

Academy Trust Governance Code

Introduction

Good governance in Academy Trusts is fundamental to their success. This Code is intended for use by Academy Trusts in England. It is expected that the primary users of the Code will be all those whose roles engage with Academy Trust governance. The Code's principles, rationale and outcomes are universal and apply equally to all Academy Trusts, whatever their size, structure, religious or sponsorship arrangements.

Context

Academy Trusts are exempt charities and therefore must have charitable Objects and apply them as specified in the Academy Trust's Articles of Association. As an Exempt Charity, Academy Trusts are not directly regulated by the Charity Commission. The Secretary of State for Education is designated as the Principal Regulator under the Charities Act 2011.

All Academy Trusts are also companies limited by guarantee and therefore subject to company law and specifically to the provisions of the Companies Act 2006. Within the framework of the Companies Acts the Articles of Association for the Academy Trust form the constitution and governing document for the Academy Trust.

As Academy Trusts are established as charitable companies limited by guarantee, those responsible for the governance of the Academy Trust are charity trustees and company directors and therefore have responsibilities under both charity and company law.

Legal Duties as Charity Trustees and Company Directors

In Voluntary Academies (i.e. Academies with a Foundation) the term 'trustee' refers to those holding the historic foundation and educational endowment on which the School is founded. Voluntary Academy Trusts (including Church

Academy Trusts) therefore refer to their Academy Trustees as Directors. To avoid confusion, this Code will also refer to Academy Trustees as ‘Directors,’ since everyone who is an Academy Trustee is also a company director, regardless of the status of the Academy Trust. Voluntary Academies make up approximately one-third of the sector. They are mainly Church Academies, as well as some other Academies with a religious foundation, and a small number founded by non-religious charities.

The legal duties of charity trustees and company directors are set out below:

Board’s functions under education legislation	Duties under charity, case and common law (as charity trustees)	Duties under Companies Act 2006 (as company directors)
<ul style="list-style-type: none"> • Ensuring clarity of vision, ethos and strategic direction • Holding Executive Leaders to account for the educational performance and wellbeing of the Academy Trust and its Pupils, and the performance management of staff • Overseeing the financial performance of the Academy Trust and making sure its money is well spent 	<ul style="list-style-type: none"> • Ensuring the Academy Trust is conducting its Objects for the public benefit • Complying with the Academy Trust’s governing document and the law • Acting in the best interests of the Academy Trust • Managing the Academy Trust’s resources responsibly • Acting with reasonable care and skill 	<ul style="list-style-type: none"> • Acting within powers • Promoting the success of the Academy Trust • Exercising independent judgement • Exercising reasonable care, skill and diligence • Avoiding conflicts of interest • Not to accepting benefits from third parties • Declaring interest in a proposed transaction or agreement

	<ul style="list-style-type: none"> • Ensuring the Academy Trust is accountable 	
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Directors must be registered at Companies House.

About the Code

An Academy Trust is best placed to fulfil its legal requirements and achieve its aims and ambitions when it has effective governance. It is the aim of this Code to help Academy Trusts, their Directors and those involved in the Academy Trust or Local Committees to develop and maintain high standards of governance. The Academy Trust sector has a responsibility to its stakeholders and School communities to demonstrate exemplary leadership and governance. This Code is a practical tool to help Boards and individual Directors to achieve this.

The Code is voluntary and not a legal or regulatory requirement. It draws upon the Charity Governance Code and relevant DfE guidance. The Code sets the principles, indicates desired outcomes and recommended practice for effective governance. The Code does not however look to repeat the detailed requirements as specified in DfE publications such as the Academy Trust Handbook. The Code is intended to be a tool for continuous improvement in Academy Trust governance and it is hoped that all Academy Trusts will aspire to meet all aspects of the code over time.

This Code recognises that governance practice can operate in different ways depending on a range of factors including the Academy Trust's structure, geographical spread, number of Schools and sponsorship status.

Using the Code

As the Code is a tool to support continuous improvement, Boards that are using this Code effectively will regularly review their work by revisiting and reflecting on the Code's principles.

Compliance with the law, regulatory requirements and the Academy Trust's Funding Agreement are integral parts of effective governance in Academy Trusts. This Code does not attempt to set out all the legal, regulatory or contractual requirements that apply to Academy Trusts and their Directors.

The Code is based on a foundation principle of Directors meeting their required legal and regulatory obligations. The seven Code principles build on the assumption that the Academy Trust is compliant, and that Academy Trust governance already meet this 'Foundation Principle.' Useful links to relevant documentation on statutory requirements and guidance to embed the Code's principles and recommended practice can be found at the end of the Code.

The Code sets out principles, supported by guidance on recommended practice. The principles of the Code need to be aligned to the specific requirements for the Academy Trust as given in the Academy Trust's Articles of Association, the Funding Agreement and the Scheme of Delegation.

Each principle in the Code has a brief description, a rationale, key outcomes and guidance on recommended practice.

It is important that Directors discuss the Code's principles and consider the guidance on recommended practice to make well-considered decisions about how these should be applied in the context of the Academy Trust. It is anticipated that how an Academy Trust uses the Code will develop and mature as the Academy Trust's governance itself develops. The recommended practices in the guidance may not all be appropriate for an Academy Trust at certain stages of its development. However, using them as an exemplification of the practical application of the Code can inform practice at all stages of an Academy Trust's development.

It would be good practice for an Academy Trust to explain the approach it takes to applying the principles of the Code, so it is transparent to anyone interested in its work. Academy Trusts that adopt the Code are encouraged to publish a brief

statement in their annual report explaining their use of the Code. It is anticipated that this statement would be a short narrative, not a lengthy audit of policies and procedures.

The Principles

The Code has a Foundation Principle supported by seven further principles.

