UHY Hacker Young
Chartered Accountants

2023 Academies Benchmark Report

Our 11th annual benchmarking report, developed to summarise the current academy sector trends and to allow you to benchmark your school against others.

Helping you prosper

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Foreword from UHY's academies chair

Welcome to our 2023 Academies Benchmarking Report. This is our eleventh annual report, with this issue analysing the 2021/22 financial year data for more than 1,400 academies.

It remains a challenging time for everyone working in the education sector. At the time of writing we are in a period of regular teaching strikes, and it is clear that the cost pressures on staffing are set to continue. Educational leaders are facing the difficult job of balancing budgets and maintaining, and ideally improving standards. Energy costs are another focal point for many at the moment. Whilst the outlook here may not be as harsh as predictions last year, the rise in costs for some trusts coming out of fixed contracts remains eye watering.

From a pure financial sense, a large majority of trusts and academies enjoyed a "good" financial year and were able to post surpluses to build their reserves. It is likely to be different this time next year, and trusts will be glad to be able to fall back on the reserves built during the pandemic and over the past year.

Whilst some trusts have opted to build reserves, we have seen others, like last year, invest in building improvements or new capital equipment.

An invaluable benchmarking page has once again been included at the end with space for you to add your own trust's data alongside the average per pupil results in key areas. **If you would like a tailored report with a graphical representation of your results, we can help – do please get in touch and let us know.**

I do hope that you enjoy our report and find our analysis interesting. Any of our academy specialists around the country would be pleased to help you understand the data, and do feel free to contact me if you wish. Finally, since we are always keen to improve our benchmarking report; we would be pleased to receive suggestions for areas to look at next year.

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A summary of our report

This year our benchmarking report once again covers over 1,400 academies, with the sample including a mix of our own clients plus some other trusts, as in previous years, to ensure we cover all areas of the country.

MATs, secondary academies and primary academies are reviewed and, in some areas, we have drilled down further into the MAT data to analyse different sizes of MAT.

Headline stats:

Overall:

- As of 1 January 2023 49% of academies were in MATs
- Average cash at bank held of £1,312 per pupil
- 65% of trusts reported entering into a related party transaction during 2021/22 (2021: 67%)
- 36% (2021: 46%) of trusts did not enter into a related party transaction above £10,000
- Just 6% of trusts had no flagged observations in their audit findings report
- A decline in average Accounting Officer remuneration per pupil
- Overall rise in supply teacher costs to average £120 per pupil (2021: £76)
- 60% of trusts (2021: 53%) made some form of restructuring payment
- 27% of trusts made total restructuring payments of more than £100k
- 19% of trusts made a non-contractual severance payment in excess of £30,000
- Massive drop in LGPS liabilities – on average the deficit is now just 14% of what it had been at 31 August 2021 and a third of the 2018 levels

MATs

- 83% of MATs reported a GAG surplus in 2021/22
- 64% enjoyed a surplus of more than £250k
- Unrestricted funds held grew to £345 per pupil (2021: £279k)
- Average MAT cash at bank rose 15% to £1,282 per pupil
- Average AO salary in a 11 – 20 school MAT was down to £157k (2021: £165k)

Primary academies

- 75% of primaries reported a GAG surplus in 2021/22
- 52% enjoyed a surplus of more than £250k
- Average primary reserves fell to £284k.Cash at bank increased by 9% to an average of £580k
- The average primary paid key management remuneration of £790 per pupil
- The average AO salary is £81k

Secondary academies

- 73% of secondary academies reported a GAG surplus in 2020/21
- 53% enjoyed a surplus of more than £250k
- Average secondary reserves grew to £1.2m
- Cash at bank rose 9% to £1.44m on average
- The average secondary had staff costs at 75% of total costs
- Average AO salary was £120k

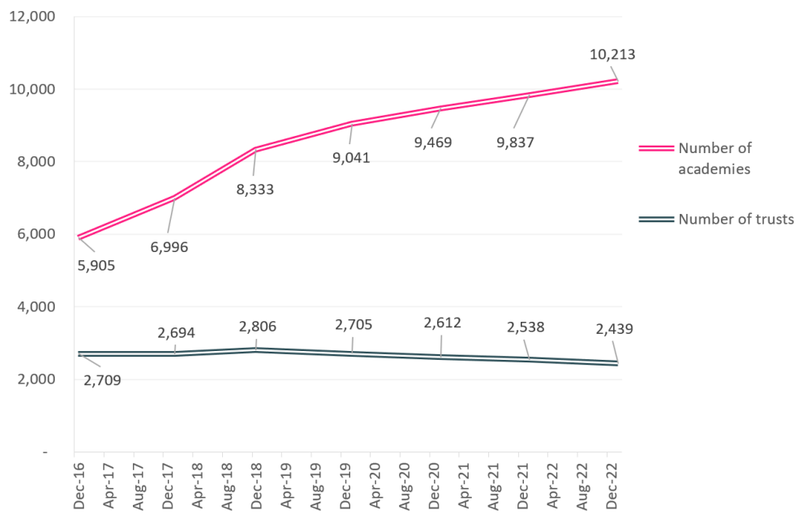
Summary of the sector

The sector continues to evolve, with the growth in both the number and size of MATs accelerating.

The majority of trusts – although only just, at 51% - continue to be SATs even if nearly 9 in 10 academies are now part of a MAT. Next year will we see the number of MATs surpass SATs for the first time?

The slow downward trend in the number of trusts has continued, as mergers see many SATs and smaller MATs merge. There are now 13% fewer trusts than the peak of 2,806 in December 2018.

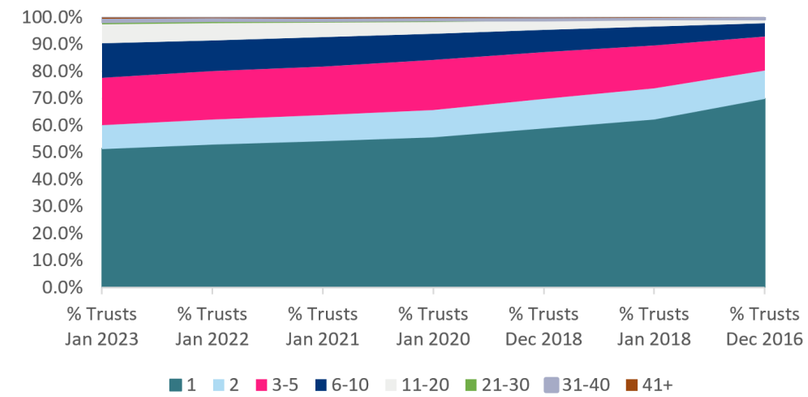
Growth in number of academies and fall in trusts



The 10,213 academies open in January 2023 still represent only around half of the total number of schools in the country. Whilst the majority of secondary schools are academies (around 4 in 5) around 60% of primary schools have yet to convert. It will be interesting to see that happens in the years to come as we move further into 2023 when the Government have suggested they would like to see all schools in a successful trust. Whether or not this target is achievable is debatable since it would require around 25 schools to convert to academies each year on average. There is then the question of whether or not trusts currently in existence will be able to absorb these large numbers. We have seen the growth of many of our own clients slow as they seek to consolidate after several years of expansion, and we believe this is representative of the sector as a whole.

Trust Size	Trusts	% Trusts Jan 2023	% Trusts Jan 2022	% Trusts Jan 2021	% Trusts Jan 2020	% Trusts Dec 2018	% Trusts Jan 2018	% Trusts Dec 2016
1	1,251	51.3%	52.8%	54.2%	55.5%	58.8%	62.2%	69.8%
2	430	8.8%	9.3%	9.6%	10.1%	11.0%	11.5%	10.5%
3-5	1,667	17.6%	18.0%	18.0%	18.6%	17.4%	16.0%	12.7%
6-10	2,361	12.7%	11.3%	10.9%	9.8%	8.1%	7.0%	5.0%
11-20	2,440	7.0%	6.2%	5.3%	4.3%	3.3%	2.4%	1.3%
21-30	754	1.2%	1.3%	1.1%	1.0%	0.8%	0.6%	0.4%
31-40	738	0.9%	0.6%	0.5%	0.5%	0.4%	0.2%	0.1%
41+	573	0.5%	0.4%	0.3%	0.3%	0.2%	0.2%	0.2%
Total	2,538	100%	100%	100%	100%	100%	100%	100%

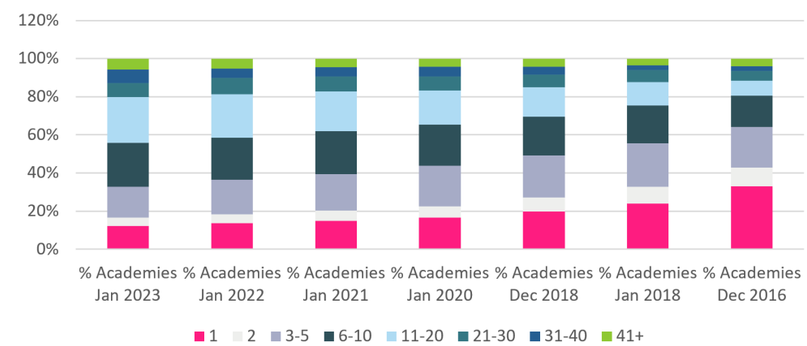
The change in MAT size in past 5 years

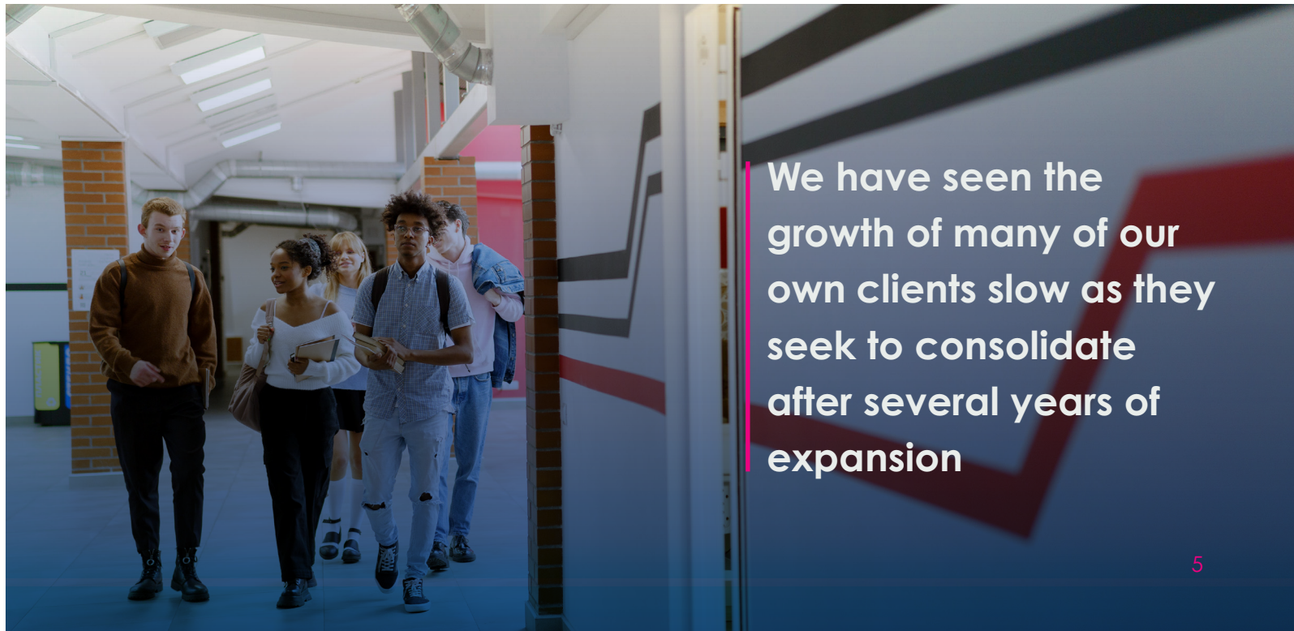


As of January 2023, 9.6% of trusts (January 2022: 8.5%) were responsible for more than 10 academies. There are currently 32 'super-sized' trusts of more than 30 schools.

44% of academies are now managed by MATs responsible for more than 10 schools with, for the first time, more than 1 in 5 now in a MAT of 20+ academies.

The number of academies in MATs of different sizes





Other sector developments

The lack of stability in the government has been a concern for the sector, with changes in both Prime Minister and Education Secretaries. The upheaval perhaps casts further doubt over which party may be in power after the next election and this could have significant ramifications for the sector.

With rising costs the call for an increase to school funding is set to continue. The government did announce an extra £2.3bn in the Autumn Statement, although at present it is not clear how this will be delivered. The 2023 Spring Budget did not bring any further good news, with no new funding announced.

The education sector is not unique in facing the upheaval of strike action, with the NHS and the train network amongst the others affected. Many public sector unions have been pushing for better pay for their members, but schools with striking staff are left in the difficult position of trying to ensure the provision of education continues for pupils. In response, some schools have closed on strike days completely, whilst others have chosen to close to certain year groups.

Others have incurred the high cost of additional supply staff.

One issue we increasingly hear clients talk about is the challenge with Special Education Needs (SEN) funding. There is an estimated £2bn shortfall in SEN funding, which will often mean inadequate provision and children being educated in inappropriate settings.

There are around 400,000 pupils across the country with an Education Health and Care Plan, a huge 62% more than in 2015. The system is straining to cope.

Even when funding is available often schools have to fund the cost of additional staff support before any additional funding comes through from the Local Authority.

We have spoken to several clients who are predicting this is increasingly going to be a key challenge over the next few years.

> **schools with striking staff are left in the difficult position of trying to ensure the provision of education continues for pupils.**

The National Governance Association commented recently, following the 2023 Spring Budget, of their disappointment over the Government's failure to invest further in England's schools, and noted, in particular, the failure to fund an increase in provision for pupils with additional needs.

Staff costs, numbers and teaching staff to pupil ratios

The 2021/22 year marks the third academic year affected by Covid-19. Schools were fully open for the entire year but many were dealing with higher levels of staff shortages due to sickness.

Since March 2022 when the final covid restrictions were lifted, the advice has been that Covid-19 should be managed like other respiratory infections, such as flu. Covid-19 is considered to present a low risk to children and young people which combined with the high vaccination rates means there are no longer specific rules relating to Covid-19 in schools and other education settings. Whilst children and young people who test positive are advised to try to stay at home and avoid contact with other people for three days, the advice for adults is five days. This is due to children and young people tending to be infectious to other people for less time than adults.

