UHY Hacker Young
Chartered Accountants

2022 Academies Benchmark Report

Our 10th annual benchmarking report, developed to summarise the current academy sector trends and to allow you to benchmark your school against others.

Your journey

Helping you prosper

Welcome to our tenth annual benchmarking report for academies.

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Foreword from UHY's Head of Academies and Education

Welcome to our tenth annual benchmarking report for academies.

I am delighted to introduce our tenth annual benchmarking report for academies.

I can't quite believe that we've reached our tenth report, it only seems like yesterday that we wrote the first one. Time certainly flies.

Well, perhaps time hasn't flown quite so much since Covid hit in March 2020. At least now, with national restrictions having eased, and the success of the vaccine programme, we are beginning to get back to 'normal'.

The 2020/21 academic year was again challenging for the education sector. Whilst we did not see the widespread periods of closure and home working we did in the previous year, most schools have struggled with the disruption caused by high pupil absence due to Covid and pressures on staffing.

The Department for Education has continued to support schools with additional funding, and the catch-up premium in particular has been welcome, providing schools with further resources to ensure pupils have not fallen too far behind or suffered from missed learning opportunities.

As you will see later in our report, from a purely financial perspective, the pandemic has actually had a positive impact on academies. Indeed, a huge 97% of secondary academies reported a surplus this year. A number of trusts have chosen to build reserves, in order to stabilise their financial position, while others have opted to invest in building improvements or new capital equipment they would otherwise have been unable to afford.

Trusts have been forced into embracing modern technology, and have updated systems, controls and governance models. The sector as a whole has matured enormously in recent years, and there is a vast contrast when comparing how trusts operate now to even five years ago.

From a purely financial perspective, the pandemic has actually had a positive impact on academies.

A summary of our report

This year our benchmarking report once again covers over 1,300 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.

An invaluable benchmarking page has once again been included at the end of our report 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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This year's headline stats

Overall

- As of 1 January 2022 47% of academies were in MATs
- Average cash at bank held of £1,291 per pupil
- 69% of trusts reported entering into a related party transaction during 2020/21 (2020: 67%)
- 46% (2020: 49%) of trusts did not enter into a related party transaction above £10,000
- Just over 1 in 10 trusts had no flagged observations in their audit findings report
- 75% of trusts received between 1 – 5 recommendations in their audit findings report
- Average Accounting Officer remuneration per pupil of £113
- Further decline in supply teacher costs to average £76 per pupil (2020: £106)
- 52% of trusts made some form of restructuring payment
- 4% rise in trusts paying total restructuring payments of more than £100k
- 4% of trusts made a non-contractual severance payment in excess of £50,000
- 97% (2020: 87%) of trusts reported a rise in their LGPS liability
- Further LGPS rises mean average liability per pupil has increased by 202% over the past 5 years

MATs

- 78% of MATs reported a GAG surplus in 2020/21
- 67% enjoyed a surplus of more than £250k
- Unrestricted funds held grew to £279 per pupil (2020: £269)
- Average MAT cash at bank rose 13% to £1,107 per pupil
- 62% reduction in average non-grant income per pupil to £150
- Average AO salary in a 11 – 20 school MAT was £165k

Primary academies

- 75% of primaries reported a GAG surplus in 2020/21
- 56% enjoyed a surplus of more than £250k
- Average primary reserves grew to £790k
- Cash at bank increased by 22% to an average of £530k
- The average primary paid key management remuneration of £870 per pupil
- The average AO salary up £3k to £90k

Secondary academies

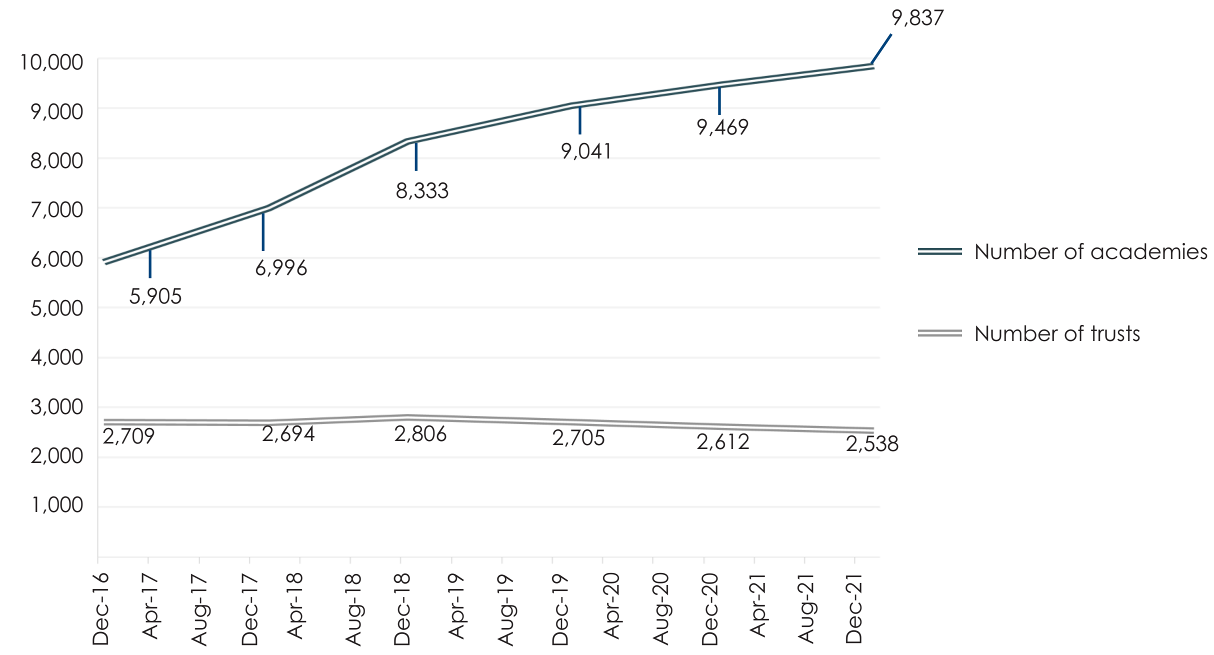
- 97% of secondary academies reported a GAG surplus in 2020/21
- 57% enjoyed a surplus of more than £250k
- Average secondary reserves grew to £790k
- Cash at bank rose 23% to £1.32m on average
- The average secondary generated just £87 of non-grant income per pupil, down from £246 last year
- The average secondary had staff costs at 79% of total costs (up 3%)
- Average AO salary up £5k to £130k

Summary of the sector

The sector is very different now to when we prepared our first benchmarking report back in 2013. The number of MATs, and the size of MATs, have both continued to grow.

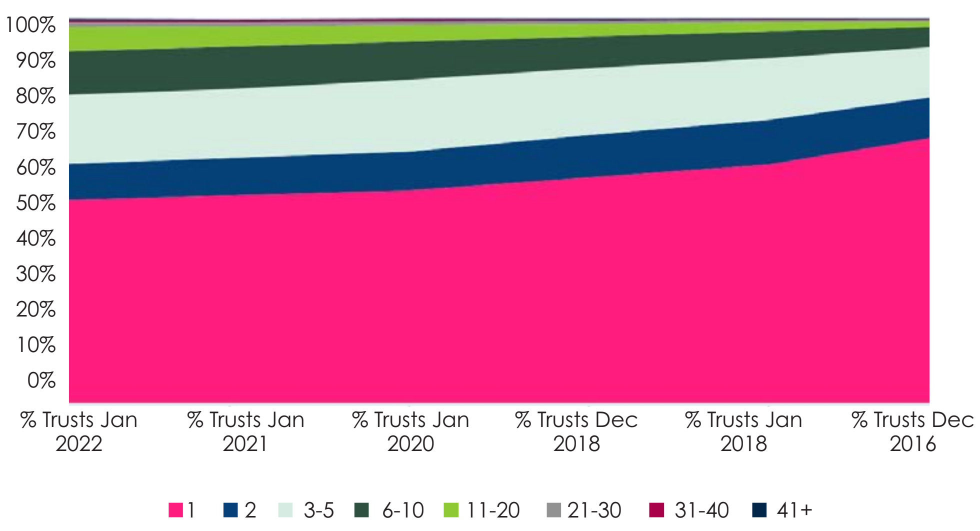
The number of individual academies continues to grow year on year, but with the number of SATs reducing, and the consolidation of MATs into larger trusts, there is a clear downward trend in the number of trusts. There are 6% fewer trusts now than there were five years ago, despite the number of academies rising 66% over this same period.