Academy Trust Governance Code: The Principles
Foundation Principle
The Academy Trust’s Directors are aware of and meet <u>‘The 7 principles of public life’</u> , understand the legal, regulatory and contractual obligations they must meet, and adhere to the statutory guidance published by the Department for Education (DfE) or any of its agencies or agents, such as the Education and Skills Funding Agency or the DfE Regional Director.
Principle 1: Delivering the Academy Trust Charitable Objects
The Objects in the Academy Trust’s Articles of Association set out the Academy Trust’s charitable Objects and how those must be fulfilled. The Board is clear about its aims and ensures that they are being delivered effectively and sustainably.
Principle 2: Leadership
The Academy Trust is led by an effective Board that provides strategic governance in line with the aims and values of the Academy Trust and engages effectively with its Members.
Principle 3: Integrity
The Board acts with integrity, adopting values and creating a culture which helps achieve the Academy Trust’s Objects. The Board is aware of the importance of public confidence and trust in Academy Trusts and their Schools, and the Board undertakes its duties accordingly.
Principle 4: Decision making, risk and control
The Board ensures that its decision-making processes are evidence informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored. There is effective reporting at all levels of Academy Trust governance to ensure decisions are taken at the

correct level in accordance with the Articles of Association and Scheme of Delegation ¹ .
Principle 5: Board effectiveness
The Board works as an effective team, using the appropriate balance of knowledge, skills, experiences and backgrounds to make informed decisions.
Principle 6: Equality, diversity and inclusion
In ensuring the effective achievement of the Academy Trust's Objects, the Board has a clear, agreed and effective approach to advancing equality, diversity and inclusion throughout the Academy Trust.
Principle 7: Openness and accountability
The Board leads the Academy Trust in being transparent and accountable. The Academy Trust is open in its work, unless there is good reason for it not to be.

Foundation principle

The Academy Trust's Directors are aware of and accept 'The 7 principles of public life', understand the legal, regulatory and contractual obligations they must meet, and adhere to the statutory guidance published by the Department for Education (DfE) or any of its agencies or agents, such as the Education and Skills Funding Agency or the Regional Directors.

The Code's starting point is that all Directors of Academy Trusts:

- are committed to the Academy Trust's Objects;
- have joined its Board because they want to help the Academy Trust deliver those Objects;
- recognise that meeting their Academy Trust's stated Objects are ongoing requirements;
- understand their roles and legal responsibilities, and have read and understood the Articles of Association, the Academy Trust's governance documents and other relevant documentation, DfE guidance and, in the context of Voluntary Academies and other Religious Academy Trusts, have due regard to guidance from the Academy Trust's relevant Foundation; and
- are committed to effective governance and want to contribute to their Academy Trust's continued improvement.

¹ In the context of Voluntary Academies consent will be required on many specific issues from the Academy's Foundation.

All Directors should be aware of and adhere to these legal duties, along with other duties arising from all legislation relating to the running of educational establishments and entities employing staff.

Principle 1. Delivering the Academy Trust Charitable Objects

The Objects in the Academy Trust's Articles of Association set out the Academy Trust's charitable Objects and how those must be fulfilled. The Board is clear about its aims and ensures that they are being delivered effectively and sustainably.

Rationale

Charities, including Academy Trusts, exist to fulfil their charitable Objects. As charity trustees, Directors have a responsibility to understand the environment in which the Academy Trust is operating and to lead the Academy Trust in fulfilling its Objects as effectively as possible with the resources available.

The Board's core role is to focus on strategy, performance and assurance as detailed in education, charity and company legislation.

Key outcomes

1.1 The Board has a shared understanding of, and commitment to, the Academy Trust's Objects and aims and can articulate these clearly. In the context of academies with a religious character this includes upholding the distinctive religious character of those academies.

1.2 The Board can demonstrate that the Academy Trust is effective in achieving its Objects and agreed outcomes.

Guidance on implementation of Principle 1

1.3 Reviewing the implementation of Academy Trust purpose

- a. The Board periodically reviews the Academy Trust's success in meeting its Objects, to ensure that the education it is providing is both effective and sustainable.
- b. The Board works with the Executive Leadership Team to develop an agreed strategy decided by the Board to achieve the Academy Trust's Objects and is clear about the desired outcomes.
- c. In agreeing that strategy, the Board considers issues of sustainability to ensure the on-going provision of safe and high-quality educational experiences across the Trust and its Schools.

1.4 Achieving the charitable Objects

- a. All Directors can explain the Academy Trust's Objects, and in the context of academies of a religious character the distinctive religious ethos of those academies.
- b. The Board evaluates the Academy Trust's impact by measuring and assessing educational, financial, staff and Pupil wellbeing and other outcomes.

1.5 Analysing the external environment and planning for sustainability

- a. The Board regularly reviews the viability and sustainability of its business model and its ability to deliver the Objects of the Academy Trust in the short, medium and long term.
- b. The Board considers the benefits and risks of any strategy that involves a change to the nature of the Academy Trust²: e.g. Academy Trust development, partnership working, dissolution, joining another Academy

² A Voluntary Academy Trust will need to refer to the strategy of its Foundation.

Trust to strengthen the educational provision in the Academy Trust's Schools.

- c. The Board recognises the Academy Trust's role in making a strategic contribution to the greater social good and addresses its broader responsibilities towards the Academy Trust's various stakeholders e.g. educational community, parents/carers, civic institutions and to wider society. The Board acts on these responsibilities in a manner consistent with the Objects, values and available resources, taking steps to ensure value for money.
- d. The Board recognises the importance of operational sustainability and environmental issues in its planning and can demonstrate how it acts on this.

Principle 2. Leadership

The Academy Trust is led by an effective Board that provides strategic governance in line with the aims and values of the Academy Trust and engages effectively with its Members.

Rationale

Strong and effective Academy Trust governance ensures the Academy Trust adopts a strategy that effectively and efficiently achieves its aims and Objects. It also sets the culture for the Academy Trust, including setting out its vision, values and desired culture.