Staff costs make up a large proportion of the budget and, in view of this, all well managed trusts will be keeping a close eye on their most significant cost.

To operate both a sound financial model and to provide an excellent education to its pupils, a trust must ensure its staff offer value for money. This can be difficult at times, with teaching staff automatically rising through pay spines for most trusts, and regular pressure from teaching unions.

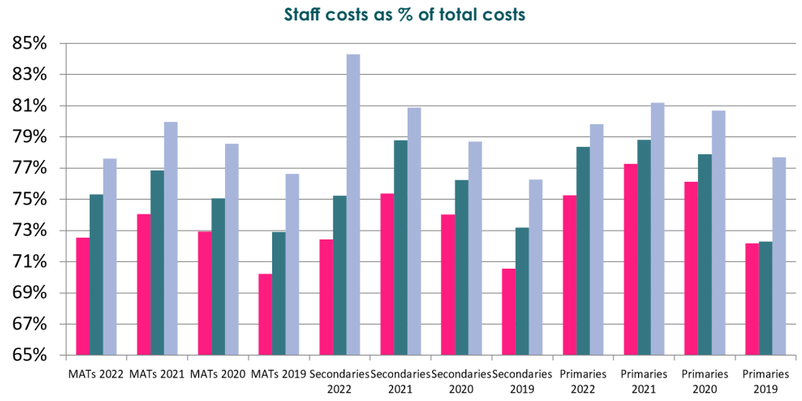
Academy leaders are very aware of what other local trusts may be paying their staff and, with a shortage of high quality staff in some areas, competition between schools is fierce. Academies near London, but outside the zone for higher pay, face a particular challenge with the risk that teachers living on one side of the threshold will travel to work at a school on the other.

The starting salary for teachers outside of London rose during the 2021/22 academic year with starting salaries reaching £28,000. This is in line with the government's manifesto commitment for new teacher pay to rise to £30,000. The competitive starting salary is hoped to assist in attracting top quality talent and further raise the status of the teaching profession.

The government has offered most teachers a 3% rise in 2023/24 which the National Education Union (NEU) consider not to be enough. The Unions have since accepted a 7% increase for 2022/23 which would be backdated to April.

The Teachers' Pay Grant and Teachers' Pension Employer Contribution Grant (TPECG) are now included as part of the national funding formula. This makes the funding for these costs uncertain in the future.

Staff costs make up such a large proportion of any school's budget that it is the obvious area to focus on if it becomes necessary to make savings. At the same time, staff are at the core of the educational activities being provided and it is therefore a constant and difficult balance. This is why it is vital to ensure value for money is achieved. Using techniques such as benchmarking and integrated curriculum financial planning (ICFP) can help identify areas where a trust may not be operating as efficiently as possible. The contact ratio is an important part of ICFP since it is vital that teaching staff, including educational leaders, are spending sufficient time in front of pupils.



Taking into account the average, there has been a reduction in the staff costs as a percentage of total costs. However, given the increases that have been announced, it continues to highlight the importance of the continued funding to academies' future budgets.

The average staff costs have reduced a few percentage points across the sector, but secondary academies have seen the largest reduction.

Average staff costs as % of total costs				
	2021/22	2020/21	2019/20	2018/19
Primary academies	78%	79%	78%	72%
Secondary academies	75%	79%	76%	73%
MATs	75%	77%	75%	73%

Trustees should review key performance indicators (KPIs) regularly throughout the year and explain these within the annual report. We would expect some measure of staff costs to be considered as a KPI during these reviews.

The cost of getting it wrong when it comes to staff can result in significant financial costs. Restructuring costs remain common, and when it comes to agreeing severance settlements this can take up significant management time. Of course, some restructuring costs arise by choice if costs need to be cut, with the short-term cost outweighed by the longer-term savings. Where an employee is not performing, trusts should ensure they manage the process well from the very beginning, taking appropriate HR and legal advice where necessary, and maintaining detailed records.

This can help keep the cost of a settlement down but with current employment law weighed in the employee's favour it continues to often be cheaper – when management time is taken into account - to enter into a settlement than deal with a protracted court case.

We continue to see innovative ways of dealing with annual pay reviews and trusts increasingly linking pay rises to performance.

The DfE guide 'Implementing your school's approach to pay' was updated in October 2022 and this remains a useful resource, with helpful non-statutory advice for schools and governance boards on subjects such as delivering the appraisal process and how to make robust and informed decisions on teachers' and leadership pay.

Integrated Curriculum Financial Planning

We touched on Integrated Curriculum Financial Planning (ICFP), or curriculum led planning, earlier in this section. This method of monitoring efficiency remains popular and the DfE continue to push trusts to use ICFP by requiring them to sign up for it as part of the terms and conditions of certain grant funding.

ICFP is particularly relevant to staff costs. The starting point is to determine the educational needs of all pupils at an academy and then ask how the academy can run this curriculum in a financially sustainable way.

Key to ICFP are various ratios and statistics:

- Cost per lesson (total teaching staff cost divided by number of teaching periods)
- Pupil to teacher ratio (PTR)
- Contact ratio (average number of teaching periods divided by total number of periods)
- Curriculum headroom (a positive or negative statistic based on class size as a percentage of average class size)
- Average teacher cost.

If you have not already embraced ICFP we

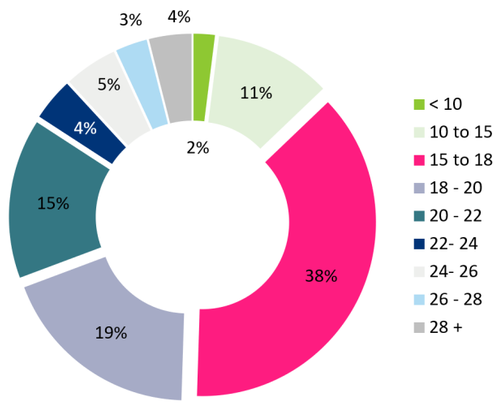
Pupil to teacher ratio

An important part of efficiency can be the pupil to teaching staff ratio (PTR); as noted above this is one of the key components of ICFP.

This year, 57% (2021: 55%) of academies in our sample had a pupil to teacher ratio (PTR) in one of two most common ranges (15 to 18 and 18 to 20), meaning the majority of academies once again have a PTR of between 15 to 20.

The academies at the lowest end of the scale are generally special needs academies for pupils with very different educational needs. At the opposite end of the spectrum, 4% of academies (2021: 2%) had a PTR of over 28. The number of trusts with a PTR of 20 or more stabilising at 31% (2021: 31%).

Teaching staff to pupil ratio



Supply staff

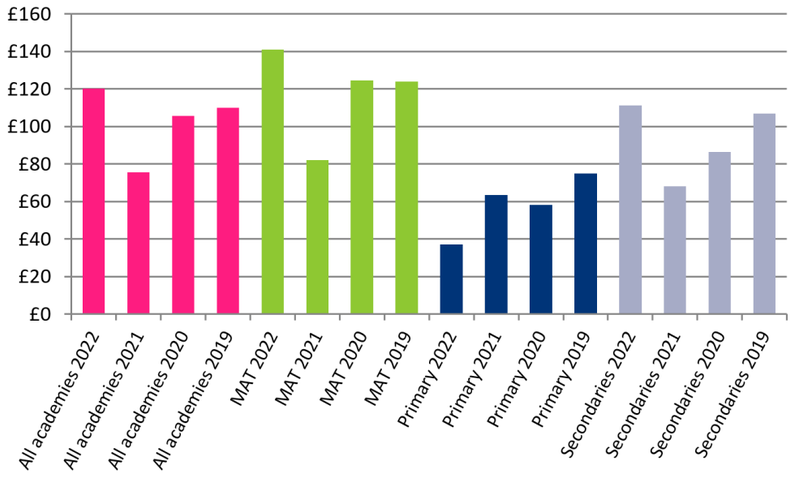
There have again been mixed results with some schools spending more as staff illness rates soar and teacher shortages worsen.

Unsurprisingly, there has been a sharp increase in the supply costs per pupils increasing to £120 per pupil (2021: £76) for all academies.

The actual spend behind these per pupil numbers shows that the average primary academy has paid out £37k (2021: £34k) in supply costs and the average secondary £111k (2021: £64k).

It has been reported that some trusts have had success in reducing its spend on agency staff by merging classes. One trust suggests this gives pupils a better experience than a class run by a cover teacher which can be variable and inconsistant. Pupils attended their lessons in the former school hall in exam style conditions which could compromise up to three classes. They completed work from external resources or pre-recorded lessons on Chromebooks which were supplied to all pupils by the trust. There are additional costs associated with this such as investing in the IT infrastructure to ensure large numbers of pupils can log on at the same time. Trusts should consider the resources available to them to explore ways they could reduce spend on agency cover.

Supply teacher costs: £ per pupil



Key management remuneration

Senior leadership pay continues to be a divisive issue in the sector and, rightly, is often an area that comes under scrutiny.

Trusts need to follow the Academy Trust Handbook (ATH) guidance for setting executive pay which requires a "robust evidence-based process and a reasonable and defensible reflection of the individual's role and responsibilities".

Benchmarking against other trusts is worthwhile but differing structures and the decision over who is classed as key management, particularly in a MAT, continues to vary enormously and restricts the usefulness of some comparisons.

Academy trust accounts need to disclose remuneration pay to key management personnel (KMP). This is a term used in the accounting standard FRS 102, on which much of the Academy Accounts Direction (AAD) is based. The AAD makes it clear that key management would be considered to be:

"those persons having authority and responsibility for planning, directing and controlling the activities of a reporting entity, directly or indirectly, including any director (whether executive or otherwise). This definition includes academy trustees and those staff who are the senior management personnel to whom the trustees have delegated significant authority or responsibility in the day-to-day running of the academy trust. In practice, this is likely to equate to trustees and an academy trust's senior leadership team. For trusts with multiple academies, it may also include principals and senior leadership teams of individual academies. However, this will depend on the specific circumstances in place."

The ESFA guidance issued in July 2019 on setting executive salaries continues to be a useful resource which can help boards in making decisions about pay and to be confident about, and accountable for, these decisions. The guidance sets out key factors that should be used by academy trust boards when setting or reviewing executive salaries, so they are set at fair, reasonable and justified levels.

Boards should adhere to the following key principles whilst reviewing salaries:

- they can be justified and are in the best interests of the trust
- they reflect the individual's responsibilities
- they demonstrate value for money.

The DfE has taken steps to challenge and reinforce the message to the sector that there is need for robust evidence-based processes in setting pay, and to ensure in particular that pay of leadership teams in the sector is transparent, proportionate and justifiable, including:

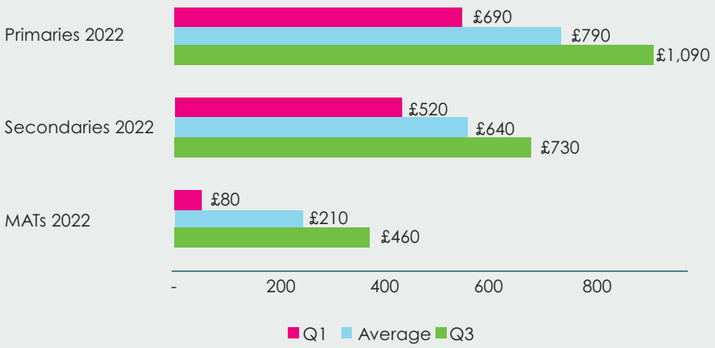
- publication of trusts paying a member of staff or trustee £150,000 or more, or multiple salaries between £100,000 and £150,000
- a requirement for trusts to reproduce on their website the high pay disclosure provided in their financial statements
- trusts in the defined Excessive Executive Pay (EEP) category can face up to a four point deduction on Capital Improvement Fund (CIF) bids
- seeking assurance from chairs of trustees that structured pay policies and procedures are in place where trusts pay any individual over £150,000, or two or more over £100,000 each
- with reference to the size of the trust, challenging trusts to justify their decision making where a member of staff is paid over £150,000, or two or more salaries are over £100,000 each.

The Academy Schools Sector Consolidated Report and Accounts (SARA) for trusts 2020/21 year was published by the DfE in January 2023 and reveals why there is such a continued focus in this area. The number of payments of £100k or more continues to increase year on year.

Source: DfE Academy Schools Sector Annual Report and Accounts for 2020/21

	2020/21: Number of ATs paying at least one individual above this	Proportion of ATs in sector	2019/20: Number of ATs paying at least one individual above this	Proportion of ATs in sector	Restated: 2018/19: Number of ATs paying at least one individual above this	Proportion of ATs in sector
Payments of £150k or more	563	21.1%	473	17.0%	340	11.6%
Payments of between £100k - £150k	1,841	68.8%	1,772	63.5%	1,535	52.5%

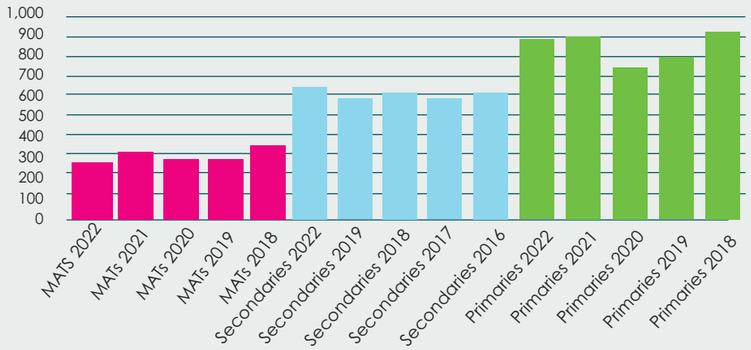
KMP remuneration per pupil



The chart on the left shows quite a range of results in per pupil figures across all types of trust. For MATs in particular the quartile 1 result is a mere fraction of the quartile 3 figure.

If we look just at the average figures, and compare year on year, we can see an increase this year for both MATs and primary academies.

Average KMP remuneration per pupil (£)



The relative size of the school impacts on the figures here and explains why the primary averages are generally higher. MAT per pupil figures are the lowest as a result of the relatively low number of management staff in the larger MATs compared to pupils.

Further analysis of the MAT data reveals the following:

	Mean average KMP cost per pupil 2022	Mean average KMP cost per pupil 2021	Mean average CEO/AO cost per pupil 2021	Mean average CEO/AO cost per pupil 2021
MAT size				
2 - 5 schools	£481	£505	£91	£82
6 - 10 schools	£356	£380	£51	£61
11 - 20 schools	£292	£220	£28	£45
20 schools +	£69	£68	£14	£9

CEO/Accounting Officer salaries

Trust boards and pay committees should also remember it is not acceptable to pay a certain salary just because another local trust of a similar size does likewise.