Growth in number of academies and fall in trusts



Trust Size	Trusts	% Trusts Jan 2022	% Trusts Jan 2021	% Trusts Jan 2020	% Trusts Dec 2018	% Trusts Jan 2018	% Trusts Dec 2016
1	1,341	52.8%	54.2%	55.5%	58.8%	62.2%	69.8%
2	237	9.3%	9.6%	10.1%	11.0%	11.5%	10.5%
3-5	457	18.0%	18.0%	18.6%	17.4%	16.0%	12.7%
6-10	288	11.3%	10.9%	9.8%	8.1%	7.0%	5.0%
11-20	158	6.2%	5.3%	4.3%	3.3%	2.4%	1.3%
21-30	33	1.3%	1.1%	1.0%	0.8%	0.6%	0.4%
31-40	14	0.6%	0.5%	0.5%	0.4%	0.2%	0.1%
41+	10	0.4%	0.3%	0.3%	0.2%	0.2%	0.2%
Total	2,538	100%	100%	100%	100%	100%	100%

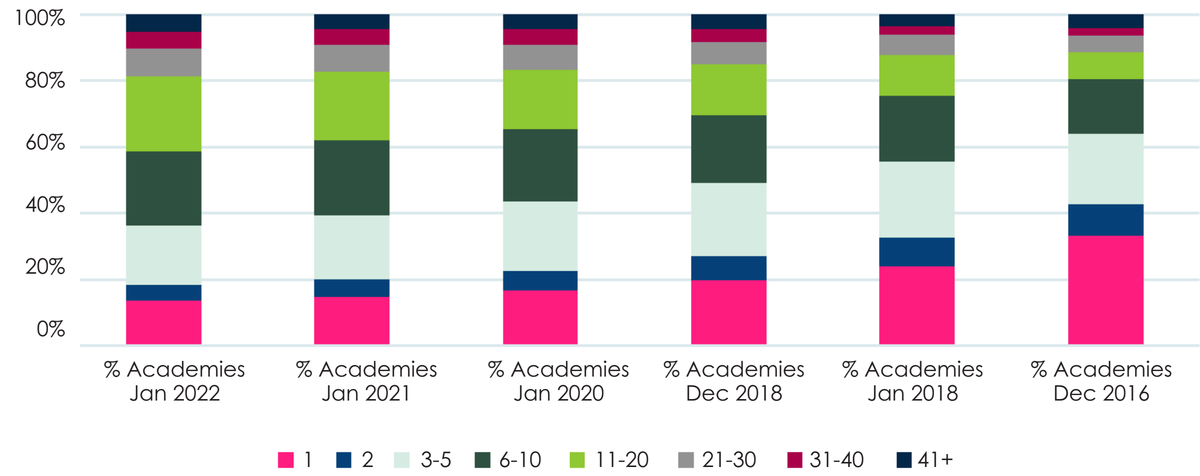
The change in MAT size in past 5 years



There is a marked reduction in the number of single academies and, as of January, 8.5% of trusts were responsible for more than 10 academies. There are currently 10 'super-sized' trusts of more than 40 schools.

Back in 2016 around one third of academies were in a SAT. As of January 2022 this had fallen to just 14.9%. Conversely, the number of academies in larger MATs has grown. The percentage of MATs responsible for more than 20 academies has risen from 11.5% to 18.8%. Slightly further down the chain, the growth in academies that are members of an 11-20 school trust is also clear (now approaching 25%).

The number of academies in MATs of different sizes



GAG pooling vs top slicing

Last year we commented that trusts were increasingly turning to, or at least exploring, some form of pooling. This has continued, but top slicing remains far more widely used.

There are different forms of pooling and trusts can explore these without necessarily having to commit 100% of all funds. A relatively small number of trusts have decided to pool all funds, but there is some sense in pooling GAG so that this is controlled centrally, and monies distributed according to their needs. This is at the heart of the main advantage of pooling; it allows trusts to target the funding towards the schools which really need it. Politically, however, it is easy to see how individual academies may be nervous and fearful of relinquishing their control. Sometimes trust leaders express concern that, until pooling becomes more popular, trusts that adopt this model might find it harder to attract new member academies. The DfE, however, seem content with the concept of pooling.

We continue to see MATs move to the use of one central bank account. Running just one central account (or perhaps a couple if a reserve or deposit account is also required) significantly reduces the amount of admin and the time it takes to complete routine financial procedures, such as bank reconciliation. One central account irons-out any cash flow difficulties arising at individual academies and reduces financial management time in monitoring cash flow.

Trusts that continue with the top slice approach use a variety of factors to determine the amount to be paid. Some use a straight percentage of GAG, but the percentage can vary, usually within the 4-7% range. We have seen this creep up in recent years, with central trust functions becoming more expensive to run as operating costs increase, and MATs increase the range of services they provide to their constituent academies. Other MATs base their top slice on pupil numbers, or use flat rates, perhaps with different rates for primary and secondary academies.

Once the budget for the following year has been decided, the top slice should be set at an appropriate level that at least covers expected central trust costs. This avoids the central trust running at a deficit. While some aim to merely recharge costs, other trusts plan to retain and build a level of central trust reserves that will give the MAT a safety net fund to fall back on.

We do see central trust functions carrying a cumulative deficit, albeit a little too often. This suggests that something has gone wrong and could be an indication that financial management could be improved, and it does not look very attractive to academies potentially considering joining the MAT.

MATs must get the delicate balance right; whilst it has to work financially it is also important that individual academies feel they are receiving value for money for the payments made in comparison to the central services they are receiving.

Staff costs, numbers and teaching staff to pupil ratios

The 2020/21 year marks the second academic year affected by COVID. Schools were fully open for most of this period but in January 2021 students were back to online learning.

In addition, various COVID rules meant children and/or teachers had periods of isolation if they (or a contact) tested positive for COVID.

In practice, this has meant that challenges this year have varied across different schools. One academy may constantly be trying to boost the number of supply teachers due to staff absences, but the next school may have no such issues.

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.

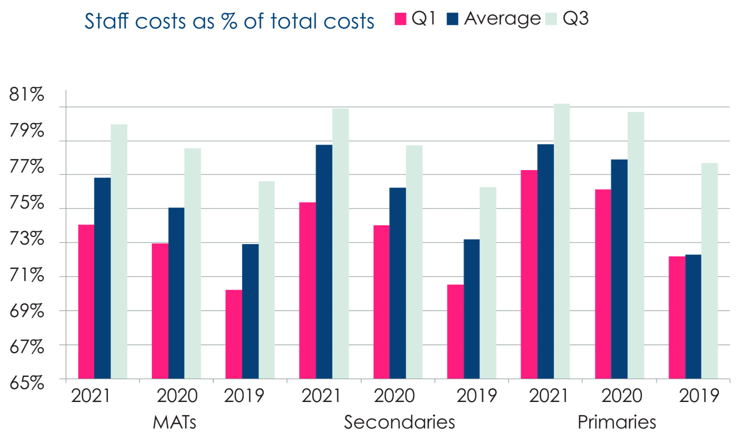
To operate both a sound financial model and to provide an excellent education to its pupils, a trust has to ensure its staff offer value for money. This can be difficult at times, with teaching staff automatically rising up through pay spines for most trusts, and regular pressure from teaching unions.

