



Impact of New Legislation on Academy Risk and Compliance Strategies

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From 2025 onwards, academy trusts have faced a significant shift in regulatory and statutory expectations, placing greater emphasis on governance quality, financial oversight, safeguarding, and assurance. While many of these changes stem from updated statutory guidance rather than entirely new primary legislation, their combined impact marks a move towards increased accountability, stronger trustee engagement, and more robust evidence of compliance.

Trusts are now expected to not only meet these requirements but to actively demonstrate how they are overseen and embedded across the organisation.

Academy Trust Handbook 2025

The Academy Trust Handbook (ATH), effective from September 2025, continues the trend of reinforcing financial management and governance expectations. Key areas of focus include:

- Enhanced trustee oversight of financial management
- Clearer delegation frameworks
- Increased transparency regarding related party transactions and conflicts of interest
- Stronger expectations for independent, risk-based, and effective internal scrutiny arrangements

Trustees are now required to engage more frequently and critically with financial information. They must ensure that delegation and approval processes are well-documented and consistently applied. Additionally, internal scrutiny arrangements must provide meaningful assurance, not merely fulfil compliance requirements.

Financial Reporting and Accounts Preparation

Looking forward from 2025, updates to the Accounts Direction and the Academies Financial Reporting Framework continue to reinforce the need for clarity, consistency, and long-term sustainability. There will be a heightened focus on robust going concern assessments, particularly for trusts facing funding pressures or rising costs. These assessments should also show a clearer alignment between financial forecasts, risk registers, and narrative disclosures.

Trustees must demonstrate a stronger understanding of the accounts they approve, and narrative reporting will increasingly be treated as a governance output, subject to audit scrutiny.

Procurement Act 2023 – Full Implementation

From 2025 onwards, the Procurement Act 2023 applies fully to academy trusts for relevant procurements, reflecting their status as contracting authorities. This Act introduces revised procurement procedures, including updated thresholds and enhanced requirements for transparency, record-keeping, audit trails, and value for money.

Academy trusts must ensure that their procurement policies are up to date, trustees understand their responsibilities under this new regime, and procurement decisions are well-documented and defensible. This is essential for maintaining transparency and ensuring compliance with legal and regulatory frameworks.

Safeguarding and KCSIE Developments

Updated expectations under Keeping Children Safe in Education (KCSIE) continue to emphasise safeguarding as a trust-wide governance responsibility. There is a stronger expectation for board-level oversight of safeguarding arrangements, clearer accountability for monitoring and escalation, and an increased emphasis on trustee training and awareness.

Safeguarding risks should be explicitly reflected in the trust-wide risk register, with trustees expected to evidence active oversight. Reliance solely on operational assurance will no longer be sufficient.

Internal Scrutiny and Assurance Expectations

From 2025 onwards, the Department for Education (DfE) has made its expectations for internal scrutiny more explicit and demanding. Trusts are expected to adopt risk-driven scrutiny plans that are aligned to their specific risk profile. It is essential that there is clear separation between internal scrutiny, management review, and external audit functions.

Internal scrutiny will be viewed as a key indicator of governance effectiveness, and trustees must actively review findings and track remedial actions.

Increased Compliance and Governance Burden

The cumulative effect of changes effective from 2025 onwards is an increase in compliance expectations for academy trusts. Emphasis has been placed on:

- Trustee involvement in decision-making and governance
- Higher standards of documentation and evidence
- Stronger alignment between strategy, risk, and financial reporting
- Increased expectation of informed and well-documented challenge

Compliance will increasingly be assessed based on how decisions are made and overseen, not just on outcomes.

Audit and Regulatory Implications

From an audit and assurance perspective, these developments place a greater focus on whether trusts have identified and responded to evolving regulatory expectations.

Auditors will be assessing the effectiveness of governance, risk management, and internal scrutiny, as well as ensuring consistency between trustee oversight, reporting, and operational practices.

Academy trusts that do not adapt their governance arrangements may face increased audit recommendations or regulatory scrutiny.

Conclusion

From 2025 onwards, regulatory and statutory expectations for academy trusts have continued to evolve. The focus has now decisively shifted towards demonstrable governance, transparency, and trustee accountability.

Academy trusts that proactively respond to these developments, strengthen their governance structures, and embed compliance into everyday decision-making will be better positioned to meet DfE expectations and demonstrate strong assurance outcomes.