Payments to the very highest paid individuals will always attract the most attention. This individual may be titled as the Chief Executive, Accounting officer, or Headteacher but, ultimately, it is the executive leader of the trust responsible for leading the organisation.

It is natural that remuneration packages reflect the responsibility and risk and, as a result, there is often correlation with the size and complexity of the academy trust.

In most cases, the CEO of a large MAT will be paid more than the CEO of a small MAT with just two or three academies and, since most secondary academies are considerably larger than primary academies, it also follows that average remuneration for secondary leaders is higher than in primary academies.

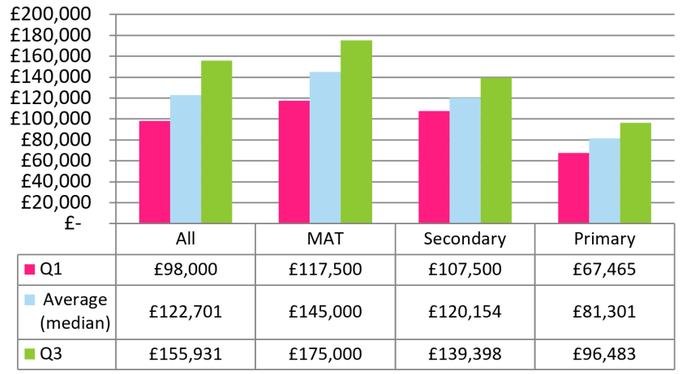
In recent years, the ESFA letters to trusts paying high levels of salary to executive leaders has forced trusts to justify these salaries, in some cases resulting in a reduction.

There is a relatively small band of remuneration levels for both secondary and primary headteachers. Secondary headteachers were paid between £107,500 (quartile 1) and £140,000 (quartile 3) whilst primary headteachers received remuneration of between £67,500 and £96,500.

There is a much wider range for MATs, understandably, with the CEOs of some of the larger MATs commanding higher remuneration.

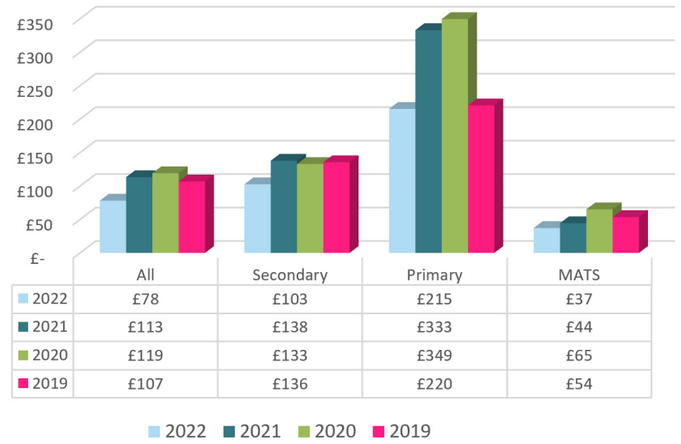
Size of MAT	Average CEO/AO salary
2 - 5 schools	130,000
6 - 10 schools	123,000
11 - 20 schools	157,000
20 schools +	187,000

CEO salaries



A fairer comparison can be made when reviewing per pupil salaries:

CEO per pupil



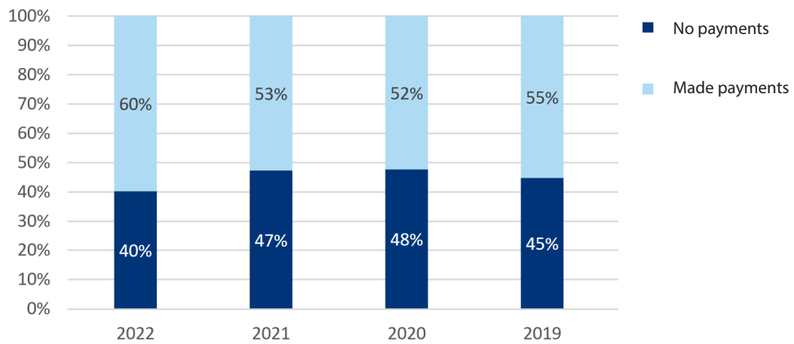
Restructuring and severance payments

Restructuring payments, including severance, are common in the sector. For a number of years, the number of trusts in our sample making such payments has been slightly more than those trusts which have not. This year there has again been a reduction in the percentage of trusts making such payments.

It should be remembered that restructuring costs are often incurred deliberately with the aim of becoming more efficient and achieving longer term savings. The regular re-brokerage of trusts and mergers between MATs also has an impact since some degree of restructuring is inevitable after such changes.

Restructuring is sometimes instigated by a financial need. If a trust is struggling in a financial sense, it is imperative that leaders react early enough to ensure that the trust can afford the short-term costs without causing cash flow worries.

Academies making compensation or severance payments

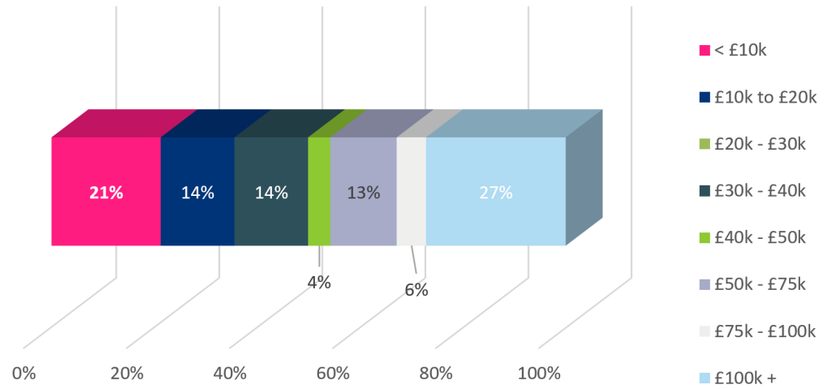


Range of restructuring payments

The level of restructuring payments made is also important. A significant number are relatively small, and this year 21% of trusts making payments paid out less than £10,000. At the opposite end of the scale, 27% of all trusts paid out over £100k in total.

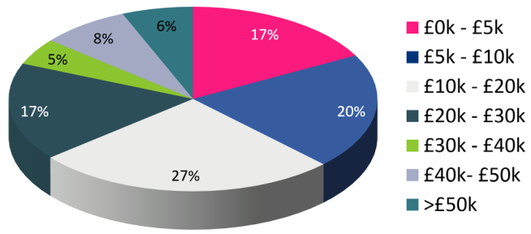
This is an increase from the 3% of trusts paying at that level in 2020/21. With the MAT figures often spread across numerous academies the high totals should not come as a complete surprise, but it highlights the additional costs that some trusts do face.

Restructuring payments range



Trusts must disclose the individual non-contract severance payments which form part of the total restructuring costs, and this further analysis helps us to understand the total costs. In some cases, the totals comprise several smaller payments, but there are some trusts paying significant individual sums.

Highest non-contractual payments



This year there was an increase of trusts with the highest non-contractual payment in the lowest two bands (up to £10,000) to 37% (2021: 35%). However, most trusts still have their highest non-contractual payment within the lowest three bands, 64% compared to 66% in 2021. However, there were more trusts in the over £50,000 band, with the largest individual payment recorded within our sample of £83,000.

Sorted by type of trust, the highest individual payments during 2021/22 were:

	2021/22	2020/21
Primary	£15k	£15k
Secondary	£29k	£15k
MAT	£83k	£71k

The TPS has over 2 million members and is one of the largest pension schemes in the UK.

Pension costs and liabilities

Academy trusts and their staff pay into two pension schemes: the Teachers' Pension Scheme (TPS) for their teaching staff and the Local Government Pension Scheme (LGPS) for all other support staff.

Both schemes offer attractive pension benefits to staff but funding them is expensive. The schemes are defined benefit schemes, which means benefits are guaranteed upon retirement and based on individuals' final salary just before retiring.

Teachers' Pension Scheme

A key change occurred on 1 September 2019 when TPS contribution rates increased significantly. The Teachers' Pension employer contribution rate increased sharply from 16.4% to 23.6%. With the additional employer contribution of nearly £3,000 for a teacher on a gross salary of £40,000, it is easy to see why the rate rise has had an impact on total salary costs.

The rise has been funded via the Teachers' Pension Employer Contribution Grant and so there has, to date, been no net cost to academies. The employer rate for future years will be determined once the current review is complete, with new rates due to become effective 1 April 2024. An increase seems almost certain, and there have been rumours that the rate may increase to as much as 30% of gross salary.

The TPS has over 2 million members and is one of the largest pension schemes in the UK. A full actuarial valuation exercise is completed once every four years to ensure that ongoing contributions from both members and employers are sufficient to meet the obligations of the scheme. The last full valuation in 2016, which was published in 2019, revealed the scheme was in deficit by around £22 billion, up £7 billion from the previous valuation with economic conditions and increased longevity attributed as the key factors.

There are different schemes, and membership of a particular scheme will depend on when the teacher entered the teaching profession. Until 2012, teachers were enrolled in the Normal Pension Age (NPA) final salary scheme. The CARE, or Career Average Revalued Earnings, scheme replaced the final salary scheme in 2012 and under this scheme a retiree's pension is calculated by using an average salary. The new approach was introduced in an attempt to combat the increasing deficit in the scheme and to make this more manageable in the future with an ageing population. This should work, but it will take some time before the impact is seen in the pension valuation.

Local Government Pension Scheme

In terms of annual financial statements, the focus has been on Local Government Pension Scheme (LGPS) liabilities, as these are shown on academy trust balance sheets and are therefore more visible.

Trustees have become accustomed to the fluctuating nature of these liabilities, and generally accept that a deficit is an accounting deficit with no direct impact on the cash contribution levels paid by their trust.

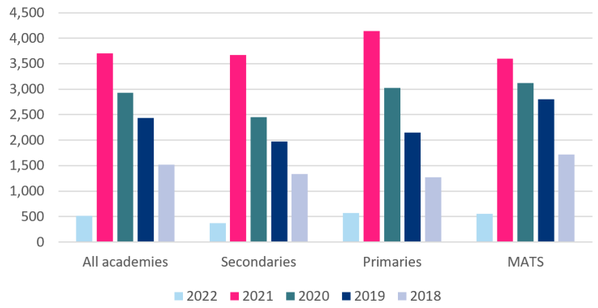
Over the course of the year to 31 August 2022, equity values increased slightly which resulted in the gross asset position of the LGPS being at a higher value at that date compared to the previous year.

The largest impact, however, has arisen due to the significant increase in the discount rate from below 2% at 31 August 2021 to above 4% as at 31 August 2022. This increase is due entirely to macro-economic factors and has the effect of reducing scheme liabilities significantly between 2021 and 2022 which, in turn, reduces the overall deficit.

In some cases, the total change has resulted in trusts enjoying a pension scheme asset. However, accounting standards limit any such surplus to 'zero' within the balance sheet as there is no automatic right to receive a refund of the excess amount nor is there the right to reduce contributions.

As a result of the above effects, net pension liabilities have fallen significantly between 2021 and 2022.

The chart below, showing deficits on a per pupil basis, shows just how much the LGPS deficits have decreased between 2021 and 2022 with steady increases seen up to 2021.



There is no national LGPS, with each Local Authority administering their own scheme and, as a result, the levels of both employee and employer contributions can vary significantly depending on geographical location.

Income

A key change to how core GAG income was paid during 2021/22 meant how academies presented certain information in their financial statements altered. Teachers' Pay Grants (TPG) and Teachers' Pension Employer Contribution grants (TPECG) were largely consumed into monthly GAG payments (6th form payments were kept separate), and so were no longer reported separately.

Some other new income streams were reported separately, where material, including:

- **Supplementary Grant** – this is additional funding on top of the main school budget share. The grant continues into 2022/23 following the announcement in the autumn 2021 spending review that there would be £1.6 billion of funding for schools. £1.2 billion of this will be awarded during 2022/23 via the schools supplementary grant. Funding is based on factors already in the schools national funding formula, and will be received via a combination of a lump sum, a basic per pupil rate and an additional per pupil rate for pupils eligible for school meals.
- **Recovery Premium** – announced in February 2021, this one-off premium for the 2021/22 academic year was worth £302m and builds on pupil premium to help schools to deliver evidence-based approaches for supporting disadvantages pupils.

Other announcements have been made about future funding, including:

- **Higher core funding -** £2.3 billion of additional core funding for 2023/24 and 2024/25 was announced in November 2022 as part of the Autumn Budget, the equivalent of a 3-4% growth in funding in each year.

  This includes the **Mainstream Schools Additional Grant** (MSAG) for 2023/24, bringing additional funding to state-funded mainstream schools only. The intention is that payment of the MSAG will be for 2023 to 2024 only, after this it will be incorporated into core budget allocations. The funding is based on a lump sum plus a per-pupil rate which varies according to the age of the pupils and the number of pupils eligible for free school meals.
- **Energy Bills Relief Scheme**: the announcement in September 2022 of the automatic deduction on energy bills for eligible trusts for six months with a maximum discount of £345 per MWh for electricity and £91 per MWh for gas was welcome for trusts battling against rising utility costs.
- **Capital funding** – in December 2022 a share of £500m capital funding was announced to make schools more energy efficient, and to help them save on bills during the colder winter months. The key here is to making the schools more efficient for the longer term and not just making short term savings. On average, a primary school is expected to received £16k and a secondary school £42k.

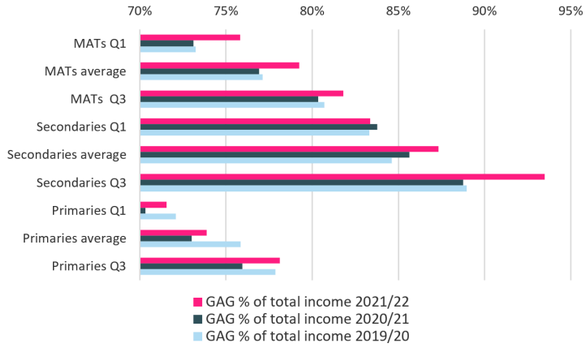
For 2021/22 the minimum funding level per pupil increased to at least £4,000 for each primary pupil and £5,150 per secondary pupil, up from £3,750 and £5,000 in the previous year. Every academy was allocated at least 2% more pupil-led funding per pupil compared to its 2020/21 National Funding Formula (NFF) baseline.

General Annual Grant

The General Annual Grant (GAG) is the core funding stream for virtually all academies, the exceptions sometimes being Alternative Provision academies who receive a large proportion of their income directly from the local authority.