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 side.

The government has committed to a £30,000 starting salary for teachers by 2022/23. In March 2022, the DfE submitted its roadmap to reach the £30,000 starting salary target.

The Teachers' Pay Grant and Teachers' Pension Employer Contribution Grant (TPECG) are now included as part of the national funding formula for most academies. 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 ensuring value for money is achieved is so key. 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.



There is a marked increase in staff costs during 2020/21 across all types of trust following several years of stability, or even falling costs in some cases. This is to be expected following the funded pay and pension increases, but it does highlight the importance of the continued funding to academies' future budgets.

The average staff costs have crept up a few percentage points across the sector, but secondary academies have seen the largest increase.

Average staff costs as % of total costs				
	2020/21	**2019/20**	**2018/19**	**2017/18**
Primary academies	79%	78%	72%	75%
Secondary academies	79%	76%	73%	72%
MATs	77%	75%	73%	72%

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 past twelve months have been unprecedented and we are sure all trusts will have staff who have embraced these challenges more than others, and it is only right that they are the staff rewarded.

Last year we highlighted the DfE updated guide 'Implementing your school's approach to pay' 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.

There is a marked increase in staff costs during 2020/21 across all types of trust following several years of stability, or even falling costs in some cases.

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.

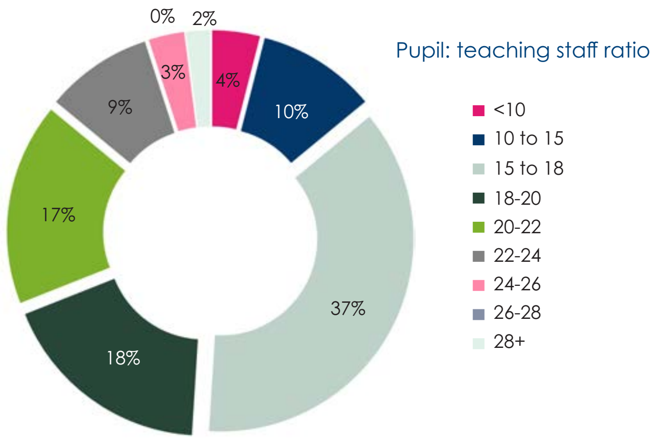
If you have not already embraced ICFP we recommend that this is something you do look into.

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, 55% (2020: 57%) of academies in our sample had a PTR in one of the two most common ranges, 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, 2% of academies (2020: 2%) had a PTR of over 28. There have, however, been small increases overall with 31% of trusts having a PTR of 20 or more (2020: 27%).

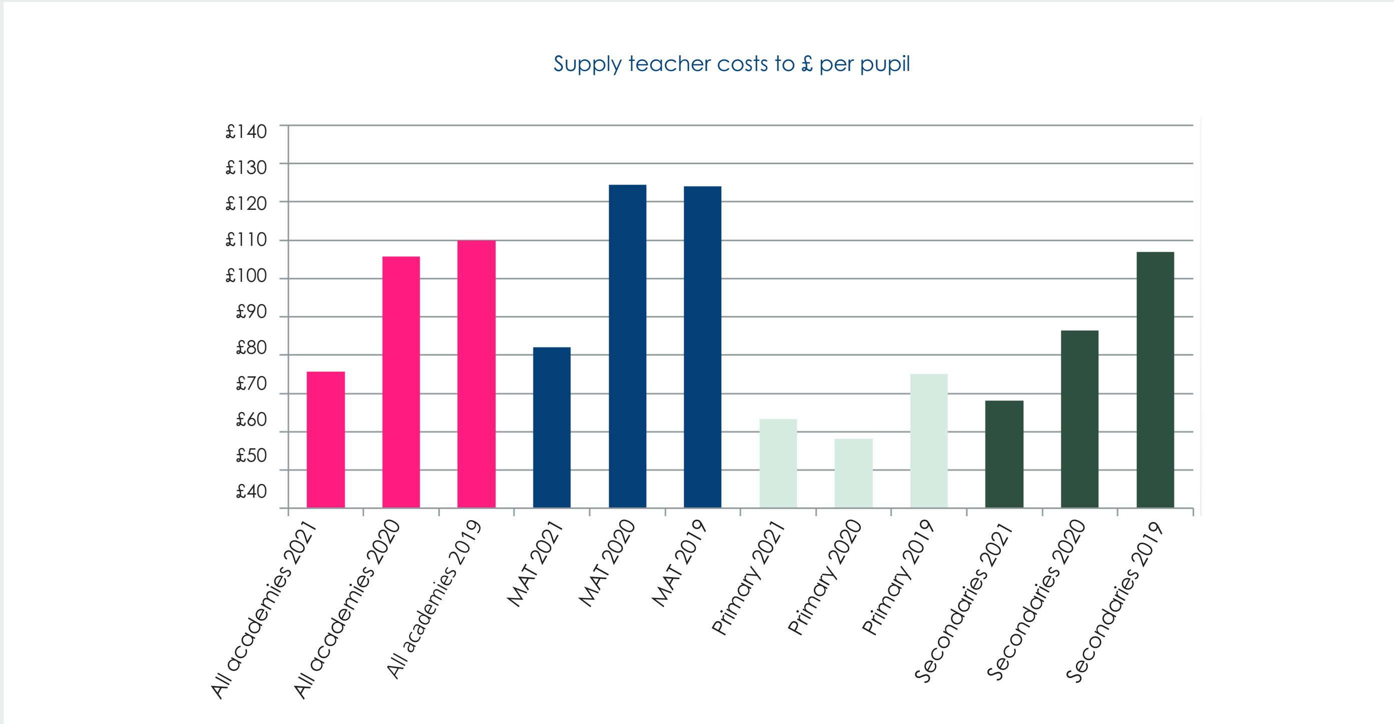


Supply staff

There have been mixed results in this area, with some schools spending more as teachers were away during isolation but schools remained open for the majority of the year.

Surprisingly, there has been a sharp decrease in the supply costs per pupil decreasing to £76 per pupil (2020: £106) for all academies.

The actual spend behind these per pupil numbers shows that the average primary academy has paid out £34k (2020: £21k) in supply costs and the average secondary £64k (2020: £92k).



Key management remuneration

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

Trusts need to follow the Academy Trust Handbook 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, continue to vary enormously and restrict 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, in order that 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.

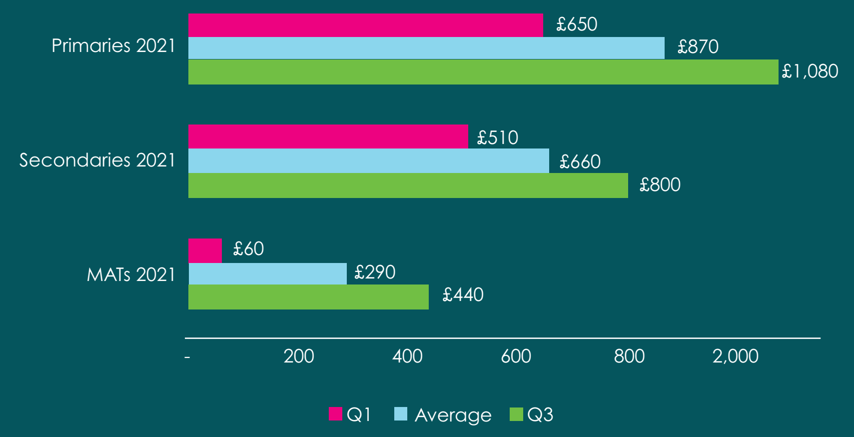
The DfE has taken steps to challenge and reinforce the message to the sector that there is need for robust evidence-based processes in setting pay, and to ensure in particular that pay of leadership teams in the sector is transparent, proportionate and justifiable, including:

- 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 to 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.