Key outcomes

2.1 The Directors accept collective responsibility for ensuring that the Academy Trust has a clear and relevant set of aims and a strategy for achieving them.

2.2 The Board agrees the Academy Trust's vision and values in line with the Objects set out in the Articles of Association. In the case of Voluntary Academies, the Board

meets its legal duty to uphold the Objects to account for the relationship with the Academy's Foundation.

2.3 The Board leads by example, requiring anyone representing the Academy Trust to reflect its values positively.

2.4 The Board ensures that the Academy Trust's values are reflected in its work, and that the ethos and culture of the Academy Trust underpin the delivery of all activities.

Guidance on implementation of Principle 2

2.5 Leading the Academy Trust

- a. The Board and individual Directors, take collective responsibility for its decisions. This applies to the Accounting Officer when they are also a Director.
- b. The Chair provides leadership to the Board including taking responsibility for ensuring it has agreed priorities, appropriate structures, processes and a productive culture and has Directors who are able to govern well and add value to the Academy Trust.
- c. In the case of the Executive Leadership Team, including the Accounting Officer, the Board makes sure that there are proper arrangements for their appointment, supervision, support, appraisal, remuneration and, if necessary, dismissal. Where the Accounting Officer is also a Director, the Chair will ensure the individual also undertakes regular reviews as a Director that are distinct from any review of their role as Accounting Officer.
- d. The Board's functions are formally recorded. There are role descriptions defining responsibilities for Directors (identifying any specific functions deriving from charity, company or education legislation) which clearly

differentiate the roles of the Chair, other Director positions e.g. committee chairs, link or lead Directors, and outline how these roles relate to working with staff.

- e. The Board considers the rationale, benefits and risks of all arrangements the Academy Trust makes regarding leadership including when it establishes a specific grouping of Schools e.g. several Schools under an executive headteacher and/or a single Local Committee overseeing a group of Schools. The formal relationship between the Academy Trust, the grouping of the Schools and the individual Schools is clearly recorded through the Scheme of Delegation and Terms of Reference. The Board reviews, at appropriate intervals, whether these arrangements continue to serve the Academy Trust's Objects.

2.6 Leading by example

- a. The Board agrees the values, consistent with the Academy Trust's Objects that it wishes to fulfil and makes sure that these values underpin all its decisions and the Academy Trust's activities (see also Principle 1).
- b. The Board recognises, respects and welcomes diverse, different and, at times, conflicting views as they are applied to the furtherance of the Academy Trust's Objects.
- c. The Board gives oversight and direction to the Academy Trust, providing support and constructive challenge to the Academy Trust and its Executive Leadership Team.
- d. The Board, through its relationship with the Executive Leadership Team, creates the conditions in which the Academy Trust's staff are confident and enabled to provide the information, advice and feedback the Board requires.

2.7 Commitment

- a. All Directors give sufficient time to the Academy Trust to carry out their responsibilities effectively. This includes preparing for meetings and sitting on Board committees and other bodies as required. The expected time commitment is made clear to prospective Directors before appointment and again on acceptance of the position.
- b. Where individual Directors are also employees and therefore involved in operational activities, they are clear about the capacity in which they are acting at any given time and understand what they are and are not authorised to do and to whom they report.

2.8 Members

- a. The Board is accountable to the Members. The Academy Trust's working arrangements ensure a clear separation of the activities of the Board and those of Members avoiding the risk of anyone being considered to be a Shadow Director or person of significant control.
- b. The Directors and the Members can demonstrate an understanding of their respective roles³ as described in the Academy Trust's Articles of Association.

Principle 3. Integrity

The Board acts with integrity, adopting values and creating a culture which helps achieve the Academy Trust's Objects. The Board is aware of the importance of public confidence and trust in Academy Trusts and their Schools, and the Board undertakes its duties accordingly.

Rationale

³ In academies with a religious character this includes a duty to preserve and develop the religious character of the School.

Delivering the Academy Trust's Objects should be at the heart of everything the Board does. This may involve the Board making decisions that are difficult or unpopular. Everyone who encounters the Academy Trust should be treated with dignity and respect and feel that they are in a safe and supportive environment.

Directors should show the highest levels of personal integrity and conduct, in accordance with the Principles of Public Life. All involved in the governance and leadership of an Academy Trust should recognise their responsibilities in relation to Safeguarding, SEND and the promotion of British Values and in the case of Schools with a religious designation, the distinctive religious character and ethos of the School.

To achieve this the Board and Executive Leadership Team should create a culture that supports the Academy Trust's values and adopt behaviours and policies in line with these values, setting aside any personal interests or loyalties. The Board should understand and address any imbalance of power within the Academy Trust to avoid damaging the Academy Trust's reputation or public support for its work and the delivery of its aims and Objects.

Key outcomes

3.1 The Board safeguards and promotes the Academy Trust's reputation by living its values and by extension encourages public confidence in the wider academy sector, observing the specific requirements of the Principles of Public Life.

3.2 The Board, Members and those working for or representing the Academy Trust are seen to act with honesty, trustworthiness and care.

3.3 The Board, Members and those on Academy Trust and Local Committees undertake their duties in the best interests of the Academy Trust's Objects, its Pupils, staff and communities, creating a safe, respectful and welcoming environment for those who engage with the Trust.

3.4 The Board makes objective decisions about delivering the Academy Trust's Objects and aims⁴.

3.5. Board decision making is not unduly influenced by those who may have special or personal interests which may cause a conflict of interest of loyalty if not properly recognised and managed. All relevant interests are declared and those Directors who are conflicted withdraw from the discussion and decision making.