Across all the academies covered in our sample, GAG accounts for around 80% of total income on average. This is up compared to 78% for 2021/22 following the decision to include the TPG and TPECG payments within GAG. Secondary academies once again generally are more reliant on GAG than primaries; 82% versus 74%; the non-GAG grant funding that primaries received, such as UIFSM, PE/sports grants and nursery funding, is a key factor here.

GAG income as % of total income (all academies)



Other income

MATs are usually better placed to maximise their self-generated income because they can take the opportunity to use facilities across the entire trust. A centralised MAT team is likely to have more time to devote to income generation, and possibly even a dedicated business development officer in place to help maximise self-generated income.

As the size of the average MAT continues to grow, so does the likelihood of needing to establish a trading subsidiary for tax planning or risk mitigation. It is always preferable to take early professional advice if you have concerns in this area, or are thinking about commencing a new significant income stream. Planning ahead and putting the desired structure in place beforehand is better than trying to resolve an issue at a later date by which time tax or VAT thresholds may have been breached. Two key thresholds to remember are:

- VAT - trusts are obliged to formally register for VAT with HMRC if taxable income exceeds £85k per annum
- Corporation tax – all charities have a small scale trading limit. Whilst tax does not become payable on profits generated from primary purpose or ancillary trading (closely related to the primary purpose), a corporation tax liability can arise from other profits on income above the small scale trading limit. The small scale trading limit for academies is £80k per annum, and income such as secondment of staff, consultancy, some hire of facilities, can be classed as taxable business activities depending on the circumstances.

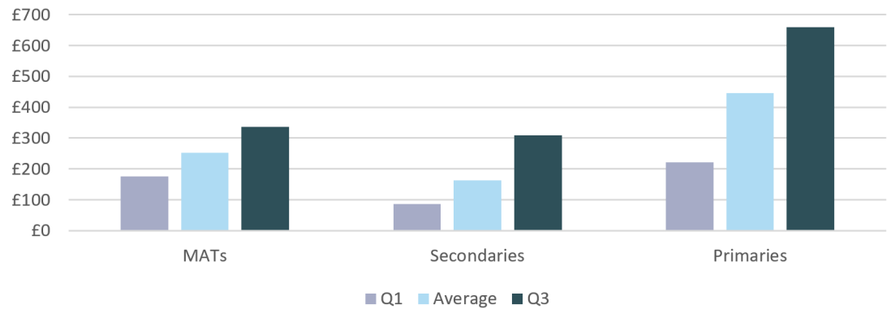
The other income figures in the table below include all forms of other income and, as a result of varying styles of presenting information in the accounts, not all of this other income is truly self-generated, it can be linked to education.

As we've seen in previous years, there is a wide variation between the trusts at the top and bottom of the range. The gap is particularly striking for primary academies, with the bottom 25% lagging well below the primary average, and the top quartile are generating significantly more per pupil.

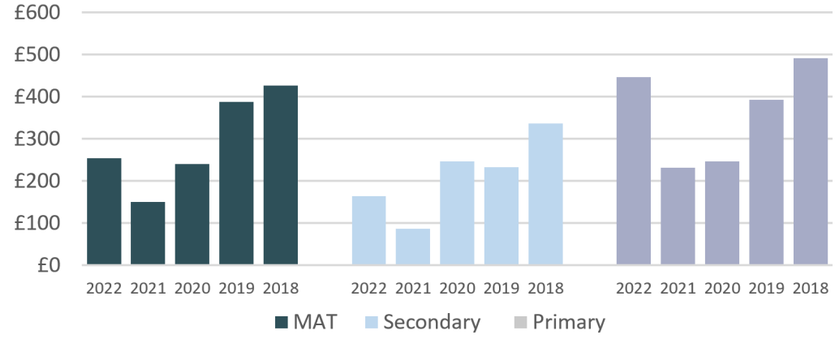
The Covid-19 pandemic impacted on many trusts' ability to generate additional income through lettings and other self-generated sources. First felt in the spring and summer of 2020, this continued during 2020/21, with income from other sources down significantly.

For 2021/22, with schools fully open, other income has risen. On a per pupil basis, MATs have seen their income return to and just exceed pre-Covid levels, and primary schools have gone past this to post a significant rise. Whilst nearly doubling compared to 2021, secondary academies still have a bit of a way to go.

Other income per pupil



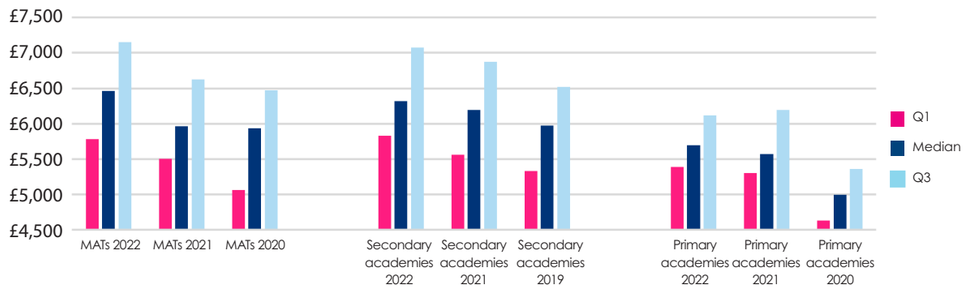
Other income per pupil - average on year



Total revenue income per pupil

The chart below illustrates the data from our sample for all recurring revenue income. There is a clear increase for all types of trusts this year, on the back of the rise in core per pupil funding and some of the additional revenue income streams such as the supplementary graph and recovery premium.

Revenue income per pupil



Capital funding

Academies continue to receive basic capital funding, the Devolved Capital, which comprises a £4,000 lump sum per school plus a per pupil element. This funding equates to the sums that Local Authority or Voluntary Aided schools receive. This means a typical 1,000 pupil secondary school receives just over £20,000 per annum, which does not go very far.

	Per non-boarding pupil	Lump sum per school
Nursery/ Primary	£11.25	£4,000
Secondary	£16.88	£4,000
Post-16	£22.50	£4,000
Special/PRU	£33.75	£4,000

These per pupil rates have applied for a number of years now and 2022/23 is being funded on the same basis. It is probably about time at least an inflationary rise was applied to these figures.

In our experience, core capital grant funding is not sufficient for many academy trusts and we see clients regularly making revenue to capital contributions to fund capital equipment they have needed to buy.

The poor state of many of the country's schools is well known. One issue that has come to light recently is the risk of buildings containing Reinforced Autoclaves Aerated Concrete (RAAC). The ESFA invited academies to respond to an initial questionnaire by 28 February 2023, so that the DfE could collate information and commission a survey, if necessary.

Indeed, with many trusts enjoying another good financial result for the 2021/22 year, it has been common to see trusts again opt to invest an element of their surpluses by purchasing capital equipment that may otherwise have been out of their reach.

Major projects are often dependent on the trust securing Condition Improvement Fund (CIF) funding. The multi-million-pound annual fund can be used by academies (and sixth form colleges) to expand classrooms, upgrade facilities such as sports halls or science labs, and address issues with the general wear and tear of school buildings.

The 2022/23 CIF outcome was published in June 2022, and there were a similar number of successful projects to recent years. In total more was paid out, and the most since 2018/19, and the average project value increased to the highest level since 2016/17.

	Number of successful projects	Total CIF paid	Average per project
CIF 2022/23	1,405	£498m	£345,448
CIF 2021/22	1,466	£483m	£329,468
CIF 2020/21	1,476	£434m	£294,037
CIF 2019/20	1,412	£433m	£306,657
CIF 2018/19	1,566	£514m	£328,224
CIF 2017/18	1,435	£466m	£325,739
CIF 2016/17	1,276	£442m	£346,394

An additional three projects totalling £1 million were awarded funding following an internal review by the DfE and, as usual, some trusts who were initially unsuccessful had more luck following an appeal. This time 42 academies, sixth-form colleges and voluntary-aided schools were awarded a total of £18 million to spend on 42 projects.

The CIF is always heavily oversubscribed and it is important that trusts take the time, and often professional advice, to determine the likelihood of success for their particular project before investing significant time or money writing their application bid.

The 2023/24 CIF closed in mid-December 2022, with applicants expecting to hear the outcome in May. A new Priority Project Type includes projects for replacing expired oil and coal boilers with low carbon alternatives, although 'project need' remains the most important element for assessment, with projects which demonstrate a high condition need given priority. The environmental sustainability criteria introduced last year remains important.

With competition for CIF funding so fierce it pays for trusts to approach applications in a professional manner, devoting the necessary time to the process and involving external technical advisers.

There continues to be a minimum project threshold (£20,000 for primary academies and special schools, and £50,000 for secondary academies) so small projects cannot be funded via CIF and need to be covered by Devolved Capital and reserves. The maximum funding available via CIF is £4 million.

School Condition Allowances for larger MATs

The very largest MATs continue to be paid a guaranteed School Condition Allowance (SCA). MATs with at least five academies and more than 3,000 pupils in the spring census qualify for the SCA, which they are free to deploy strategically across their estate to address their priority maintenance needs. Those academies with access to SCA cannot also apply to the CIF on a project by project basis.

There is a lagged element to this funding because it takes a while for expansion to be recognised. Trusts eligible for SCA in the 2022/23 financial year were notified in autumn 2021 and trusts with five or more open academies at the start of September 2021 and with at least 3,000 pupils counted in the spring 2021 census, should be eligible.

Most trusts invite their constituent academies to 'apply' for the funding and then, at central trust level, a decision is made where to deploy the money according to needs.

School Condition Allocations 2019-23

	2022/23 final	2021/22 final	2020/21 final	2019/20 final
Total SCA paid	£454.9m (+12.3%)	£405.0m (+42.3%)	£283.3m (+20%)	£236.4m (+30%)
No. of trusts	437 (+27%)	343 (+18%)	290 (+25%)	232 (+32%)

Most interesting here is the large rise in trusts that now qualify for SCA. With further consolidation in the sector expected, the merger of some smaller MATs and expansion of those currently just below the thresholds, will bring more trusts still into the scope of SCA. Indeed the number of trusts receiving more than £5m SCA has more than doubled.

The average allocation for 2021/22 was £1.18m, up over 20% on the previous year average.

SCA received	Number of trusts		
	2022/23 round	2021/22 round	2020/21 round
Over £5m	13	7	3
£1m – £5m	175	125	84
£500k - £1m	190	159	122
Less than £500k	59	52	81
	437	**343**	**290**

Academies considering joining a larger MAT that receives SCA funding should be aware that it is important to plan their timing to avoid a scenario where their CIF bid could become ineligible at the point they transfer to the MAT.

MATs with at least five academies and more than 3,000 pupils in the spring census qualify for the SCA

On page 18 we touched on the additional £500m of capital funding, announced in December 2022, to make schools more energy efficient. The idea here is for schools to invest in improvements such as installing better heating controls, insulation to reduce heat loss from pipes or switching to energy efficient lighting. The costs involved in installing some of the technology are not cheap, and trusts considering this need to ensure they are comfortable with the affordability and understand how long it will take for them to get a return on the investment through the savings generated. Do also be aware of the ATH requirements around leases. We have seen some suppliers of products such as LED lighting promote these via a lease, and trusts need to be mindful that the ATH prohibits any form of finance lease. It is not always clear which category a particular lease falls into, and the suppliers have been known to push an arrangement as an operating lease when the substance is actually a finance lease. Do make use of the DfE energy efficient guidance which explains the various frameworks in place for building efficiency, energy audits, energy efficiency consultancy and finally lighting and renewables. The latter category includes frameworks on renewable energy solutions, LED lighting and low energy lamps and light fittings.

School Rebuilding Programme

The school rebuilding programme (SRP) is a flagship Government scheme aimed at carrying out major rebuilding and refurbishment projects at school and sixth-form college buildings across England. It was developed to help ensure that all pupils, regardless of where they are from or their background, have access to facilities that will help them maximise their potential.

The commitment to rebuild and refurbish the schools most in need is part of Government's wider Schools White Paper commitments, to ensure that by 2030 every child will be taught a broad and ambitious curriculum in a school with high expectations and strong standards of behaviour.

All buildings in the School Rebuilding Programme are built to the latest construction standards, designed to be net-zero in operation and more resilient to the effects of climate change. New buildings will provide modern facilities to support a world-class education ranging from classrooms and science labs to sports halls and dining rooms.

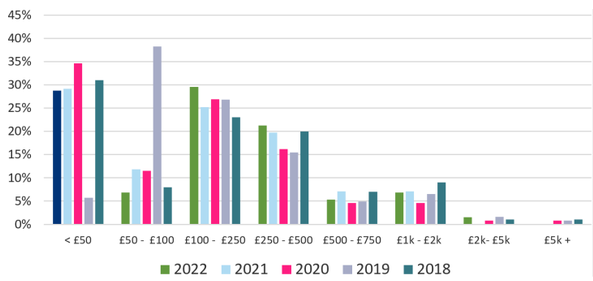
It is currently intended to deliver 50 refurbishments per annum. This means that there is already an eight year timeframe for the projects announced in 2021 and 2022. This is clearly not a programme that is going to succeed in the short term, as there are over 20,000 more schools to work through.

By region, Yorkshire and the Humber has been the most successful with 60 schools part of the programme:

Region	Number of schools
East Midlands	41
East of England	37
London	43
North East	39
North West	51
South East	44
South West	35
West Midlands	50
Yorkshire and the Humber	60

There were 1,105 applications for 2022 meaning a success rate of just 27% so it's clear that the process is extremely competitive. The DfE prioritise schools based on how immediate and severe their need for improvement is. Schools are provisionally allocated a place on the programme, subject to further due diligence, and projects will enter delivery at a rate of approximately 50 per year. It is therefore going to take eight years before the 400 places reserved are complete, and only 100 places remain reserved for later in the programme. Whilst a start, it is therefore just a very small dent into the national problem.

Spread of capital funding per pupil



The capital funding per pupil is naturally influenced by the trust's success with CIF applications. SCA money has less of an impact because this is paid on a per pupil basis anyway.

The most common level of funding for 2021/22 was the £100 - £250 range, which just pipped the lowest up to £50 threshold which usually heads this list. We can probably put this down to more successful CIF applications amongst the trusts within the sample.

The future

By 2024/25, the government expect funding levels to have returned, in real terms, to 2010 levels. Most working in the education sector continue to feel that this is not enough, especially with rising cost pressures. One can only hope that additional funding is made available to fund the likely salary rises that seem inevitable in the face of union pressure and strikes.