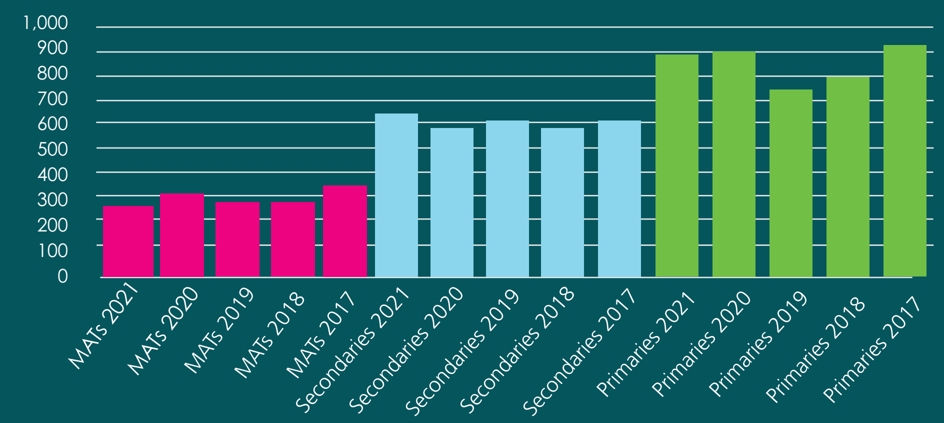
The Academy Schools Sector Consolidated Report and Accounts (SARA) for trusts 2019/20 year was published by the DfE in December 2021 and reveals why there is such a continued focus in this area. The 2018/19 year was the first year that included employer pension contributions, explaining the big jump between the two years.

	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	2017/18: Number of ATs paying at least one individual above this	Proportion of ATs in sector
Payments of £150k or more	473	17.0%	340	11.6%	146	4.8%
Payments of between £100k - £150k	1,772	63.5%	1,535	52.5%	988	32.4%

KMP remuneration per pupil



Average KMP remuneration per pupil (£)



The chart above shows quite a range of results in per pupil figures across all types of trust. For MATs, in particular, the Q1 result is a mere fraction of the Q3 figure.

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

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.

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

Further analysis of the MAT data reveals the following:

MAT size	Mean average KMP cost	Mean average KMP cost per pupil	Mean average CEO/AO cost per pupil 2021	Mean average CEO/AO cost per pupil
2 - 5 schools	£505	£577	£82	£122
6 - 10 schools	£380	£343	£61	£46
11 - 20 schools	£220	£241	£45	£24
20 schools +	£68	£73	£9	£14
Mean average	£290	£340	£44	£65

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, they are 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.

It is not acceptable to pay a certain salary just because another local trust of a similar size does likewise.

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. Half of all secondary headteachers were paid between £111,000 (quartile 1) and £140,000 (quartile 3) whilst 50% of primary headteachers received remuneration of between £78,000 and £101,000.

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

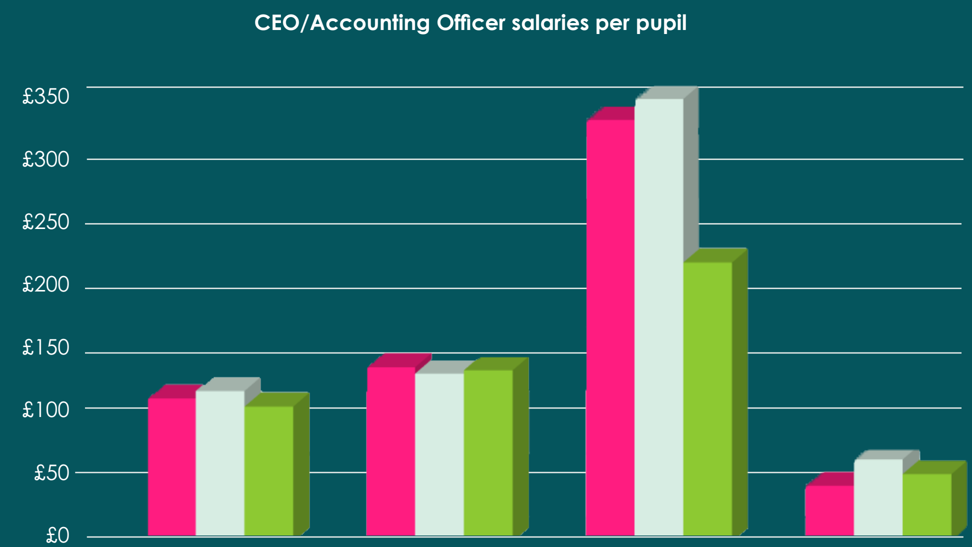
Size of MAT	Average CEO/AO salary (£)	
	2020/21	2019/20
2 - 5 schools	120,000	110,000
6 - 10 schools	133,000	140,000
11 - 20 schools	165,000	178,000
20 schools +	219,000	203,000

Interesting whilst the average salary of the CEOs of MATs in the smallest and largest bands has risen, the opposite is true in the middle two bands.

The movement in the 11-20 range can probably be

	All	MAT	Secondary	Primary
Q1	£101,000	£117,000	£111,000	£78,492
Average (median)	£134,105	£139,455	£130,000	£89,848
Q3	£150,000	£182,912	£140,000	£101,000

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



	All	Secondary	Primary	MATs
2021	£113	£138	£333	£44
2020	£119	£133	£349	£65
2019	£107	£136	£220	£54

Restructuring and severance payments

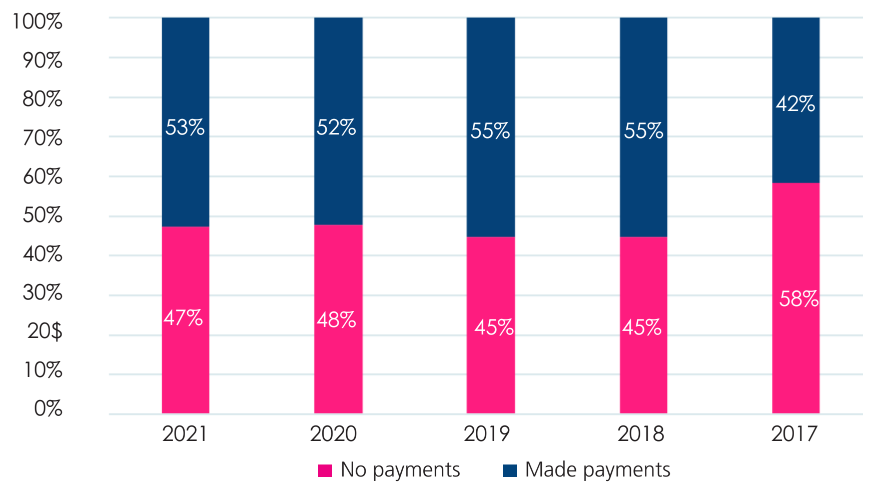
Restructuring payments, including severance, are common in the sector. For a number of years, the number of trusts in our sample making such payments has been slightly more than those trusts which have not. This year there has been a reduction in the percentage of trusts making these payments. It is only a slight decline, but it does reverse the previous worrying upwards trend.