3.6 The Boards decisions and actions are consistent with the Academy Trust's stated values.

Guidance on implementation of Principle 3

3.7 Upholding the Academy Trust's values

- a. The Board ensures that all its decisions and actions are consistent with the Academy Trust's stated values.
- b. Directors regularly check whether there are inappropriate power imbalances within the Board and in the Academy Trust more generally. Where necessary, the Board addresses any potential issues, upholding the Academy Trust's charitable Objects, values and public benefit.
- c. The Board adopts and follows a suitable code of conduct that reflects the Academy Trust's values and sets out expected standards of ethics, probity and behaviour.

⁴ In Voluntary Academies, the Board will make objective decisions about delivering the Academy Trust's charitable Objects in accordance with the overarching values of Academy's Foundation.

- d. The Board has policies and procedures to make sure that the Trust works responsibly and ethically, has regard to the proper use of authority and acts in line with its own agreed aims and values.
- e. The Board considers how the Academy Trust is seen by the people and organisations involved in its work, including stakeholders, third parties, and by the wider public.

3.8 Ensuring the right to be safe

- a. The Board understands its safeguarding responsibilities to Pupils, staff and others who encounter the Academy Trust. The Board makes sure that there are appropriate and regularly reviewed safeguarding policies and procedures in place and that they are rigorously implemented. The Board ensures the Trust promotes a culture in which everyone feels safe and respected.
- b. As part of an Academy Trust's risk management process, the Board reviews key safeguarding risks carefully and records how these are managed.
- c. All Directors, staff and people who work with the Academy Trust have information or training on the safeguarding policy, so they understand it, know how to speak up and feel comfortable raising concerns.

3.9 Identifying, dealing with and recording conflicts of interest/loyalty

- a. The Board understands how real and perceived conflicts of interests and conflicts of loyalty can affect an Academy Trust's decision making, performance and reputation. The Board is transparent in the way it records, manages and discloses all such conflicts. The Board keeps up to date with official guidance on related party transactions, adhering to all requirements.

- b. Directors and committee members disclose any actual or potential conflicts to the Board/committee or Governance Professional and deal with these in line with the Academy Trust's governing document and a regularly reviewed conflicts of interest policy.
- c. The Governance Professional remains alert to any real, potential or perceived conflicts of interests at all levels of governance across the Academy Trust. The Governance Professional acts as an important source of advice on when to identify, record, manage and disclose conflicts of interests and loyalty for all those involved in the governance of the Academy Trust.
- d. All Directors are vigilant in remaining objective and conflict-free and inform the Board and Governance Professional if they feel influenced by any interest or loyalty or may be perceived as being influenced or to having a conflict of interests.

Principle 4. Decision making, risk and control

The Board ensures that its decision-making processes are evidence informed, rigorous and timely and that effective delegation, control and risk assessment and management systems are set up and monitored. There is effective reporting at all levels of Academy Trust governance to ensure decisions are taken at the correct level in accordance with the Articles of Association and Scheme of Delegation⁵.

Rationale

The Board is accountable for the decisions and actions of the Academy Trust, but it cannot and should not do everything. The Board is required by statute or its Articles of Association, to make certain decisions: i.e. those matters that must not be delegated. Beyond this, the Board needs to determine which other matters it will make decisions about and which it can and will delegate to committees or individuals.

⁵ In the context of Voluntary Academies consent will be required on specific issues from the Academy's Foundation.

The Board can delegate authority and responsibility but not accountability. Where it has delegated functions, it needs to implement suitable financial and related controls, performance oversight and reporting arrangements to make sure it oversees these matters effectively. The Board must also identify and assess risks and opportunities for the Academy Trust and decide how best to deal with them, including assessing whether they are manageable or worth taking.

Key outcomes

4.1 The Board is clear that its focus is on strategy, performance and assurance, and not operational matters. The Board reflects this in what it delegates to its committees, local governance arrangements and individuals through the Academy Trust's Scheme of Delegation and Terms of Reference.

4.2 The Board has a sound decision making, monitoring and risk assurance framework which helps the Academy Trust deliver its Objects. It ensures that the full range of financial and non-financial risks are monitored, reviewed and appropriate mitigating actions taken as needed.

4.3 The Board promotes a culture of sound management of resources whilst understanding that being over-cautious and risk averse can itself be a risk and hinder innovation and progress.

4.4 Where aspects of the Board's role are delegated to Board committees, Local Committees, staff or contractors, the Board ensures appropriate reporting, retains oversight and remains accountable. The Board records delegations in writing and regularly reviews them to ensure they remain effective and fit for purpose, making amendments as and when required.

Guidance on implementation of Principle 4

4.5 Delegation and control

- a. The Board regularly reviews which matters are reserved to the Board and which can be delegated. It collectively exercises the powers of delegation to the Executive Leadership Team, Board committees, Local Committees and individuals.
- b. The Board has a clear and well-documented delegation framework which provide sufficient detail and clear boundaries so that the delegations can be clearly understood and carried out. Systems are in place to monitor and oversee how delegations are exercised and changed when necessary.
- c. The Board makes sure that all its committees have suitable and regularly reviewed Terms of Reference and membership.
- d. When using third party suppliers or services, the Board receives appropriate assurance that this work is carried out in the best interests of the Academy Trust and in line with its values and the agreement between the Academy Trust and supplier. The Board makes sure that such agreements are regularly reviewed so that they remain appropriate.
- e. The Board regularly reviews the Academy Trust's key policies and procedures to ensure that they continue to support, and are appropriate for, the delivery of the Academy Trust's Objects.

4.6 Planning for, and monitoring, Academy Trust performance

- a. Working with the Executive Leadership Team, the Board ensures that plans and budgets are in line with the Academy Trust's Objects, agreed strategic aims and available resources.
- b. The Board determines the oversight required for the Academy Trust as a whole, and individual academies, ensuring delegations are robust and effective, reviewed regularly and revised, as necessary.