The National Funding Formula (NFF) was introduced, in what seems an age ago now, back in 2018/19. To date the NFF has been 'soft', whereby a formula calculates a notional allocation for every school in England, which the government aggregates for all the schools in each local authority to create a total allocation for that local authority. Local authorities then set their own local formulae to distribute their total allocation between all the schools in their area. Schools (both maintained schools and academies) receive their budget allocation based on their local authority's formulae.

Consequently, an individual school's funding can, and often does, vary from that which the NFF itself allocates, and the current model has not fully ironed out the differences in individual funding levels across the country.

Originally the Government planned to move to the 'hard' direct NFF by 2022/23, without the further adjustment for the local authority formulae. This now won't be achieved, and the aim is to fully implement the full National Funding Formula by 2027/28.

We continue to see an enormous disparity between the levels of financial management at different trusts and the way they choose to spend their funding. Therefore, whilst times may be difficult, efficiencies can be made if skilled financial management is undertaken and if trustees with sound financial knowledge hold leaders to account. There is also often a link between financial management and educational results.

We continue to see an enormous disparity between the levels of financial management at different trusts and the way they choose to spend their funding.

Fixed assets and capital expenditure

By capital expenditure we mean any expenditure that is capitalised and carried on the balance sheet in relation to the construction, improvement or replacement of buildings, but also the acquisition of equipment, computers, office furniture and vehicles.

With the exception of church academies, trusts reflect the value of freehold premises they own, or occupy under long term lease arrangements, in their accounts. As a result, fixed assets will usually be the largest category on the balance sheet but, since they have little bearing on the day to day running of schools, this is also an area that can be overlooked by trustees.

Capital spending

Trusts are free to adopt a suitable accounting policy for capital spending, with purchases over a certain amount capitalised on to the balance sheet. A common threshold is £1,000, or £2,000 for single asset purchases, with a higher limit for bulk or group purchases made on one order, but some trusts have much higher limits.

It is important to remember that in most cases any significant works funded by CIF should be capitalised, even if the nature of the work could be thought to be maintenance. It is difficult to justify an alternative approach because significant investment funded by CIF grants is likely to lead to an enhancement and ongoing benefit.

The CIF guidance has been updated and now requires that, in any bid for funding, schools need to be able to demonstrate that the planned project will add to greater environmental sustainability at the school. Clearly current trends are towards lowering carbon emissions towards net zero, so this must be welcomed in that context. Many schools that we see are looking at upgrading their facilities to include PV panelling, modern lighting solutions and insulation.

Accounting for Capital Expenditure

We have commented in previous years that capital expenditure, and how this and associated income is accounted for, can be one of the most confusing aspects of academy trust accounts. Expenditure does not necessarily match to income, with grant and other capital income recognised at the point the trust is entitled to receive it.

This can result in large surpluses on the Statement of Financial Activities within the restricted fixed asset fund countered, over time, by the depreciation charges included to write off the cost of the capitalised assets over their useful lives.

The ATH makes it clear that trusts should draw out their meaningful, operational result on income funds within the financial review section of the trustees' report and capital income, and depreciation charges are some of the transactions that need to be excluded from this operational result. UHY often spend a lot of time helping academy clients write their financial reviews to make it easier for trustees and other readers of the accounts to understand the figures.

Regardless of how the expenditure is accounted for, planning for capital expenditure is vital since it is often one of the largest outlays which a school will make. It is therefore good practice to have a fully costed premises development plan that sets out a clear strategic vision for the capital expenditure. The DfE "Good Estate Management Guide" is an excellent resource which sets out the fundamentals of good estate management and explains how you can plan and organise your estate resources. The guide also contains various helpful tools and checklists.

Cash at bank balances and reserves

Cash at bank balances

Despite the challenges faced by the education sector in recent years due to the pandemic, the increase in inflation along with rising pension and energy costs will all have undoubtedly had a knock-on effect on school budgets. The 2020/21 academy SARA, published in February 2023, revealed that financial stability and sector resilience continues to improve, with trusts holding £5.9 billion as cash at bank on 31 August 2021, up 25.2% from £4.7billion in 2020. The majority of this increase can be attributed to the continued work in the sector to improve financial structure, as well as investing activities in the sector to acquire property, plant and equipment. £61 million of the increased cash held can be attributed to schools converting to academies. The total cash stated above averages out at around £700k per academy (2020/21: £500k).

Overdrafts in the sector reported in the 2020/21 SARA were at £200k split between just three trusts. The sector is encouraged to manage its cashflow carefully to avoid becoming overdrawn but also not to hold more cash than is required to maintain financial stability so as not to restrict spending on educational activities to current pupils' detriment.

An important point to be mindful of is that cash balances do not equate to reserve balances and often cash can be higher than the 'free reserves' in academies. Addtionally, a significant proportion of the cash held will relate to unspent government grant funding, such as capital funding, which is not required to be spent within the academic year. Similarly, it is important to remember that a cash at bank balance does not typically represent 'free' cash due to timing differences at the reporting date and, at any given time, a trust will be holding cash that will be already committed or allocated to pay its suppliers and other liabilities, which due to the nature of academy trust funding tend to be in excess of their debtors.

The 2021 SARA disclosed that in 2020/21 a total of 26 academy trusts' annual accounts contained an audit report highlighting a material uncertainty over going concern (2019/20: 56 trusts). Whilst this only represented 1.0% of all trusts this year, if just a few of these trusts failed it would have an effect on a significant number of pupils and employed staff. The ATH requires trusts to produce monthly management information which reports not only on financial position and actual vs budget expenditure analysis but also includes monthly cash flow forecasts. This requirement highlights the ESFA's view on the importance of effective cash and reserves management in the sector to reduce going concern issues and promote effective financial management.

The increase in cash held can be seen in the charts to the right which demonstrate that year on year, half of all MATs in our sample have cash held balances of between £1,000-£2,000 per pupil. There has been a significant increase in the number of trusts in the top two ranges which now represents 68% (2019/20: 59%) of all trusts in the sample. There are now also no trusts in our sample that are holding less than £100 per pupil, which is pleasing to see.

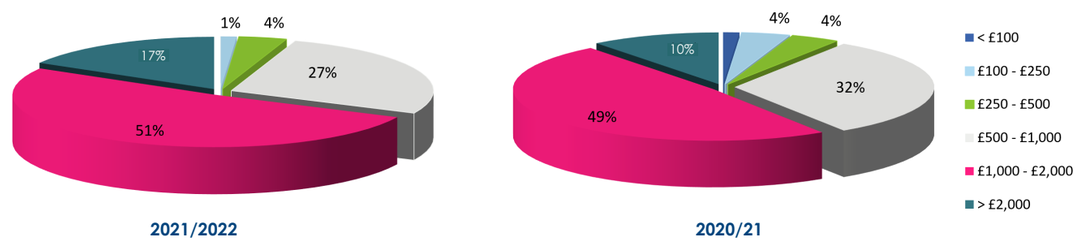
Secondary academies have also seen an increase in cash held with over half of our sample holding between £1000-£2,000 per pupil. The percentage of secondary academies in the top two ranges has increased by an impressive 26%. However, at the opposite end of the scale we have seen 3% of secondary schools slip into the £100-250 per pupil range, which demonstrates the gap between those that are thriving and those struggling to survive.

Primary academies continue to hold more cash per pupil on average than any other trusts, however the average funds held has decreased by 6.5% for 2021/22, this may be due to increased spending as there have not been any school closures relating to the pandemic. This year the percentage of primary academies falling within the top two bands was relatively unchanged.

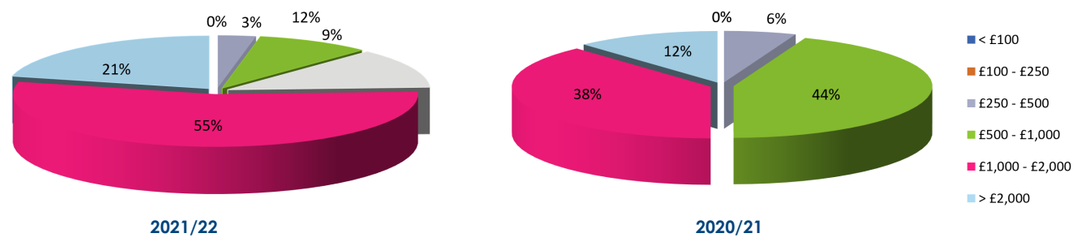
Per pupil 2021/22				Per pupil 2020/21			
	Q1	Average	Q3		Q1	Average	Q3
Secondary academies	1014	1318	1680	**Secondary academies**	760	1439	1575
Primary academies	819	1445	1655	**Primary academies**	715	1538	1777
MATs	897	1282	1685	**MATs**	827	1107	1391

The table above demonstrates the improvement of cash held per pupil from 2020/21 to 2021/22 when looking at the quarter 3 figures. In addition, it shows more consistency of the level of cash held across MATs, secondary academies, and primary academies where there once were significant distinctions.

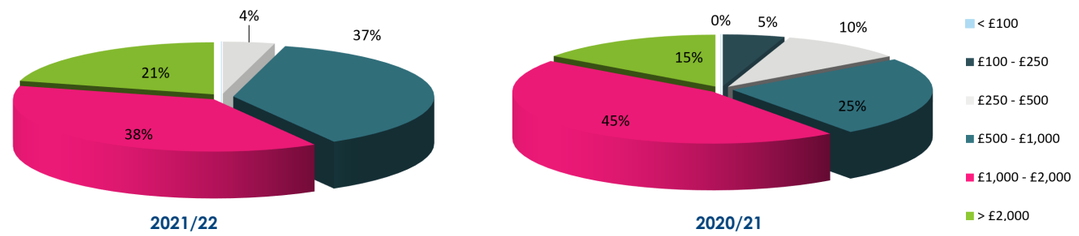
Range of cash balances held (per pupil) - MATs



Range of cash balances held (per pupil) - Secondaries

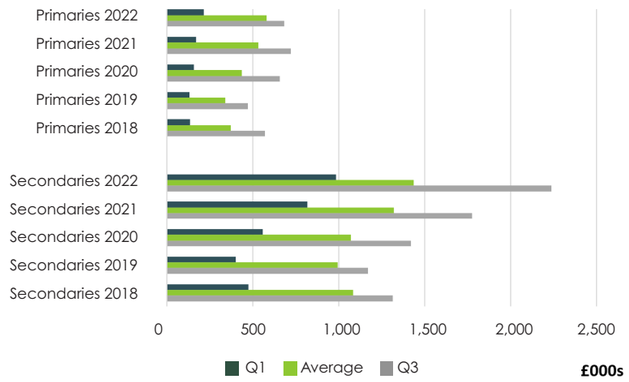


Range of cash balances held (per pupil) - Primaries



As shown in the chart to the right, there continues to be a steady increase in average primary and secondary cash at bank balances. The average secondary held just under £1.5million, the average primary £580K. For another year running the gap between the upper and lower quartile results continues to be vast however remains stable.

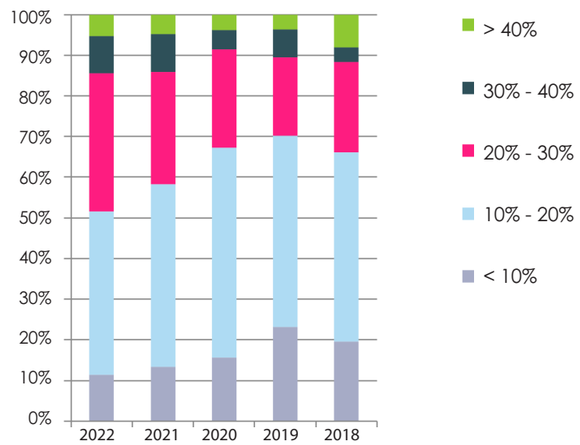
Cash balances per pupil held at 31 August



Cash balances vs recurring levels of income

Comparing cash balances against recurring revenue income is an alternative and useful way of reviewing levels of cash. On 31 August 2022 40% of trusts held cash of between 10-20% of their recurring income. With cash balances generally rising, there was 11% fewer trusts in the bottom range this year. The percentage of trusts holding a cash balance that equates to over 40% of their recurring income remains stable at 5% (2021: 4%).

Cash balance: recurring income ratio



Reserves

As cash at bank balances have increased, the level of reserves have also risen in both MATs and secondary academies. However, primary academies have seen a small decrease as can be seen in the below graphs.

Trust boards are responsible for setting an appropriate reserves policy based on the 'free reserves' requirement of the trust, they are required to confirm their reserves policy in their annual accounts, stating the level of reserves held and the reason for holding those reserves including details on any designated funds.

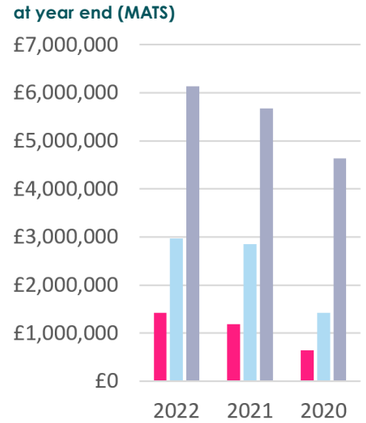
Trusts must also explain in their annual accounts, where there is a lack or excess of reserves, details of the actions being taken to bring the level of reserves held in line with the target level set out in the reserves policy. It is therefore vital the trust ensure that they set a reserves policy which is fitting for the circumstances of their trust and that the policy is reviewed and monitored on an ongoing basis to ensure it remains appropriate as the trust develops.

Generally, trusts seek to hold the equivalent of four, maybe six, weeks' expenditure. Individual academies within a MAT may not need to hold as much as a single academy trust, since they will potentially be relying on the security and support of the MAT structure should the need arise.

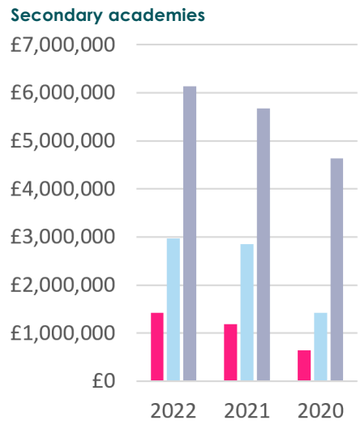
There is also a difference between unspent restricted revenue grant money and "free" unrestricted reserves, which the trust is able to spend as it sees fit. Free unrestricted reserves tend to accumulate where trusts generate their own income which often does not have any, or many, related costs.