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 rebrokerage 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 restructuring and severance payments

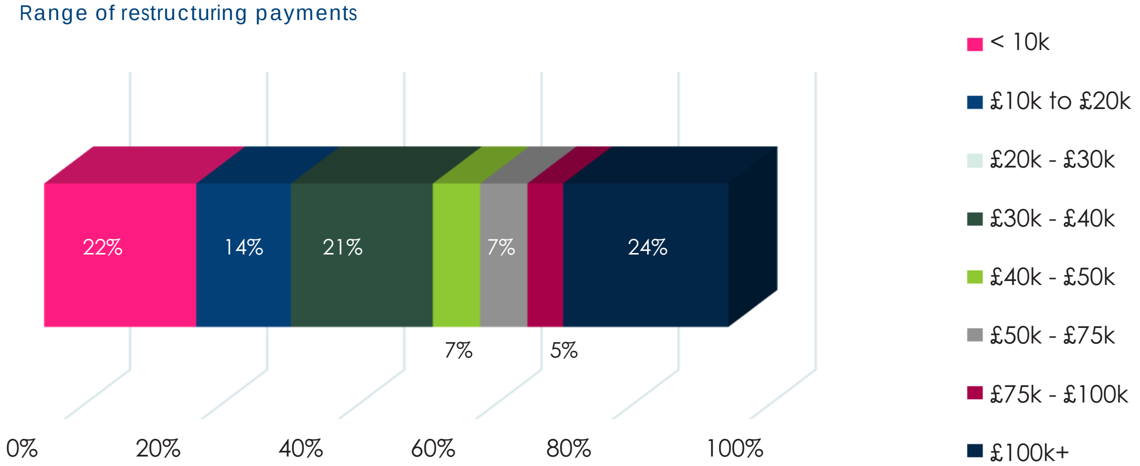


Range of restructuring payments

The level of restructuring payments made is also important. A significant number are relatively small, and this year just over two in ten trusts making payments paid less out less than £10,000. At the opposite end of the scale, 24% of all trusts paid out over £100k in total.

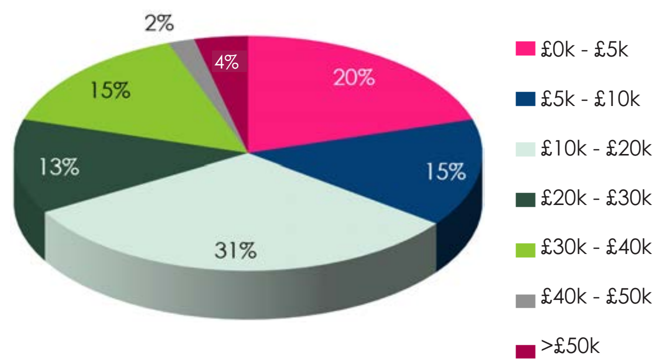
This is an increase from the 20% of trusts paying at that level in 2019/20. With the MAT figures often spread across numerous academies the high totals should not come as a complete surprise, but it highlights the additional costs that some trusts do face.

Range of restructuring payments



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 a number of trusts paying significant individual sums.

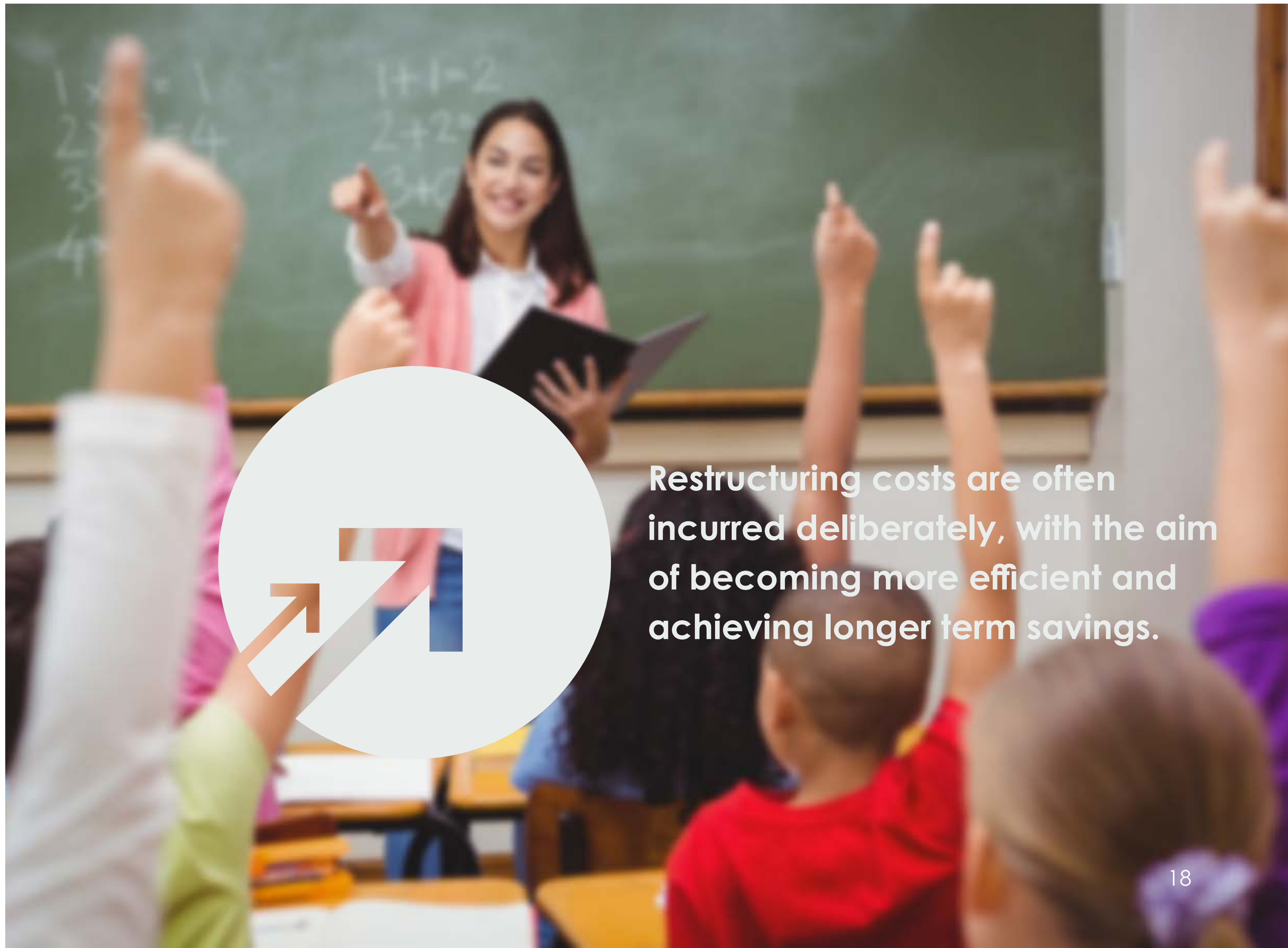
Highest non-contractual payment



This year, there was a decrease (35%) (2020: 48%) in trusts' highest non-contractual payment in the lowest two bands (up to £10,000). However, most trusts still have their highest non-contractual payment within the lowest three bands (66%) (2020: 64%). There were also fewer trusts in the over £50,000 band, with the largest individual payment recorded of £71,000.