- c. The Board regularly monitors Academy Trust and individual School's performance using a consistent framework and checks performance of a range of academic, financial and other activities against delivery of the Academy Trust's strategic aims, operational plans and budgets. It has structures in place to hold staff to account and support them in meeting the Academy Trust's goals.
- d. The Board determines with the Executive Leadership Team what information is needed to assess delivery against agreed plans, targeted outcomes and timescales. Information should be timely, relevant, accurate and provided in an easy to understand format. The Academy Trust provides Board Members with support to develop their data analysis skills to upskill them with this aspect of their role.
- e. The Board regularly considers information from other Academy Trusts and educational institutions to benchmark the Academy Trust and individual School's performance.

4.7 Actively managing risks

- a. The Board retains overall accountability for risk management, determining the level of risk it is prepared to accept for specific and combined areas of activity and operations. It delegates to a Board committee responsibility for a more detailed review of risk.
- b. The Board regularly reviews the Academy Trust's significant risks and the cumulative effect of these risks. It ensures there are plans to mitigate and manage these risks appropriately.
- c. The Board ensures the Academy Trust has in place, and regularly reviews, the Academy Trust's process for identifying, prioritising, escalating and

managing risks and, where applicable, the Academy Trust's system of internal controls to manage these risks.

- d. Arrangements are in place for a body, such as the committee leading on audit and risk, to consider concerns raised in confidence about alleged improprieties, misconduct or wrongdoing. This includes concerns raised by 'whistle blowing.' Arrangements are also in place for appropriate and independent investigation and follow-up action.

4.8 Committee leading on audit and risk

- a. The Board is supported in its work by a committee that leads on audit and risk that is constituted of a minimum of three Directors. This committee reviews the effectiveness of the Trust's approach to risk at least annually and reports its recommendations to the Board.
- b. The Board ensures at least one Director on the committee considering audit and risk has recent and relevant financial experience. This committee is established in line with the Articles of Association and its members have the collective competence relevant to understanding and managing risk in the Academy Trust sector.
- c. This committee has a set of Terms of Reference that covers all the required functions of an audit and risk committee and reports to the Board on how it has discharged its functions.

4.8 Appointing auditors and audits

- a. The Board ensures compliant processes are in place to appoint internal and external auditors.

- b. The Board discusses the annual auditor letter, especially any issues that the external auditor has identified. Such discussions and planned actions are formally recorded.

Principle 5. Board effectiveness

The Board works as an effective team, using the appropriate balance of knowledge, skills, experience, and backgrounds to make informed decisions.

Rationale

The Board provides a key role in ensuring the Academy Trust thrives. The tone the Board sets through its leadership, behaviour, culture and overall performance is critical to the Academy Trust's success. It is important to have a rigorous approach to the Board's conduct, performance and development, and Board recruitment. In an effective team, Directors feel it is safe to suggest, question and challenge ideas and the Board ensures that difficult topics are addressed not avoided.

Key outcomes

5.1 The Board's culture, behaviours and processes help it to be effective; this includes accepting and resolving challenges or different views.

5.2 All Directors have appropriate skills and knowledge of the Academy Trust and can give enough time to be effective in their role.

5.3 The Chair enables the Board to work as an effective team by developing strong working relationships between Directors and creates a culture where differences are aired and resolved.

5.4 The Board takes decisions collectively and confidently. Once decisions are made the Board unites behind them and accepts them as binding and respects issues of confidentiality.

Recommended practice

5.5 Working as an effective team

- a. The Board meets as often as required to ensure it is effective and in accordance with the requirements in the Academy Trust's Articles of Association, the Funding Agreement and Academy Trust Handbook.
- b. The Chair, working with Directors, the Governance Professional and the Accounting Officer, plans the Board's programme of work and its meetings, making sure Directors have the necessary information and time to explore key issues and reach well-considered decisions, so that Board time is well-used.
- c. The Board has a Vice-Chair who provides a sounding board for the Chair and serves as an intermediary for the other Directors, if needed.
- d. Where Directors have additional duties to lead on specific issues, such as SEND or safeguarding, the Board continues to exercise robust and independent discussion and collective decision-making on these issues. The Board retains its collective accountability and continues to engage and challenge robustly where a lead Director is in place.
- e. The Board regularly discusses its effectiveness and its ability to work together as a team, including individual motivations and expectations about behaviours. Directors take time to understand each other's motivations to build trust within the Board and the Chair asks for feedback on how to create an environment where Directors can constructively challenge each other.
- f. Where significant differences of opinion arise, Directors take time to consider the range of perspectives and explore alternative outcomes, respecting alternative views and the value of compromise in Board discussions.

- g. Directors receive governance advice and support⁶. The Board can access independent professional advice, such as legal or financial advice, at the Academy Trust's expense if needed for the Board to discharge its duties.

5.6 Reviewing the Academy Trust Board's composition

- a. The Board has, and regularly considers, the mix of knowledge, skills, and experience it needs to govern, lead and deliver the Academy Trust's charitable Objects effectively. This is reflected in the appointment of Directors, balancing the need for continuity with the need to refresh the Board and provide a diversity of perspectives and views.
- b. The Board has sufficient Directors to enable the Academy Trust's work to be carried out effectively, and changes to the Board's composition are managed without creating significant disruption.

5.7 Overseeing appointments

- a. The Board understands the different ways Directors are appointed and removed. There is a formal, rigorous and transparent procedure to appoint new Directors to the Academy Trust Board, which may include advertising vacancies widely.
- b. The search for new Directors is carried out, and appointments or nominations for election are made, on merit against objective criteria and considering the benefits of diversity on the Board⁷. Regular Director skills audits inform the search process.

⁶ In the context of Voluntary Academies, guidance and advice can be provided by the Academy's Foundation to which the Directors must have due regard.

⁷ For Voluntary Academy Trusts, the procedure to appoint new Directors to the Academy Trust Board as set out in the Academy Trust's Articles of Association may be different e.g. the power to appoint and remove directors might be vested in the Foundation.