The individual positions of academies within a MAT can vary widely. With pooling still relatively rare, individual academies hold their own fund balances in most MATs. Generally, most MATs will have a mix of some academies with healthy balances and some that are struggling financially, and possibly even one or two academies with a cumulative deficit. MATs must disclose the reasons for any deficit balances on individual academies and the plans in place to improve the position.

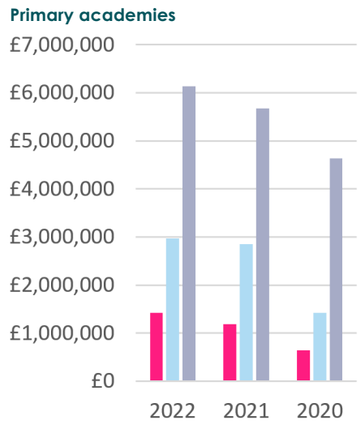
Total revenue income reserves at year end (MATS)



Secondary academies



Primary academies



Q1 Median Q3

The difference between the lower quartile and upper quartile results again show significant variance between the financially stronger trusts and those who run on much tighter finances and reserves. The top 25% of secondary academies hold just over £1.6 million which is a significant rise from the prior year at £1.4 million. The lowest quartile hold £762k (2021: £557k). Primary academies top 25% are holding £585k (2021: £651k), with the bottom 25% holding £132k (2021: £110K).

The top 25% of MATs are holding reserves of £6.1 million which represents an increase of £460k on the prior year. The lower quartile is also showing healthier levels of reserves of £1.4 million (2021: £1.2 million).

When reviewing these reserve figures, it is important to note that they do not take into consideration the size of the academies or trusts. Schools' results are not always directly comparable due to the fluctuation in size, for example a three-form intake vs a single intake. When considering the results of MATs, this difference in size is multiplied as not only do you have difference in individual school sizes but also the difference in the number of schools within a MAT.

The results become more comparable when we consider the unrestricted 'free' reserves on a per pupil basis. These results show that primary school academies have the highest unresticted reserves per pupil of £527 compared to secondaries at £396 and MATs at £345. This is likley to be due to needing to have relatively higher reserves to cover unforeseen costs that all academies can face despite having lower pupil numbers.

Comparing the 2022 results to 2021 results we can see that the unrestricted income reserves per pupil have increased significantly for MATs and secondary academies, however levels at primary academies have remained fairly consistent.

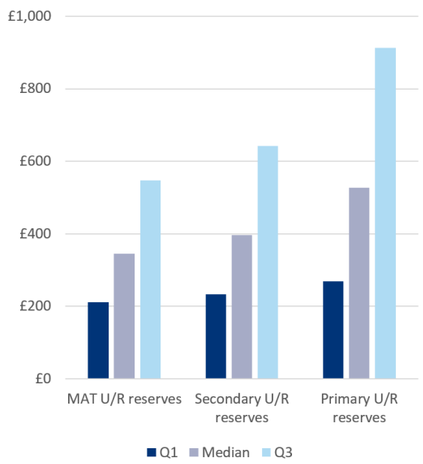
2021 SARA

The 2021 SARA report published this year, revealed that there were 70 trusts (2020: 110 trusts) in cumulative deficit during the previous year, representing 4.9% (2020: 4.1%) of all trusts. 13 (2019: 23) of these trusts had a cumulative deficit of over £500K. For any trust reporting a cumulative deficit, they are required to agree a recovery plan with the ESFA to regain financial stability.

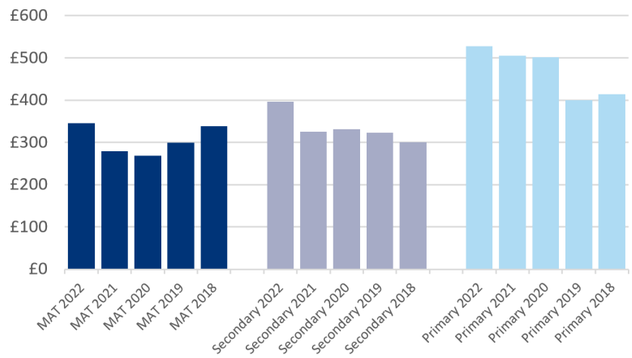
At the opposite end of the spectrum there were 1143 trusts (2020: 937) with a cumulative reserve over £1 million, of which 337 trusts (2020: 227) with a surplus greater than £3 million, which represents 24% of trusts.

It is expected that many larger MATs will hold a high level of cumulative reserves, which explains some of these high balances, but 313 (2019: 237) of the trusts holding more the £1 million were single academy trusts and 402 were small MATs with between 2-5 academies. This again highlights the vast variances within the sector.

Total unrestricted revenue income reserves per pupil at 31.8.2022



Total unrestricted revenue income reserves per pupil - average year on year (£)



Unrestricted income reserves per pupil have increased significantly for MATs and secondary academies.

Surplus or deficit

The academy trust Statement of Financial Activities (SoFA), whilst identifying the net surplus or deficit for a trust, does not identify a trust's operating performance. In order to be able to calculate a trust's operating performance the following items from the net surplus or deficit should be excluded:

- Capital grant income
- Capital grant expenditure
- Non-operational adjustments such as Local government pension scheme and property valuations
- Funds inherited from academies joining the trust.

When these adjustments are made, the surplus or deficit will represent any increase or decrease in the academy trusts restricted and unrestricted reserves from the previous year.

An example of how the operational surplus or deficit can be calculated from a trust's accounts is as follows:

	(£000s)
Overall net movement in funds for the year per SOFA	**3,392**
Decrease /(increase) attributable to fixed asset fund	506
LGPS actuarial (gain)/loss	(3,680)
Increase between LGPS service and interest costs in the pension valuation and employers pension paid	316
Increase/(decrease) in revenue funds during the year	**534**
Add: Transfers from revenue to capital to fund fixed asset additions	15
Less: Revenue funds inherited from joining academy	(100)
Operational surplus on revenue funds before transfers to capital	**449**

The National Audit Office (NAO) identified that the financial health of the academy trust sector has continued to be resilient with the latest financial data identifying that the cumulative surplus of trusts with positive reserves was £3.96 billion compared to £3.17 billion in the prior year. This has resulted in the Public Accounts Committee (PAC) requesting the DfE to obtain more information from Trusts in the 2022 Budget Forecast Return where Trusts are holding reserves of more than 20% of their annual income. It would, however, be remiss not to mention the current challenges faced not only by academies but also by the nation, with inflation running in excess of 10% a year and the consequential impact on school budgets caused by increasing pay and non-pay costs.

The sector as a whole is reporting a net surplus, with 337 trusts reporting a surplus greater than £3m. However, there are 70 academy trusts reporting a cumulative deficit of £22.24m which is £20m less than the previous year.

Any academy trust reporting a cumulative deficit will be supported by the ESFA and must also agree a recovery plan to bring the trust back to a surplus. Financial support may also be provided by the ESFA as part of any recovery plan.

Approximately 80% of academy trusts with a cumulative deficit are single academy trusts. The academy trust's financial difficulties have usually arisen because of poor senior leadership and/or inadequate pupil numbers. Rectification of these issues can be provided by improving management and/or transferring the academies in smaller trusts to a large academy trust.

A geographical analysis below shows the percentage of Academy Trusts by region with a cumulative surplus or deficit.

Region	Surplus	Deficit
North of England	96%	4%
Lancashire & West Yorkshire	98%	2%
East Midlands & The Humber	99%	1%
West Midlands	96%	4%
East of England & North-East London	98%	2%
North-West London & South-Central England	95%	5%
South-East England & South London	98%	2%
South-West England	98%	2%

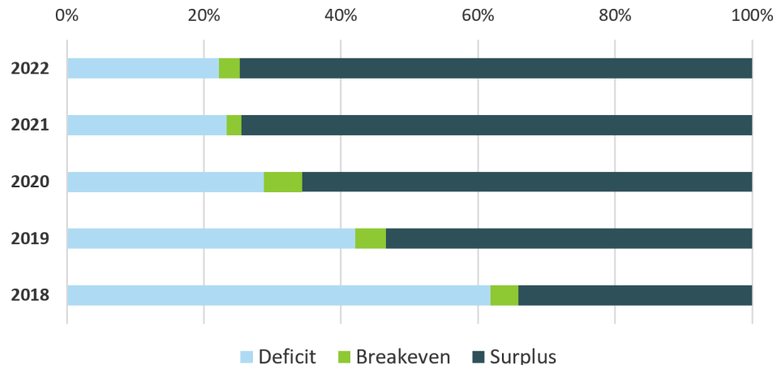
In our report, we have delved deeper to look at the movement on the core GAG fund. The GAG result forms part of the operational movement but relates solely to the movement from core GAG income and related expenditure. GAG income typically makes up approaching 80% of an academy trust's total income. This income should cover any trust's core costs and a trust experiencing a GAG deficit, certainly over more than a year, could be a concern.

The rest of the overall revenue result comprises movement on other DfE and government grant monies plus any outturn on unrestricted funds. Non-GAG grant funding generally breaks even most years and, whilst trusts generating significant unrestricted income will benefit from this, it is wise not to become overly reliant on such income sources.

The GAG results shown on the charts below take total GAG income, per the statement of funds note, less total GAG expenditure. They do not take into account any transfers in or out of GAG. Transfers usually arise where:

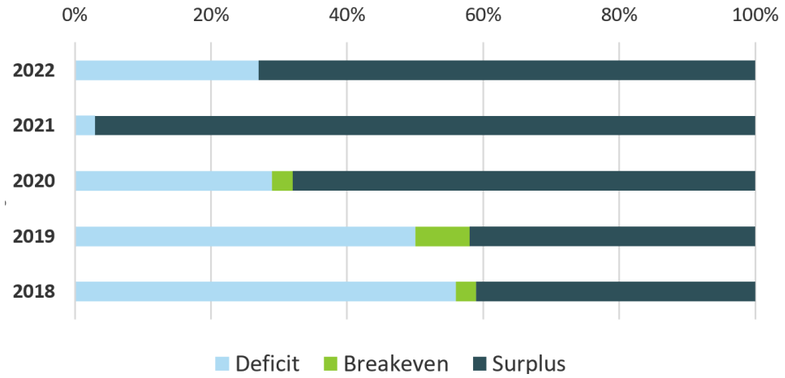
- a GAG deficit is covered by a transfer from the unrestricted fund
- capital items are funded from GAG and are represented by a transfer out of the GAG fund to the restricted fixed asset fund. We have not included such transfers because the choice to fund capital items from GAG was discretionary and does not relate to day-to-day operational matters.

GAG result primaries



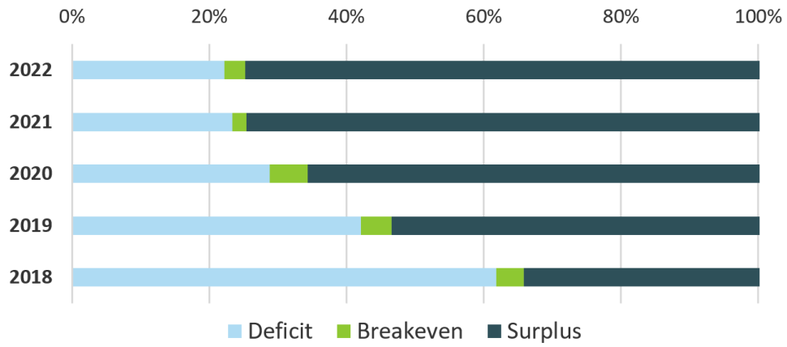
4 in 5 primary academies are reporting an in year GAG surplus which is consistent with 2021 and reflects how well primaries are managing their income and costs through the cost of living crisis.

GAG result secondaires



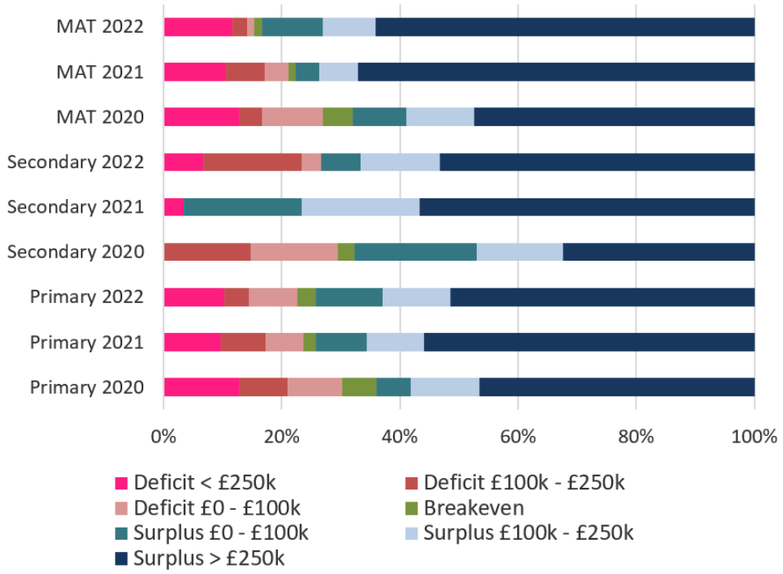
Over 25% of secondary academies reported a GAG deficit this year compared to less than 10% in 2021. This increase in the GAG deficit is more in line with pre-pandemic levels, when additional Covid-19 support funding was not available.

GAG result MATs



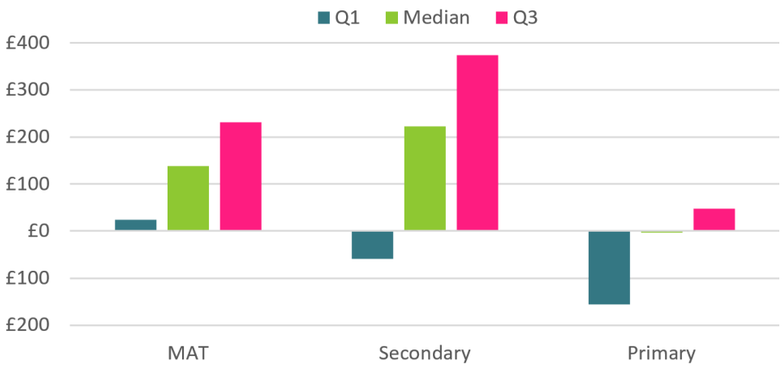
There has been no significant increase in the number of MATs in deficit from 2021 with 80% of MATs reporting a GAG surplus.

Range of GAG results



For all types of trust the surplus reserves held have reduced from 2021 because of inflation and cost of living pressures. This effect has been noticed more strongly in single academy trusts which are secondary schools.