Sorted by type of trust, the highest individual non-contractual payments during 2020/21 were:

	2020/21	2019/20
Primary	£15k	£12k
Secondary	£15k	£59k
MAT	£71k	£67k



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 TPS has over two 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

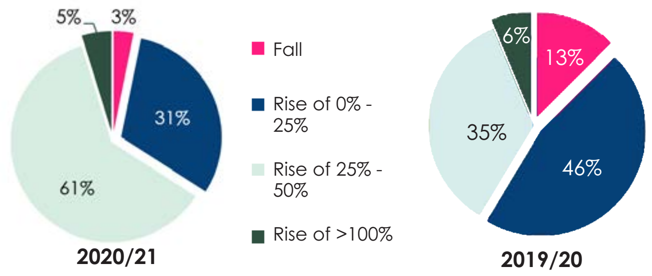
In terms of annual financial statements, the focus has been on Local Government Pension Scheme (LGPS) liabilities, as these are shown on academy trust balance sheets and are therefore more visible.

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

The stock market has fluctuated significantly during the period of the pandemic. Over the course of the year to 31 August 2021, equity values increased significantly which resulted in the gross asset position of the LGPS being at a higher value at that date compared to the previous year. However, there have also been changes to the assumptions made by actuaries which have increased liabilities by a greater amount in most cases. In particular, assumptions around the rate of salary increase and scheme liabilities discount rates have increased significantly compared to the previous year.

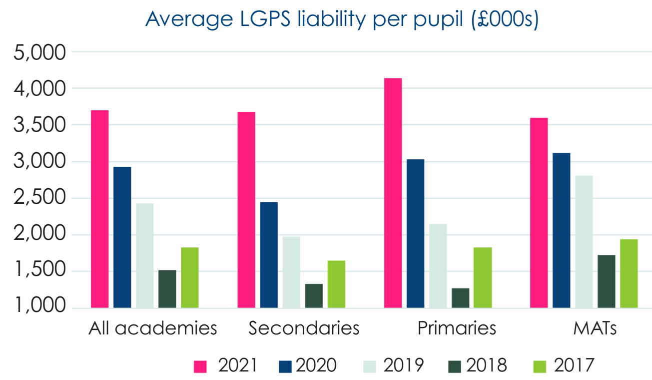
These effects counteract each other, however, the increase in gross asset values have not been as great as the increase in scheme liabilities. As a result, net pension liabilities have generally grown between 2020 and 2021.

% movement in LGPS liability vs opening liability



Despite the LGPS deficit being outside the trust's control, it remains a topic which trustees are keen to discuss because the large liability makes them nervous, even if their auditors are advising that it is merely an accounting deficit that they do not need to be overly concerned about.

The chart below, showing deficits on a per pupil basis, shows just how much the LGPS deficits have increased, on average, over the past four years. It is difficult to tell at this stage how deficits might look as at 31 August 2022.



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

The Government continued to show support to schools during 2020/21, although many would argue they did not go far enough.

The following does, however, represent a significant investment in the sector:

- **Catch up premium** – this was announced in June 2020, and has been worth £1 billion with the aim of helping pupils and disadvantaged young people catch-up on missed education because of coronavirus. Many academies have already spent this money, although any that have yet to do so have until 31 August 2022.
- **Recovery Premium –** announced in February 2021, this one-off premium for the 2021/22 academic year is worth £302m and builds on pupil premium to help schools to deliver evidence-based approaches for supporting disadvantaged pupils.
- **Summer school funding** – the aim of this funding was to enable face-to-face summer schools in the summer of 2021. £200m was made available to secondary schools.
- **National tutoring** – in February 2021 £200m was announced to fund the expansion of the National Tutoring Programme and to extend the 16-19 Tuition Fund for a further year to support more students in English, maths and other subjects. Then, in June 2021, £1.4 billion of funding was announced to boost education recovery by making 100 million extra hours of tuition available to pupils. The aim is to transform the availability and approach to tuition in every school and college over the next three years, making sure when teachers identify a disadvantaged child in need of support as a result of the pandemic, that extra support is available. A further £1.8 billion of additional money for recovery was then announced in the autumn Spending Review.

every academy is being allocated at least 2% more pupil-led funding per pupil

- **Core funding and recovery funding** – in the Autumn Spending Review, Chancellor Sunak announced an additional £4.7 billion by 2024/25 for the core schools budget in England, over and above the Spending Review 2019 settlement for schools in 2022/23.
- **Capital funding** - £2.6 billion of capital funding has been promised for new school places for children with special educational needs and disabilities.

During 2020/21 many academies have benefitted from the coronavirus National Testing Programme, introduced to support schools with costs they have incurred in conducting asymptomatic testing on-site.

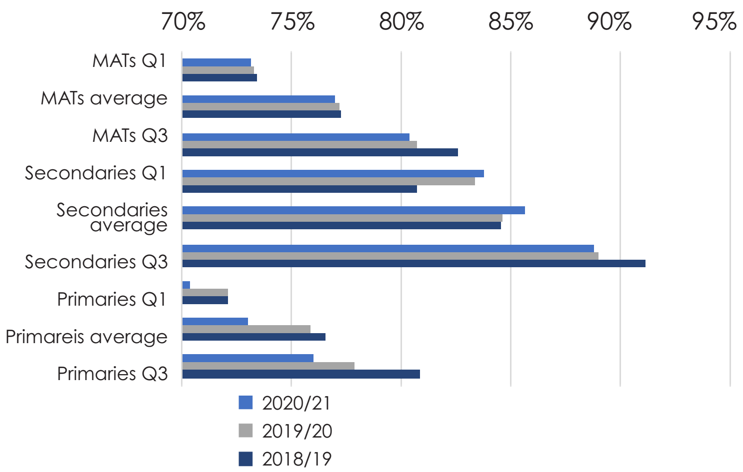
For 2020/21 the minimum funding per pupil was £3,750 in primary schools and £5,000 in secondary schools. For 2021/22 this has increased to at least £4,000 for each primary pupil and £5,150 per secondary pupil.

In the current 2021/22 year every academy is being allocated at least 2% more pupil-led funding per pupil compared to its 2020/21 National Funding Formula (NFF) baseline.

General Annual Grant

The key source of funding for virtually all academies is the General Annual Grant (GAG). Across all the academies covered in our sample, GAG accounts for around 78% of total income on average. Secondary academies are, once again, generally more reliant on GAG than primaries; 86% versus 73%. The non-GAG grant funding that primaries received, such as UIFSM and PE/sports grants, is a key factor here. Primaries also often have nurseries attached to the school.

GAG income as % of total income (all academies)



Other income

MATs are often best 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, the likelihood of needing to establish a trading subsidiary for tax planning or risk mitigation is also increasing. 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 and some hire of facilities can be classed as taxable business activities, depending on the circumstances.

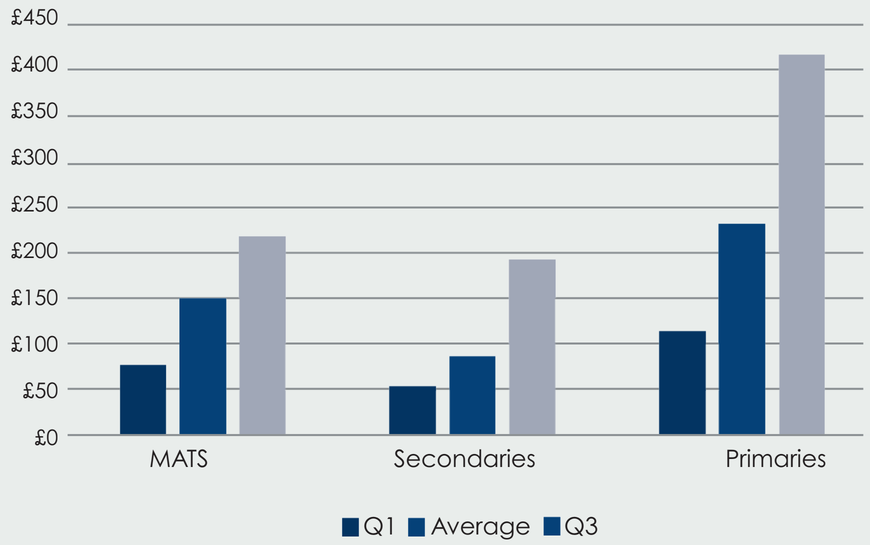
The other income figures in the table below include all forms of other income and, as a result of varying styles of presenting information in the accounts, not all of this other income is truly self-generated, it can be linked to education.