- c. Directors are appointed for an agreed length of time, subject to any applicable constitutional or statutory provisions and the Trust's Articles of Association. Ex officio positions remain in office for as long as they hold the role that afford them the place on the Board.
- d. The Governance Professional advises the Board as to regulations and the processes required for the Academy Trust to be compliant with relevant regulatory requirements.
- e. Objective criteria and skills that will support the Academy Trust to achieve its charitable Objects are used when recruiting and appointing Directors. The Academy Trust keeps the relevant knowledge skills, competencies and experiences under review in order to recruit people with skills best able to support the Trust and fulfil the legal duties of the role.
- f. Clear role descriptions and expectations for Members are available to those interested in becoming Members and is kept under reviewed and revised accordingly. The information provided is clear as to the legal responsibilities of the Board and the distinct functions of Members.
- g. Members are able to approach the Governance Professional for advice and support.

5.8 Developing Directors and Members

- a. New Directors receive an appropriately resourced induction when they join the Academy Trust. This includes meetings with the Executive Leadership Team, including the Accounting Officer and covers all areas of the Academy Trust's work. All those involved in Academy Trust governance are given the opportunity to undertake ongoing learning and development opportunities, regardless of the time they have served.

- b. The Board regularly reviews its own performance and that of individual Directors, including the Chair. This happens annually, with an external, independent evaluation every three years (or more frequently if required). Such reviews typically consider the Board's balance of knowledge, skills, and experience, its diversity in the widest sense, how the Board works together and other factors relevant to the Board's effectiveness.
- c. The Board explains how the work of the Board is evaluated in the governance statement in the Academy Trust's annual report and accounts.
- d. New Members have an appropriate induction that enables them to understand the role of a Member in an Academy Trust.

5.9 Relationship with Local Committees

- a. Directors operate effective two-way communication systems between Board and local governance that ensures the Board is fully informed on key issues impacting on the Academy Trust's Schools and Local Committees are informed on relevant Academy Trust matters and consulted, when appropriate, on matters related to the Academy(ies) they govern.
- b. Those new to local governance in the Academy Trust receive an appropriately resourced induction when they join their Local Committee. This includes meetings with the Governance Professional and other key staff and covers all relevant aspects of the Academy Trust's governance structure and processes. All those involved on Local Committees are given the opportunity to undertake ongoing learning and development opportunities, regardless of the time they have served.

Principle 6. Equality, diversity and inclusion

In ensuring the effective achievement of the Academy Trust's Objects, the Board has a clear, agreed and effective approach to advancing equality, diversity and inclusion throughout the Academy Trust.

Rationale

Addressing equality, diversity and inclusion matters helps a Board to make better decisions. This requires commitment and should help an Academy Trust to understand the communities and Pupils its academies serve and to deliver its charitable Objects. Recognising and countering any imbalances in power, perspectives and opportunities in the Academy Trust, and in the attitudes and behaviours of Directors, staff and Pupils, helps to make sure the Academy Trust achieves its Objects.

Maintaining a focus on equality, diversity and inclusion enables the Board to fulfil its responsibility to ensure that the Academy Trust's Schools meet the three aims of the Public Sector Equality Duty.

All Directors have the same accountability for the Academy Trust, so they must have equal opportunity to contribute to decision making. Board diversity is important because it supports more diverse, inclusive and culturally sensitive decision making.

Equality and diversity are only effective and sustainable when the Board works to be inclusive, guaranteeing accessibility to ensure that all Directors are welcomed, valued and able to contribute to the charitable Objects of the Academy Trust and to adhere to the agreed values of the Academy Trust.

Boards that commit to equality, diversity and inclusion are more likely to set a positive example and tone for the Academy Trust by following an appropriate strategy for delivering its charitable Objects and setting inclusive values and supportive culture. The Board should consider the impact of its diversity in acting as role models and ambassadors for the Pupils and communities it seeks to serve.

Key outcomes

6.1 The principles of equality, diversity and inclusion are valued and embedded across the Academy Trust and help to deliver its charitable aims.

6.2 The Board supports governance at all levels to have a focus on equality, diversity and inclusion that ensures the Academy Trust's Schools meet the three aims of the Public Sector Equality Duty.

6.3 Obstacles to participation are reduced, with the Academy Trust's activities designed and open for everyone included within its charitable Objects, and, where relevant, in accordance with any overarching principle of its Foundation. This supports the Academy Trust to challenge inequality and achieve improved equality of outcomes.

6.4 The Board is more effective because its diverse perspectives, experiences and skills are valued and embedded.

Recommended practice

6.5 Systems and culture

- a. The Board analyses and is accountable for equality, diversity and inclusion in the Academy Trust, its context and the delivery of its charitable Objects.
- b. The Board assesses its own understanding of equality, diversity and inclusion. It considers how this happens in the Academy Trust as a whole and in individual academies, identifying and addressing any gaps in understanding which are then filled by discussion, learning, research or information.
- c. The Board regularly assesses its own practice and the Academy Trust's approach to equality, diversity and inclusion, using available data and, where applicable, lived experience.

- d. The Board ensures systems are in place to support all Schools in fulfilling their responsibilities under the Public Sector Equality Duty. The Board receives monitoring reports and ensures appropriate actions are taken where Schools need further support or training.

6.6 Setting context-specific and realistic plans and targets

- a. The Board sets a clear Academy Trust-wide approach to equality, diversity and inclusion in line with the Academy Trust's charitable Objects, strategy, culture and values. This is supported by appropriate plans, policies, milestones, targets and timelines⁸.
- b. To promote inclusive governance culture, practices and behaviours, the Board uses the findings from its assessments to make context-specific and regularly reviewed plans and targets for equality, diversity and inclusion training for those involved at all levels of Trust governance.

