documented and understood. Where tasks are delegated there must be a clear process for monitoring the outcomes.

3. Clear strategic direction

An effective board understands the interests of all stakeholders and gives them the opportunity to voice their views. There may well be conflicting demands between stakeholders and it is important to consider how these can be managed to the overall benefit of the academy. For example:

The academy's objectives should be translated into a clear and understandable vision. Specific shorter term objectives should be identified that will deliver the vision in practical terms. And there must be a process in place which allows the governing body to measure progress towards meeting these objectives.

Public benefit is an extremely important consideration and it is critical that trustees understand what is required and that public benefit activities are closely aligned with the objectives set out in the academy's funding agreement.

Formal written policies need to be in place covering key aspects of the academy's operations. Areas to consider should include: internal financial procedures, financial reporting, accounting, reserves, investment; staffing and HR matters; SEN; health and safety; complaints and grievance procedures (internal and external); data protection; equal opportunities, environmental matters; communication and confidentiality; disaster recovery; risk management; conflicts of interest; intellectual property.

4. Integrity and objectivity

Trustees have a duty to ensure that the academy always acts within the objectives laid down in its governing document and to consider the interests of the academy as opposed to any personal benefit. It can be easy to drift away from defined objectives where activities develop over time

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so the governing document should be regularly revisited to ensure current activities fall within the defined objectives.

Each trustee must understand the consequences of and the extent of their liabilities in law for wrongful acts. A register of interests must be regularly updated and all trustees should be asked for actual/potential interests to be declared at the start of each board meeting.

The overriding principle is that trustees act in a voluntary and therefore unpaid capacity. Trustees may only be paid for serving as a trustee where this is clearly in the interests of the academy trust and provides a significant and clear advantage over all other options. Payments made to trustees for services rendered in a capacity other than as a trustee must be in accordance with Charity Commission guidance and provided there is no express exclusion of such payments in the trust's governing document. There must also be a written agreement covering the contract terms.

Consider how the long and short term outcomes of planned actions might impact on the reputation of the academy both internally amongst its staff as well as externally. This is particularly important to consider when working in partnership with outside bodies where there may be influences which are outside the academy's direct control.

5. Openness and accountability

An effective board communicates regularly and openly with all stakeholders. The short and long term objectives (and progress towards meeting them) should be clearly articulated and there should be opportunity for all stakeholders to provide their feedback.

The annual trustee report should be used to explain the impact and outcomes of the year's work, linking this to targets set at the start of the year and future plans.

6. Financial prudence

The board must be fully involved in setting and approving plans and financial budgets and targets. All trustees will require regular reports detailing the current financial position of the academy and its future sustainability.

As a minimum the trustee board must set and understand the policies in place for managing the academy trust's investments, reserves and borrowing, even where these tasks are delegated on a day-to-day basis to a subcommittee or to third parties, such as investment fund managers.

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There must be a clear understanding of the academy trust's attitude to and acceptance of risk. Risk management should form an integral part of strategic planning. Risks must be assessed in the light of the academy's ability to absorb and manage them. This may be affected by internal circumstances such as staff skills and available financial resources or by external factors such as the impact of changing government policy on the funding environment. 'Risk mapping' should be used to analyse specific risks in terms of likely occurrence and severity of impact and a risk register maintained, which needs to be regularly reviewed in the light of changing circumstances and influences.

Conclusion

Good governance practice will provide several significant benefits.

1. It brings an understanding of the risks and opportunities that the academy faces both now and in the future, which in turn ensures that opportunities can be taken advantage of, within defined operating constraints.
2. It ensures that robust decisions will be made, based on sound and meaningful information.
3. Outputs and outcomes will be clearly measured and used as a means of improving future performance and in meeting the needs of beneficiaries.
4. There should be a positive impact on reputation and relationships both within the charity and with external stakeholders.

We are able to provide forms and templates to ensure that your academy follows best practice.