As we have 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 at half the level of the primary average, and the top quartile generating over £400 per pupil.

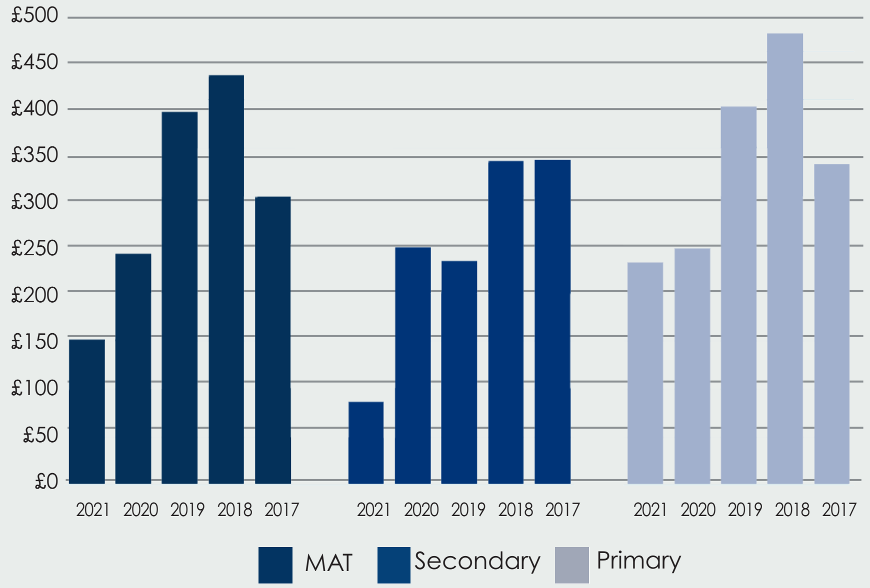
In 2019/20, when Covid first hit, and with schools partially closed for a proportion of the final months of that academic year, trusts saw various sources of their income extinguished overnight. It was therefore not a surprise that the average other income reduced fell away, in most cases.

The impact has continued to be felt in many instances throughout 2020/21, and each type of academy trust saw the average fall.

Other income per pupil



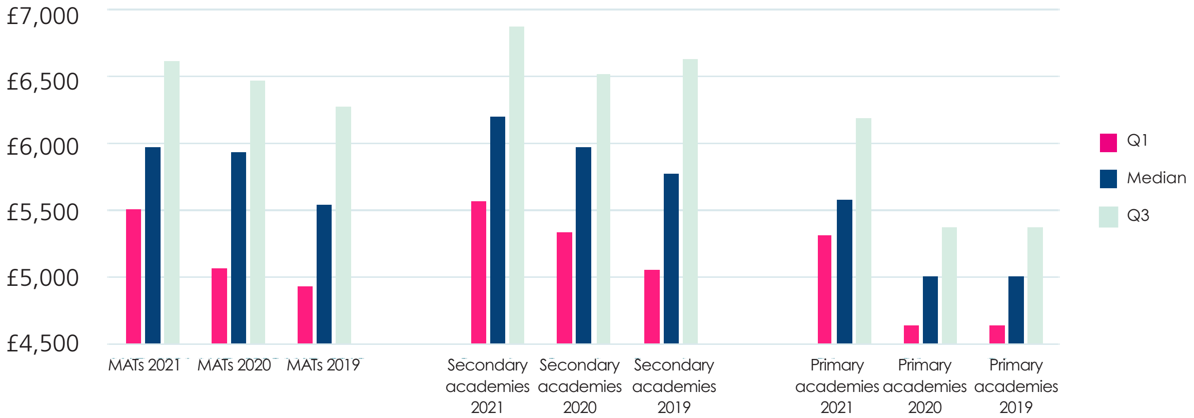
Other income per pupil - average year on year



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, with the averages and also the lower and upper quartile figures rising. With the rise in core funding and the additional income streams, such as Covid Catch-Up premium and other Covid-specific funding eg. Mass Testing funding, being received this is perhaps not a surprise.

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 2021/22 is being funded on the same basis. It is probably about time that 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.
Indeed, with many trusts enjoying a good financial result for the 2020/21 year, it has been common to see trusts 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.

For the 2021/22 CIF, the outcome was published in June 2021 and there were a similar number of successful projects to the year before. In total more was paid out, meaning the average project value increased to the highest level in over five years.

	Number of successful projects	Total CIF paid	Average per project
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

As usual, some trusts who were initially unsuccessful had more luck following an appeal, although there were a lower number of successful appeals this year; 20 academies were able to secure success this way, with the DfE committing a further £6.3 million.
The CIF is always heavily over-subscribed 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 2022/23 CIF closed in mid-December 2021, with applicants expecting to hear the outcome in the Spring. The 2022/23 round has a new assessment and scoring model, with the previous weightings used for condition projects removed. The theory is that the new model will allow a wider range of scores to be applied in the assessment projects. Environmental sustainability now forms part of the assessment criteria, with applicants gaining up to four points for strong scoring bids that help the Government meet their targets on climate change, including the aim of net zero carbon emissions.

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.

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 the Autumn of 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 2018-22

	2021/22 Final	2020/21 Final	2019/20 Final	2018/19 Final
Total SCA paid	£405.0m (42.3% rise)	£283.3m (20% rise)	£236.4m (30% rise)	£182.4m
No. of trusts	343 (18% rise)	290 (25% rise)	232 (32% rise)	176

The amount of SCA money paid out, and also the number of trusts eligible to whom it was paid, has grown significantly over the past year. The growth of trusts already receiving SCA is of course part of this as much, if not more, than the number of trusts receiving the funding for the first time. 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.

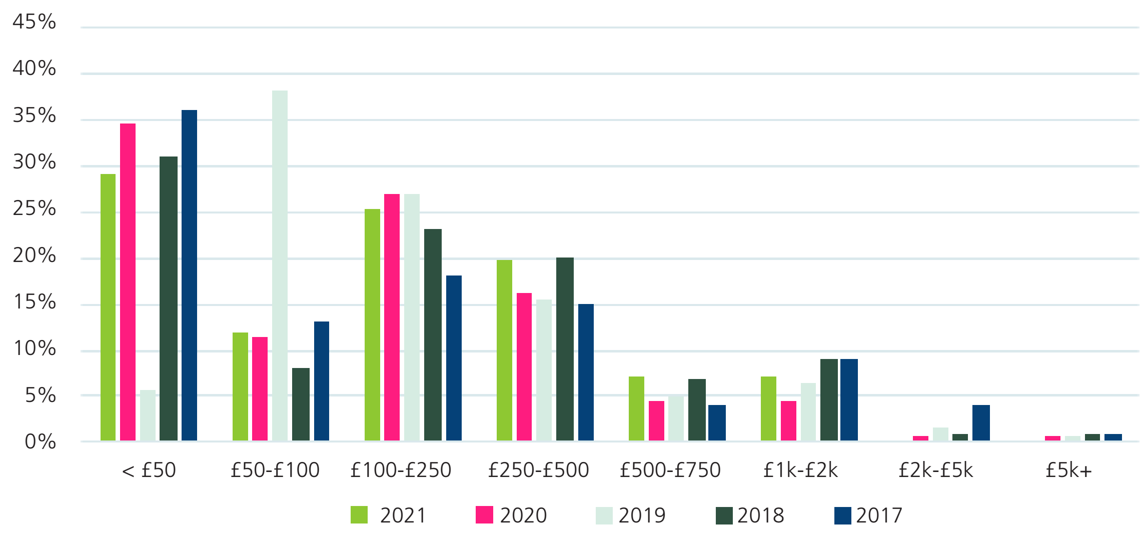
SCA received	Number of trusts	
	2021/22 round	2020/21 round
Over £5m	7	3
£1m – £5m	125	84
£500k - £1m	159	122
Less than £500k	52	81
	343	290

It is interesting to note that within the £405m paid are some allocations to chains as well as payments to MATs. The term 'chain' is usually used to describe a partnership between groups of academies. The published information is a bit unclear in some cases because the description chain is used against a couple of the largest MATs, like the Harris Federation and AET, presumably because the stated allocations include some payments to other organisations linked informally to the MAT. Some of the payments to other chains represent allocations to groups of individual academies who are linked via a sponsor or similar, and who individually would need to be eligible. We have heard rumours that the ESFA may be reconsidering this approach and will be stopping payments on the basis of informal chains.