Per pupil GAG result



On a pupil basis, the majority of MATs are showing a pupil surplus. Primary school deficits are similar to 2021, although primary school trusts in surplus have reduced. The main change during 2022 is the increasing number of secondary schools with a deficit compared to 2021.

The Government's whitepaper detailed their goal for all schools to be part of a "strong trust" by 2030

Reasons for surplus or deficit

Whilst the majority of trusts were in surplus during 2021/22, most trusts saw a reduction in their reserves because of:

- withdrawal of Covid-19 funding
- cost pressures with annual inflation in the UK being in excess of 10%
- increasing pay demands
- increasing non-pay cost pressures.

All of this will result in a strain on reserves which will cause increased pressure on school budgets during 2022/23, unless a significant increase in funding is provided by the Department for Education. These cost pressures are felt more strongly by secondary schools which are single academy trusts as these schools will be subject to inflationary pressures over which they have little or no control.

This is therefore likely to lead to a continuation in the trend of secondary and primary schools merging together to form larger multi academy trusts, to obtain greater value for money from the centralisation of back office systems and sharing of specialised scarce resources in core school subjects, such as in science and mathematics. The table on page 4 details the number and size of trusts during 2022 compared to 2021, showing an increasing number of academies 10,214 (2021: 9,837), although the number of trusts is falling 2,439 (2021: 2,538)

Conclusions

- The Government's whitepaper published in March 2022 detailed their goal for all schools to be part of a "strong trust" by 2030 or be in the process of forming or joining one by then. A "strong trust" has been broadly defined as a trust that runs at least 10 schools, on the basis that trusts of this size have the appropriate governance arrangements and bring financial efficiencies to prove to be successful.
- It is clear from this vision, and with over half of the country's primary schools yet to convert, there is going to be a lot of expansion in the size of trusts over the next eight years, which will include the merger of many small trusts.
- It is vital that any trust seeking to expand, or indeed any single academy or small trust exploring the possibility of merging with or into another trust, performs effective due diligence to ensure they are completely clear of the financial stability, culture and ethos of the other entity.
- Any reserves accumulated in excess of working capital will require trusts to justify the reason why high reserves are being held for example for:
  - specific capital projects
  - refurbishment or maintenance of existing infrastructure
  - staff retention and development
  - growth of existing schools in the trust.

Governance and audit findings

Within our annual benchmarking reports we review various non-financial areas, including governance, as well as taking a look at the results of our analysis of the Audit Findings Reports of our clients, to add further depth to our findings.

Changes in accounting officer and CFO

In academy trusts, the Accounting Officer is responsible for the financial management and reporting of the trust. If there is a change in the Accounting Officer the trust must take certain steps to ensure continuity of financial management. It is inevitable that there will be a certain amount of turnover in key roles, and we have seen in recent years a relatively low number of trusts experience a change in Accounting Officer. Accounting Officers leave for a number of reasons such as retirement, after being headhunted or sometimes by dismissal due to poor performance. It is much the same to report this year, albeit with a slight decrease from 13% in 2020/21 to 11% of trusts changing their Accounting Officer during 2021/22. This is the second year of a decrease as 16% of trusts changed their Accounting Officer in 2019/20.

A similar number of CFOs tend to leave their positions each year and, in our experience, like many sectors, trusts seeking a new CFO are finding a shortage of good candidates that have both the experience of working in the education sector and the accounting technical expertise required to work in some of the larger trusts.

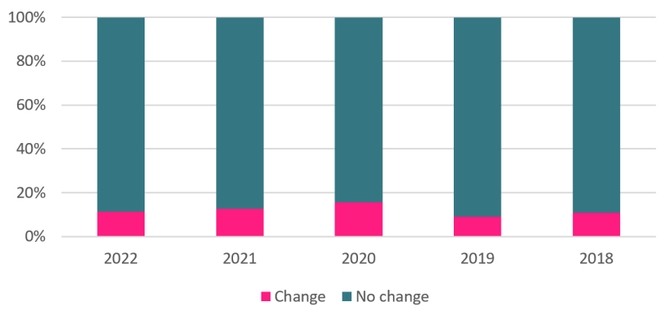
Many CFOs have challenging responsibilities that go much further than finance and the ESFA expects the CFO to play both a technical and leadership role. The ESFA also now requires, particularly for those working in larger trusts, the CFO to be appropriately qualified and/or experienced. The CFO should be employed by the trust and the ESFA encourages larger trusts to consider the range of accountancy qualifications available from professional bodies and to take this into account when filling CFO vacancies (for example those over 3,000 pupils). The ESFA also requires trusts to ensure that finance staff have the necessary skills and training to carry out their roles effectively.

All CFOs should maintain continuing professional development (CPD) and undertake relevant ongoing training regardless of whether they are qualified accountants.

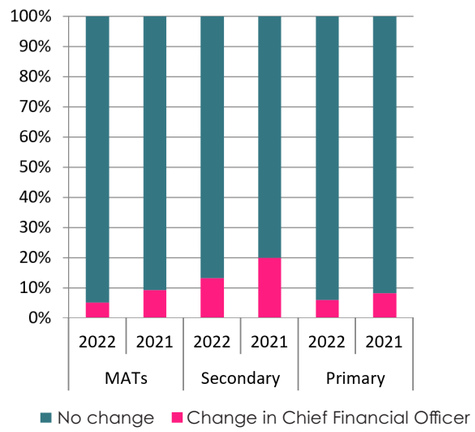
It is interesting that the ESFA suggests a larger trust might mean one with over 3,000 pupils, but there is still no precise definition given in the Academies Trust Handbook (ATH). They do, however, expect trusts to have a strong financial management and governance structure in place, with appropriately skilled staff in finance roles.

The graph below shows the number of CFO changes in trusts in the 2021/22 year by primary (6% vs 8% for 2021), secondary (13% vs 20% for 2021), and MAT (5% vs 9% for 2021) trusts.

Academies with Accounting Officer change during the year



CFO changes



The audit process and audit findings report (management letter) points

A good audit will challenge the finance function and will apply professional scepticism. It will also often raise observations and recommendations for improvements. A well-run trust with strong control systems, strong financial management and governance structures in place, with appropriately skilled staff in finance roles and good leadership and culture would expect to receive a fairly 'clean' report from their auditors. These Audit Findings Reports are private reports so are not available to the public on the trust's websites, but they are provided to all trustees of the trust and are submitted to the ESFA along with the audited financial statements of the trust.

The board of trustees, taking advice from the audit and risk committee, must ensure there is an appropriate, reasonable and timely response by the trust's management team to findings by external auditors, taking opportunities to strengthen systems of financial management and control.

External auditors are also required to carry out a regularity review as part of the audit process. It should be noted that this is in addition to the normal statutory audit work carried out and is therefore an additional governance review that other organisations, companies and charities are not normally subjected to. The regularity review helps auditors to identify recommendations for improvements and the results must be shared with the ESFA. This is in addition to a separate internal scrutiny review that must be carried out by all academy trusts on a regular basis and also reported to the trustees.

Sometimes a change of auditor can result in an above average number of issues being identified, with the new pair of eyes and perhaps a different approach spotting issues the predecessor firm did not identify. Some audit firms and teams have more experience in the sector and will also be able to add value by providing recommendations on areas or matters of which other firms may not have experience.

This is not to say trusts should necessarily change auditors more regularly. Trusts do need to demonstrate value for money when procuring audit services, in the way they would when buying other goods or services, but cost should not necessarily be the driving factor. The quality of the audit itself, the firm's communication and reporting is all important and needs to be weighed up carefully.

The ESFA has recently produced a revised good practice guide aimed at helping trusts choose an auditor. The good practice guide does not replace or modify the ATH requirements. It aims to provide more detail on the work of an auditor and give best practice on finding and choosing an auditor that will provide a high quality, cost effective and efficient audit.

The ESFA now expect trusts to retender the external audit contract at least every five years, it should be noted this is not a 'must' requirement in the ATH and, while it is considered good practice to retender the audit services periodically, it is questionable as to whether or not every five years is a good use of resources.

Carrying out retenders too frequently is not the best use of management and trustee time, and is also time consuming for audit firms who at certain times of the year can receive large numbers of invitations to tender. Trusts should only go out to tender if they are genuinely considering a change and not just to benchmark their audit fees. There are other ways of confirming fees are reasonable by researching and looking at fees paid by other local and/or comparable trusts. This might be harder for larger MATs but there is still much data out there.

Tender requests can sometimes be very prescriptive and contain rigid scoring systems. Again, these have their place but are more suited to the procurement of goods than an audit service which needs to be very relationship driven. When they do go out to tender, we would encourage all trusts to think about what they are asking for and the best way of assessing audit firms. Many recent tender requests are not allowing scoping meetings which limits the ability of firms to properly understand the trust before submitting a tender.

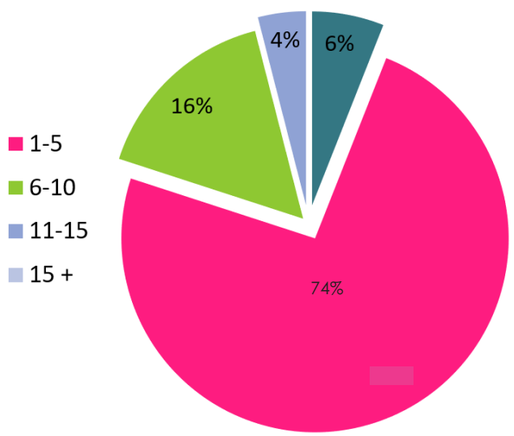
There is no right or wrong time for an academy trust to go out to tender. The best practice guide explains that good auditing requires a good understanding of the audited entity, so it can be counter-productive to change auditor too often. To set this in context, the largest 350 listed companies in the UK (the FTSE 350) are required to tender for audit services at least once every ten years, so fairly infrequently. Other public companies, charities and private companies have no time limit. Another option is to rotate the audit partner within an audit firm (in a similar way that listed companies rotate audit partners every five years) which helps ensure that the firm remains independent.

Due to current challenges in the audit profession, including a shortage of resources, inflation, increased audit regulation and many firms exiting their more risky or lower recovery audits, trusts will find that audit fees are increasing at a rate higher than expected and some audit firms may even be exiting from the academy sector due to lower recovery rates than other sectors.

Trustees, Accounting Officers and CFOs remain as keen as ever to ensure the audit process is smooth, and there is a strong desire for the Audit Findings Report to be as 'clean' as possible. This perhaps stems from familiarity with Ofsted ratings and the desire to be seen as 'Outstanding' or at least 'Good'. We are therefore often asked whether the issued findings report is a good one and how it compares to other trusts we act for. Recommendations from the audit firm should not always be seen as a 'telling off' but as constructive advice that will help trusts improve their governance and efficiency with the ultimate aim of improving the level of education provided and thereby helping students and their local communities prosper.

The number of issues arising this year is broadly unchanged from the previous year, with the vast majority (74%) receiving between 1 – 5 recommendations, although there were slightly fewer in this category than in previous years. There has, however, been a fall to 6% (from 11% in 2021) for trusts achieving a completely clean findings report with no recommendations. No trusts this year received a findings report with a significant number of issues (over 15 issues) which is similar to recent years.

No. of audit findings report (AFR) points 2021/22



	2021/22	2020/21	2019/20	2018/19
No issues raised	6%	11%	5%	3%
1 – 5	74%	75%	79%	68%
6 – 10	16%	9%	10%	15%
11 -15	4%	5%	4%	12%
15+	0%	0%	2%	2%

The audit process should be an invaluable tool that helps build efficiencies and system improvements that can benefit the trust as a whole, and audit recommendations can be an important part of maintaining and developing control systems.

There is an obvious distinction between lower risk points, where any necessary action is not time critical, and more serious issues where there is a risk to trust funds or there has been a significant breach of the Academies Trust Handbook.

Trusts should ideally aim to address all issues arising from audits, but we do understand this is not always practical. More serious issues should certainly be resolved in a timely manner and it is never good for an auditor to see points reoccurring year after year. If they do, the trust risks the grading of the issues being elevated further.

It is worth reminding trusts that audit firms are now required to state in the Accounts Return whether previous years' recommendations have been addressed and acted upon. Where trusts have repeat medium or high level recommendations the ESFA is likely to take action to understand why the trust has ignored the recommendations and this could lead to a deeper governance investigation by the ESFA.

The ESFA's internal scrutiny requirements have forced many trusts to appoint a new firm for this work. This brings opportunities for a new pair of eyes, possibly looking at different topics, and for the internal scrutiny provider to get more involved in helping the trust develop its systems and improve its internal controls.

Many trusts now use a recommendation log to keep track of both the external auditors and internal scrutiny recommendations and to make sure they are dealt with on a timely basis. Such a log should be discussed at every audit committee meeting and will help trustees ensure that the finance team are resolving any issues identified by the auditors and not ignoring them.

Although 6% of trusts achieved the 'holy grail' of no issues in their audit findings report, this remains rare because of the complex ATH rules and regulations which trusts must adhere to. There are over 100 'must' requirements listed in Annex C of the Academies Trust Handbook (if some of the individual bullet points were to be broken down the number of 'musts' would be much higher), and this is before general UK GAAP accounting rules, the annual ESFA Accounts Direction, the Charity SORP and Charity and Company law are taken into account. As academy trusts, like many other sectors, are struggling to recruit highly skilled finance team members, we can expect the number of recommendations for improvements to increase in the years ahead.

In our experience, many academy trusts are incredibly well run and have robust systems and controls which operate effectively, and both deter and prevent fraud whilst helping the trust to achieve value for money. Trusts often have far better systems and controls in place than we would expect to see in a comparable by size corporate entity or charity but then, with the public nature of trusts, this is the way it should be.

Fortunately, the number of trusts making the headlines for the wrong reasons remains very low but, as is usually the case, it is easy for the press to make noise when there is a high profile case and too often an isolated issue is made to sound like it is a widespread issue across the whole sector.