6.7 Taking action and monitoring performance

- a. The Board ensures that there are appropriate arrangements and resources in place to monitor and achieve the Academy Trust's equality, diversity and inclusion plans and targets, including those relating to the Board.
- b. The Board promotes, demonstrates and embeds inclusive behaviours, practices and cultures across the Academy Trust.
- c. The Board regularly monitors and actively implements its plans and targets established under 6.6b.

⁸ In a Voluntary Academy Trust, The Board's approach is informed by the Foundation's overarching principles.

- d. The Board leads the Academy Trust's progress towards achieving its equality, diversity and inclusion plans and targets. It receives regular updates from the Executive Leadership Team including challenges, opportunities and new developments.
- e. The Board actively engages in learning and reflection about equality, diversity and inclusion and understands its accountability in this area. It acts on any gaps in its understanding and looks at how Board practice, culture and behaviours are affected by these gaps.

6.8 Publishing performance information and learning

- a. The Board regularly publishes information on its progress towards achieving its equality, diversity and inclusion plans and targets, including challenges, opportunities and learning.

Principle 7. Openness and accountability

The Board leads the Academy Trust in being transparent and accountable. The Academy Trust is open in its work, unless there is good reason for it not to be.

Rationale

The public's confidence that an Academy Trust is delivering high-quality and safe educational experiences in meeting its charitable Objects is fundamental to its reputation, success, and by extension the success of the Academy Trust sector. Making accountability real, through genuine and open two-way communication that celebrates success and demonstrates willingness to learn from mistakes, helps to build trust and confidence, and earns and maintains legitimacy.

Key outcomes

7.1 The Academy Trust's work and impact are appreciated by all its stakeholders, partners and the wider School community.

7.2 The Board ensures that the Academy Trust's performance and interaction with its stakeholders are guided by the values, ethics and culture determined by the Board. Directors make sure that the Trust collaborates with stakeholders and partners, to promote sound ethical conduct⁹.

7.3 The Board recognises its responsibility for building public trust and confidence in its work.

7.4 The Board is seen to have legitimacy in representing its Pupils, parents and carers, staff and wider communities.

7.5 The Board works collaboratively to ensure governance is robust, effective and proportionate.

7.6 The Board is transparent about the Academy Trust's governance arrangements, publishing details in an accessible format on the Academy Trust's website.

Recommended practice

7.7 Communicating and consulting effectively with stakeholders

- a. The Board identifies the key stakeholders with an interest in the Academy Trust's work. These might include Pupils, parents and carers, staff and local communities. Voluntary Academies will also have a strong relationship with their Foundation.
- b. The Board makes sure that there is a strategy for regular and effective communication with these stakeholders about the Academy Trust's Objects, values, work and achievements, including information that informs them of the Academy Trust's success in achieving its Objects.

⁹ Directors in Voluntary Academy Trusts make sure the Trust collaborates with its Foundation.

- c. As part of this strategy, the Board considers how best to communicate the Academy Trust's governance structure including those functions delegated to others such as Local Committees or the Executive Leadership Team. The Academy Trust's communications indicate who the Directors are and the decisions they make. The Board provides public disclosures on its and the Academy Trust's performance in line with company law and the Department for Education's statutory guidance.
- d. The Board ensures that stakeholders have an opportunity to raise matters with the Board through agreed processes and routes, for example through surveys or direct communication. The Board arranges for the publication of key information on the Academy Trust's website as required by legislation and the Academy Trust Handbook.
- e. When appropriate, and not impacted by confidentiality issues, the Board makes sure there is suitable engagement with stakeholders about significant changes to the Academy Trust's policies or strategic plans.

7.8 Developing a culture of openness within the Academy Trust

- a. The Board gets regular reports on complaints and the positive and negative feedback received by the Academy Trust, both for the Academy Trust as a whole and for individual Schools. The Board can demonstrate that it learns from mistakes and errors and uses this learning to improve performance and internal decision making.
- b. The Board makes sure that there is a transparent, well-publicised, effective and timely process for making and managing a complaint and that any complaint is handled constructively, impartially and effectively (and in compliance with the Academy Trust's legal obligations).
- c. The Board keeps a register of interests for Directors, Members, those on Local Committees, the Executive Leadership Team and agrees an approach

for how these are communicated publicly in line with the Department for Education's statutory guidance and Principle 3.

7.9 Member engagement

- a. The Board ensures that it understands the role of the Members and provides Members with relevant information about the Academy Trust's work so that Members can exercise their legal functions.
- b. The Board values and has due regard to Members' views.

Links to key relevant documentation

Directors must read and understand the content of their own Academy Trust's Articles of Association including any supporting standing orders or byelaws and the Academy Trust's Funding Agreement with the Education and Skills Funding Agency (ESFA). These documents are published on the Academy Trust's website.

Links to other helpful documents are given below:

- DfE's *Academy Trust Handbook*,
- DfE's *Academy Trust Governance – Structures and Role Descriptors*
- DfE's *A Competency Framework for Governance*
- the Charity Commission's guidance *CC3: The Essential Trustee, what you need to know, what you need to do*
- Companies Act 2006 *Chapter 2 General Duties of Directors*
- *The Framework for Ethical Leadership in Education*

Terminology

The terminology used in the Academy Trust Governance Code uses the definitions below:

Term	Definition
Academy	<i>Academy</i> means a School, or 16-19 institution, which has converted to Academy status, or has been opened as a Free School, and is operated by an Academy Trust under a Funding Agreement.
Academy Trust	The <i>Academy Trust</i> means the legal entity (a company limited by guarantee) operating an Academy or group of Academies.
Academy Trustees	<i>Academy trustees</i> means those individuals serving on an Academy Trust Board both as Directors and charity trustees. An Academy company is also an Exempt Charity and hence does not have to register with the Charity Commission. The company directors are therefore also charity trustees (see definition of “Director” below). However, in Voluntary Schools (including those with a religious character) the term Trustee is reserved for those holding the historic educational endowment on which the School is founded (also referred to as the School’s Foundation). Therefore, to avoid confusion, for the purposes of the Code, individuals on the Academy Trust Board are referred to as Directors.
Academy Trust Handbook	The <i>Academy Trust Handbook</i> is published annually by the DfE and sets out the financial, management and governance requirements for Academy Trusts.
Accounting Officer	The <i>Accounting Officer</i> is the person formally designated by the Academy Trust to hold specific responsibilities related to the financial matters of the Trust. The Accounting Officer has a personal responsibility to Parliament and to the

	Education and Skills Funding Agency (ESFA) for the Academy Trust's financial resources.
Articles of Association	The <i>Articles of Association</i> is the document that stipulates the charitable purpose and the specific governance arrangements and legal requirements of the Academy trust.
Board	The <i>Board</i> means the accountable body for the Academy Trust which is the Board of Directors.
Chair	<i>Chair</i> refers to the person who is elected by the Directors to chair the Trust Board.
Director	<i>Director</i> refers to a person who serves on the Academy Trust Board, having been elected or appointed in accordance with the Academy Trust's Articles of Association.
Education and Skills Funding Agency (ESFA)	The <i>Education and Skills Funding Agency</i> is a government executive agency sponsored by the Department for Education. It is the agency accountable for funding education, apprenticeships and training for children, young people and adults.
Executive Leaders/Executive Leadership Team	<i>Executive Leaders/Executive Leadership Team</i> should be taken to mean those held to account by the Board for the performance of the Academy Trust.
Exempt Charity	An <i>Exempt Charity</i> does not have to register with the Charity Commission. The principal regulator of exempt Academy Trusts is the DfE. Exempt charities still need Charity Commission's approval for some transactions e.g. amendments to charitable Objects and charity trustee payment for work as a charity trustee.
Foundation	<i>Foundation</i> means the charity which founded and is providing a voluntary School or Academy, and to whom those conducting that School or Academy are accountable. An Academy's Foundation generally has the power to appoint Directors and/or those who sit on the relevant Local Committee(s). Academies which are not Voluntary Academies do not have a Foundation.

Funding Agreement	The <i>Funding Agreement</i> refers to the agreement between the Academy Trust and the Secretary of State for operating an Academy, including funding arrangements, obligations and termination provisions.
Governance Professional	The <i>Governance Professional</i> is the person in the Academy Trust who is designated to assess all aspects of governance effectiveness and compliance within the Trust and advise the Academy Trust so that the Academy Trust meets its statutory and regulatory requirements. They also provide the strategic leadership of the services that support governance across the Trust, including coordinating training for those engaged in governance.
Local Committee	<i>Local Committee</i> means a committee of a Trust Board with multiple Academies that is established as such under the Academy Trust's Articles of Association, to carry out the functions specified in the Trust's Scheme of Delegation for a particular School. This also covers local governance where the Local Committee has responsibilities for more than one School.
Members	<i>Members</i> refers to those who are the founder Members (signatories to the Memorandum) and/or subsequent Members of the Academy Trust. Members in a company limited by guarantee (i.e. all Academy Trusts) have a similar role to shareholders in a company limited by shares.
Objects	The <i>Objects</i> identify and describe the charitable purpose(s) for which the charity (i.e. the Academy Trust) has been set up to pursue.
Pupil	<i>Pupil</i> refers to any young person being educated in a School including those in secondary and post-sixteen education where the term "student" is a common alternative term.
Scheme of Delegation	The Academy Trust's <i>Scheme of Delegation</i> is the document that sets out where the accountabilities and responsibilities sit within the Academy Trust.

School	<i>School</i> refers to a designated educational establishment for the education of young people, which includes education for pupils and students of compulsory School age (i.e. primary and/or secondary education).
Terms of Reference	<i>Terms of Reference (ToRs)</i> define the purpose, delegated powers (if any) and governance procedure of a committee, meeting, or project group who are working together to achieve specific goals.
Trustees	<i>Trustees</i> means the body of persons (whether incorporated or not) holding the legal title of land on behalf of a charity which is providing a Voluntary School or Academy, and to whom those conducting the School or Academy are accountable. They are not the same as charity trustees of an Academy Trust. Academies which are not Voluntary Academies do not have Trustees. To avoid confusion, for the purposes of the Code, the Trustees of a Voluntary Academy are generally referred to as that Academy's Foundation.
Voluntary Academy	A <i>Voluntary Academy</i> is an Academy that has been founded by a charity (the Academy's Trustees, or Foundation) and usually remain represented in the governance of the Academy. Most of these Foundations are churches, some are other religious bodies, and a small number are non-religious charities. Approximately one-third of all Academies are Voluntary.

Differences between Voluntary and other Academies (The Dual System)

The categories of maintained Schools and the kinds of voluntary and foundation Schools and types of foundation are given in sections 20 and 21 of the School Standards and Framework Act 1998.

There are voluntary maintained and special Schools, Academies and sixth-form colleges, that together make up around one-third of the education sector.

Voluntary Schools have Trustees (their Foundation), and other state-funded Schools do not. These Trustees are not the Academy Trustees/Directors but the Trustees of the Foundation.

It is to differentiate these two different types of Trustee, that Trusts with a religious Foundation call their Academy Trustees, Directors. All voluntary Schools therefore have an additional line of accountability through their Trustees and there is a fundamental difference in the governance of voluntary and other Schools.

To avoid confusion and as all Academy Trust Trustees, independent of the status of the Trust, are also company directors, in the Governance Code Academy Trust Trustees are referred to as Directors.

The implication for Academy Trust Governance is that those Trusts that have voluntary Schools will have Schools that have an additional accountability through the Foundation's Trustees. In Church Schools, this accountability will include having inspections under Section 48 of the Education Act 2005.