The sorts of issues we identified during our 2021/22 audits were the common ones we have found in recent years, including:

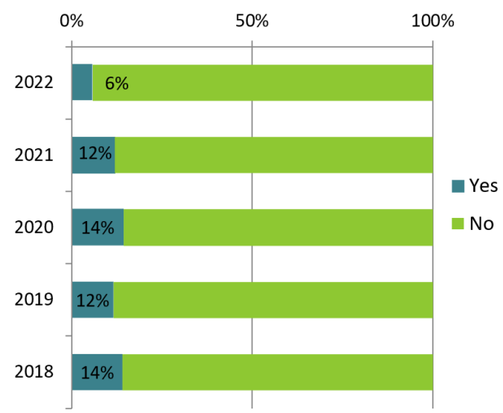
- Not fully complying with related party transaction rules, often by not notifying the ESFA on time or before entering into a transaction
- Weaknesses in the management accounting process, the format and contents of the monthly accounts, often including failure to provide the Chair with monthly financial information
- Going concern issues, including general concerns over the financial situation and depleting reserves. This area of concern has increased in 2022 due to higher energy costs
- Weaknesses in fund accounting during the year
- Missing deadlines for ESFA returns, including Budget Forecasts
- Non-compliance with internal procurement processes
- Insufficient disclosure of business interests on the trust website, including not keeping this fully up to date
- Websites omitting other necessary information eg. recent years' accounts
- Not reviewing and updating the risk register
- Issues over monthly reconciliations of sales, purchase ledger or bank control accounts
- Problems with accounting for capital items and maintaining an accurate fixed asset register
- Generally weak accounting processes or delays by the finance team in supplying accurate financial records for auditing.

The proportion of trusts whose recommendations contained high risk/priority points has been fairly consistent in recent years but has fallen in 2022 to 6% (12% for 2020/21) and it is reassuring to know that it remains relatively rare for a trust to receive even one 'red' rated recommendation.

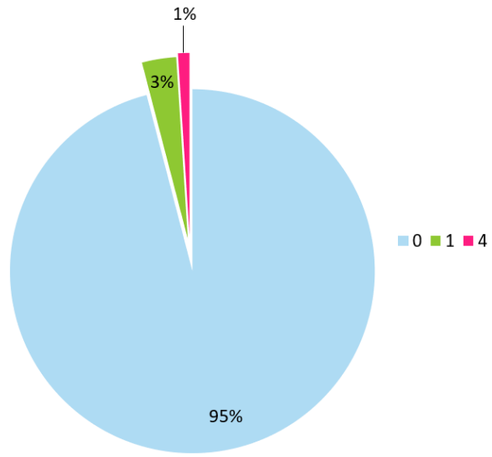
Of the 6% of trusts that did have a significant issue raised, the vast majority received just the one high risk point so it really is rare for trusts to have multiple issues that warrant such a severe rating.

The high risk points we identified included going concern or other serious financial concerns, failure to comply with the new related party rules, significant issues adhering to the trust's internal procurement policies and delays in preparing adequate accounting information.

Trusts with high risk/priority audit findings report points



Number of high risk or priority AFR points



Related party transactions

The Education and Skills Funding Agency (ESFA) requires academy trusts to maintain high standards of governance and financial management, including the management of related party transactions. Related Party Transactions (RPTs) occur when a trust enters into a transaction with an individual or entity that has a close relationship with the trust, such as a trustee, employee, or their family member.

The ESFA requirements for related party rules are complex but one overriding principle is clear:

"Academy trusts must be even-handed in their relationships with related parties by ensuring that..... no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that would be offered to an individual or organisation with no connection to the trust."

Trusts who do not comply with the rules should be held to account because the rules are there for good reason and to protect trusts from individuals with less than honourable intentions. Often technical breaches of the RPT rules occur when there is nothing fundamentally concerning about the underlying transaction.

RPTs are not necessarily 'bad' despite the media sometimes portraying them to be so. Often RPTs are entered into for good, legitimate reasons where the related supplier is able to provide the trust with goods or services. It seems counterproductive to invite business orientated people to be trustees and then not let their companies assist where they can, but this is often what the related party rules seem to do. As a result, many trusts do shy away from entering into any RPTs altogether.

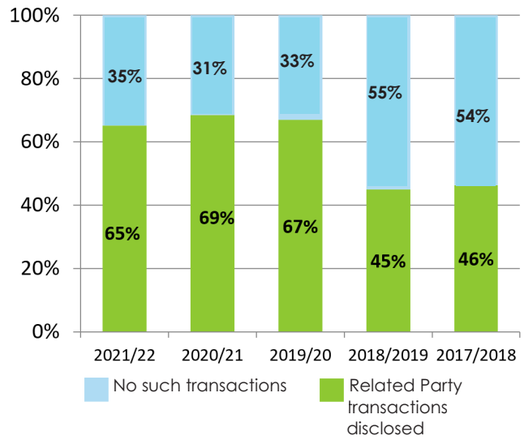
Finance teams working in academies and all trustees need to be familiar with the related party section of the ATH. If you have not read this recently we recommend that you do so as the guidance is clearly set out and it is important that breaches do not occur, even if they inadvertently occur in error.

Trustees need to bear in mind that perceived conflicts of interest are just as important to manage as real ones. A perceived conflict of interest occurs when an individual or organisation has a personal, professional or financial interest that may influence their ability to act impartially or make objective decisions. Even if there is no actual conflict of interest, the perception or appearance of a conflict can still undermine public trust and confidence.

Trustees must manage personal relationships with related parties to avoid any conflicts of interest, promoting integrity and openness and recognise that some relationships with related parties may

The statistics from our own data show that the number of trusts reporting transactions fell slightly during 2021/22 with two in three trusts reporting a related party transaction.

Academies with related or connected party transactions



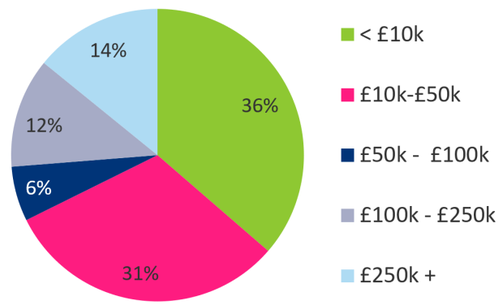
The percentage of trusts disclosing that they entered into RPTs may, at first, appear high but this figure would fall dramatically once receipts and payments to non-commercial organisations were removed. The transparency over RPTs in the academy sector is a good thing and is something that does not exist for maintained schools.

If appropriate, a trust's systems and controls should act as a barrier and deterrent to any less than honest RPTs. Culture, values and 'tone from the top' are equally as important. Often, when an issue does arise, there has been an overbearing individual in a senior position who exerts significant influence. Trusts should have appropriate whistleblowing policies in place so that all staff feel comfortable flagging any concerns that they may have without fear of any repercussions.

Around a third of trusts (36% vs 46% in 2021) which did report entering into a related party transaction did so at a relatively low level, beneath £10,000.

A small percentage of trusts reported some high value related party transactions but these often include donations from a related entity, costs paid to sponsors for rent and other property costs, remuneration of staff trustees or payments from local authority schools for support and consultancy in advance of joining the trust more formally.

As we have said in previous years, these examples show how easy it is to misinterpret the overall statistics. We are aware that the ESFA are increasingly asking questions about intended RPTs notified to them and in some cases are not approving the requested transactions, rightly or wrongly.



UHY's final thoughts

We hope that you have found this year's benchmarking report interesting.

Once again, we have included the average data sheet on pages 44 and 45 to enable you to compare your academy trust against similar trusts. We would be pleased to plot your key data on to graphs against the averages if you would like us to.

We again close our report with some top tips since we believe it never hurts to be reminded of these:

For trustees

Responsibility to conduct the trust's strategic business sits with the trustees, but they also need to be holding executive leaders to account for both the educational performance of the organisation and its pupils, and also the performance management of staff. They also have responsibility for overseeing and ensuring effective financial performance.

To fulfil these responsibilities trustees need to ask the right questions, and to then be sceptical about the responses. New trustees should read the ATH 'must' requirements in Annex C at the rear of the handbook and we recommend all trustees look at these once a year. The following resources are also worth looking at:

- School resource management: top 10 planning checks for governors
- School resource management: checklist
- School resource management: case studies
- Integrated curriculum and financial planning (ICFP)
- Charity governance, finance and resilience: 15 questions trustees should ask

For CFOs

the CFO has delegated responsibility for the trust's detailed financials, and should play both a technical and leadership role. The DfE provide a substantial amount of data which can be used to compare your trust against others, or even to compare individual academies within your own trust. The following are all excellent resources:

- 'My financial insights tool' comparison of financial performance against statistically similar schools across nine different cost categories.
- Compare school performance service
- Schools financial benchmarking service

Audit Committees

An effective audit committee is a crucial element of the governance structure and operates under the delegated authority of the board. Whilst an audit committee will be concerned with financial control and the external audit process, perhaps more importantly is the management of strategic risks. Mismanagement of these risks statistically lead to the greatest sources of loss, and therefore it is important committees' work embraces strategic, governance and operational aspects, in additional to the internal control framework and financial matters.

An effective audit committee will be focused upon organisational risk and will challenge both the reports of management and auditors to ensure that assurance is robust. It is not enough to merely check the trust is compliant with relevant codes and regulations.

Accounting Officers

AOs have a personal responsibility to Parliament, and to the ESFA's accounting officer, for the trust's financial resources, and must be able to give assurance over the management of the public funds received and the high levels of probity, particularly regularity, propriety and value for money. At all times they must adhere to 'The 7 principles of public life'.

Shortcomings are sometimes found in the following areas:

- Benchmarking – an excellent driver for continuous improvement that can be used to identify early value for money failure
- Conflicts of interest – the related party rules of the ATH mean the requirements in this area are very transparent but problems do still arise
- Senior responsible owners – too few senior responsible owners appointed for large projects
- Commercial expertise - poor commercial awareness and expertise compounded by a lack of key in-house professional capability to engage effectively and successfully with the private sector.

Members

The duty of a member is an unusual one; they play a limited yet crucial role. Members should adopt an 'eyes on – hands off' approach, leaving strategic responsibility with the trustees, but holding them to account. To do this members need to be kept informed by trustees about trust business so they can be assured that the board is exercising effective governance.

Examples of where the members may exercise their right to direct the trustees would be:

- if they believe an external review of governance should be carried out and the trustees have not done so
- where the board has failed to act on child safeguarding; or
- where the academy trust is in breach of its funding agreement.

One way in which some academy trusts decide to keep members informed and engaged is for one or more members to also serve on the board of trustees. Often the Chair of Trustees will be a member. At the same time trusts should remember that the ESFA strongly prefer the majority of members to be independent from the trust board.

And finally…

we end on a delicate subject. With Ofsted in the news, and a possible reform of the school performance and grading system, after the tragic death of a Headteacher earlier this year following an unfavourable result, maybe by the time we publish our 2024 report next year the inspection process with have been completely rethought. We know from speaking to our clients that the current system does place an enormous amount of pressure on schools, and Headteachers in particular.

Where does your academy fit within the results?

	Your academy	MATs Average 2021/22	Secondary Average 2021/22	Primary Average 2021/22
Non financial data				
Number of teachers		Not included as highly dependent on number of academies in the MAT	69	17
Number of admin and support staff			53	37
Number of management staff			7	4
Number of pupils			1,148	419
Pupil to teacher ratio		18	17	24
Income				
Total revenue income per pupil		£6,466	£6,319	£5,699
Grant income per pupil		£6,128	£5,886	£5,211
Grant income % of total income		96%	96%	94%
GAG income per pupil		£5,106	£5,497	£4,183
GAG % of total revenue income		79%	87%	74%
Other income per pupil		£253	£164	£446
Other income % of total income		4%	3%	6%
Capital grant funding per pupil		£241	£94	£28
Capital grant funding % of total revenue income		4%	2%	1%
Expenditure				
Total expenditure per pupil		£7,071	£6,717	£6,446
GAG expenditure per pupil		£4,942	£5,186	£4,208
GAG % of total expenditure		70%	80%	65%
GAG result		Not included	£285,500	(-£1,500)
GAG result per pupil		£138	£222	(-£4)
Staff costs per pupil		£5,396	£5,159	£5,052
Staff costs % of total expenditure		75%	75%	78%
Teaching & ed support staff costs per pupil		£4,117	£4,066	£3,731
Teach & ed support staff % of total staff costs		77%	82%	74%

	Your academy	MATs Average 2021/22	Secondary Average 2021/22	Primary academies Average 2021/22
Support/Non-teaching staff costs per pupil		£1,161	£938	£1,243
Non-teaching staff costs % of total staff costs		22%	18%	23%
Supply teacher costs per pupil		£141	£111	£37
Supply teacher costs % of staff costs		3%	2%	1%
Light and heat costs per pupil		£83	£96	£69
Light and heat % of total expenditure		1%	1%	1%
Buildings & grounds maintenance per pupil		£59	£64	£62
Maintenance % of total expenditure		1%	1%	1%
Cleaning and refuse per pupil		£49	£53	£21
Cleaning and refuse % of total expenditure		1%	1%	0%
Educational supplies and services per pupil		£312	£232	£356
Educational supplies and services % of total		5%	4%	6%
Examination fees per pupil		£-	£92	£-
Examination fees % of total costs		0%	1%	0%
Staff development per pupil		£16	£20	£20
Staff development % of total costs		0%	0%	0%
Technology costs per pupil		£73	£56	£45
Technology costs as % of income		1%	1%	1%
Balance sheet				
Total reserves held		£2,969,995	£1,208,500	£283,701
Total reserves held per pupil		£677	£1,104	£834
Unrestricted reserves held		£1,432,500	£564,000	£162,737
Unrestricted reserves held per pupil		£345	£396	£527
LGPS deficit per pupil		£553	£373	£569
Capital expenditure per pupil		£321	£328	£145
Cash and bank balances held per pupil		£1,282	£1,318	£1,445

Our education teams within our UHY offices work with more than 500 academies and free schools across the UK, including many large and growing MATs, supporting them through their growth and with forward planning.

Our sector experience

We work with numerous clients in the education sector, including academy schools, free schools and independent schools. We have years of experience in the sector and have a particular expertise with academy schools - our education teams within our UHY offices work with academies and free schools across the UK, including many large and growing MATs, supporting them through their growth and with forward planning. As such, we understand that independence from your LA is likely to require improved internal controls for your school's finances.

UHY are a Top 20 firm of accountants and auditors. Our academy client base includes old style sponsored academies, new converter academies, and MATs. As the expansion of the academies programme continues our number of clients in this rapidly changing sector has increased significantly.

Our experts enjoy the challenge of this exciting and rapidly changing sector. We keep ourselves up to date with all the ESFA's requirements so that we can keep our clients abreast of regulatory and other changes. We also prepare regular Academy Schools Updates on topical issues that affect academies and maintain a dedicated academies blog, which we aim to update weekly.

Our demonstration of our experience to date within the education sector, and specifically with academies, has led a number of established academies to leave their previous adviser to benefit from our breadth of specialist knowledge and support.

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