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.

The capital funding per pupil is naturally influenced by the trusts successful 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 2020/21 was the 'up to £50' threshold, as it has been for four of the past five years. 2019 was the exception; in that year the additional "little extras" capital funding paid resulted in the £50 - £100 range being the most common.

Spread of capital funding per pupil



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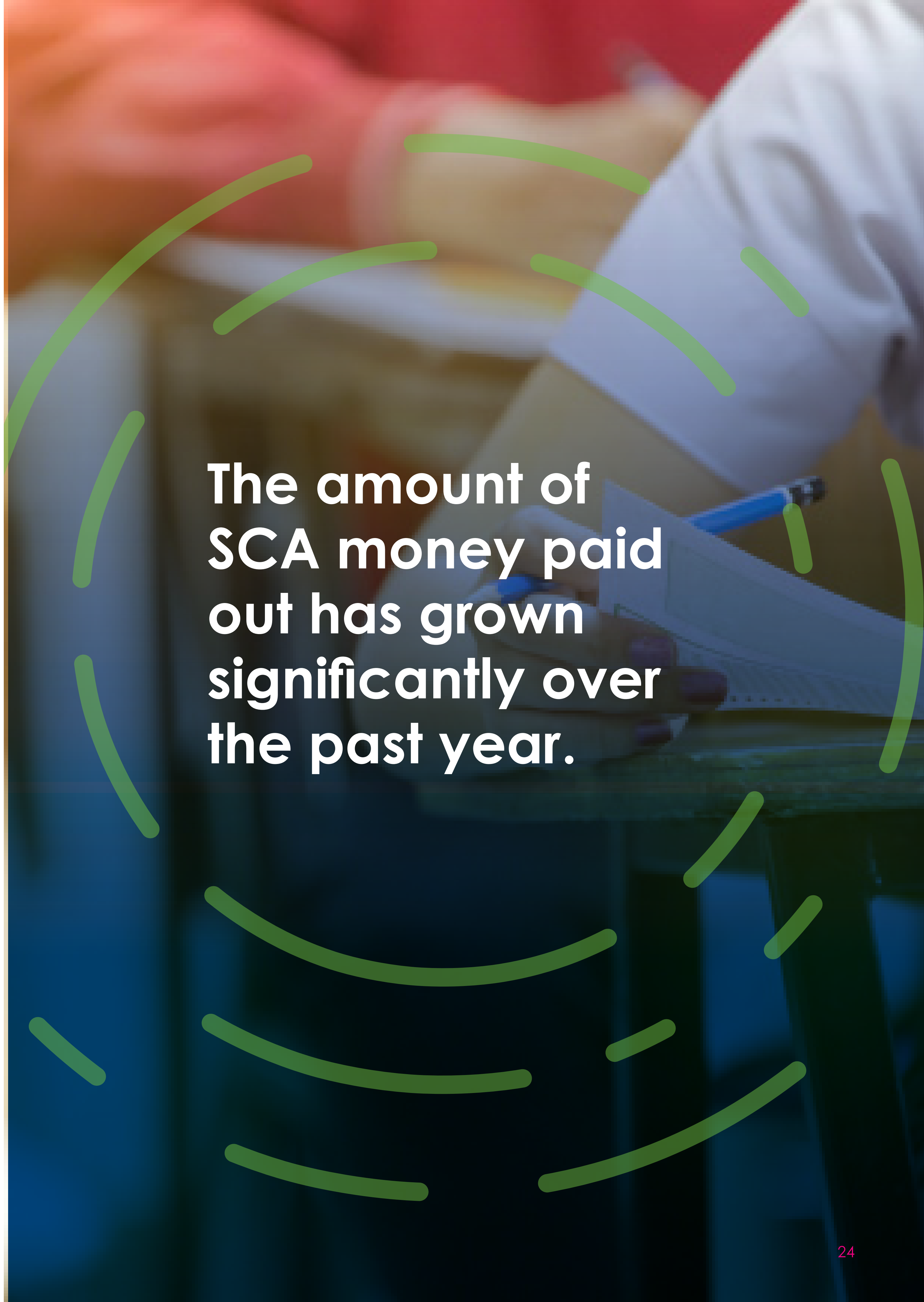
The future

By 2024/25 the Government expect funding levels to have returned, in real terms, to 2010 levels. Whilst welcome, a slightly more cynical view that we hear from those working within the education sector is that this does not go anywhere near far enough and rising cost pressures mean, in real terms, the income has to go much further.

What is clear is that all schools need to plan very carefully to ensure that they maximise the income they do receive, and use this in the most efficient way possible. There remains a huge disparity between the financial management of different trusts and the way they choose to spend their funding. Whilst the education sector is far from being all about the financial results, and the outcomes, performance and the well-being of pupils is of the utmost importance, there is often a link between financial management and educational results.

All schools need to plan very carefully to ensure they maximise the income they do receive



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, for example ICT hardware, office furniture, and vehicles such as minibuses.

Fixed assets are often the largest single entry on the balance sheet, particularly when the value of land and buildings is carried. This will be the case for all academies with the exception of Church academies, regardless of whether the trust owns the freehold or occupies the school on a long term lease. Church academies do not usually account for the land and buildings in the same way due to the relationship and arrangement in place with the Diocese which usually owns the legal title.

Despite their value, fixed assets are perhaps the area of the balance sheet in which trustees are the least interested. The inclusion of the large values for land and buildings are seen, to some extent, as a year end accounting treatment required to comply with the statutory obligations, but which has no bearing on the day to day running of a school.

Other capital equipment is more relevant, but even here trustees are most interested in how the capital purchases are funded, and understanding how much, if anything, has been acquired from revenue funding or reserves. Whilst it is important that depreciation policies are appropriate, applied consistently, and reviewed on a regular basis, depreciation is tracked through the fixed asset fund and so is deliberately kept away from revenue reserves.

Comparing fixed assets and equipment held by trusts is difficult since trusts are free to adopt a suitable policy for capital spending and select a threshold above which items are capitalised. This will vary from trust to trust, dependent on the size of the trust, but a common threshold would typically be around £1,000 to £2,000. If expenditure has been funded by SCA or CIF, then it is unlikely that any expenditure can be reclassified as maintenance and all should be capitalised to match against the capital income.

A further issue is whether trusts solely treat assets singly, or whether lower value assets of a similar nature purchased at once, for example as part of the same project, are grouped together and capitalised. Many trusts apply a single asset threshold and a second higher group or bulk purchase capital limit.

Regardless of how the expenditure is accounted for, planning for capital expenditure is vital since it is often one of the largest outlays 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 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 – including a Top 10 estate checks for boards.

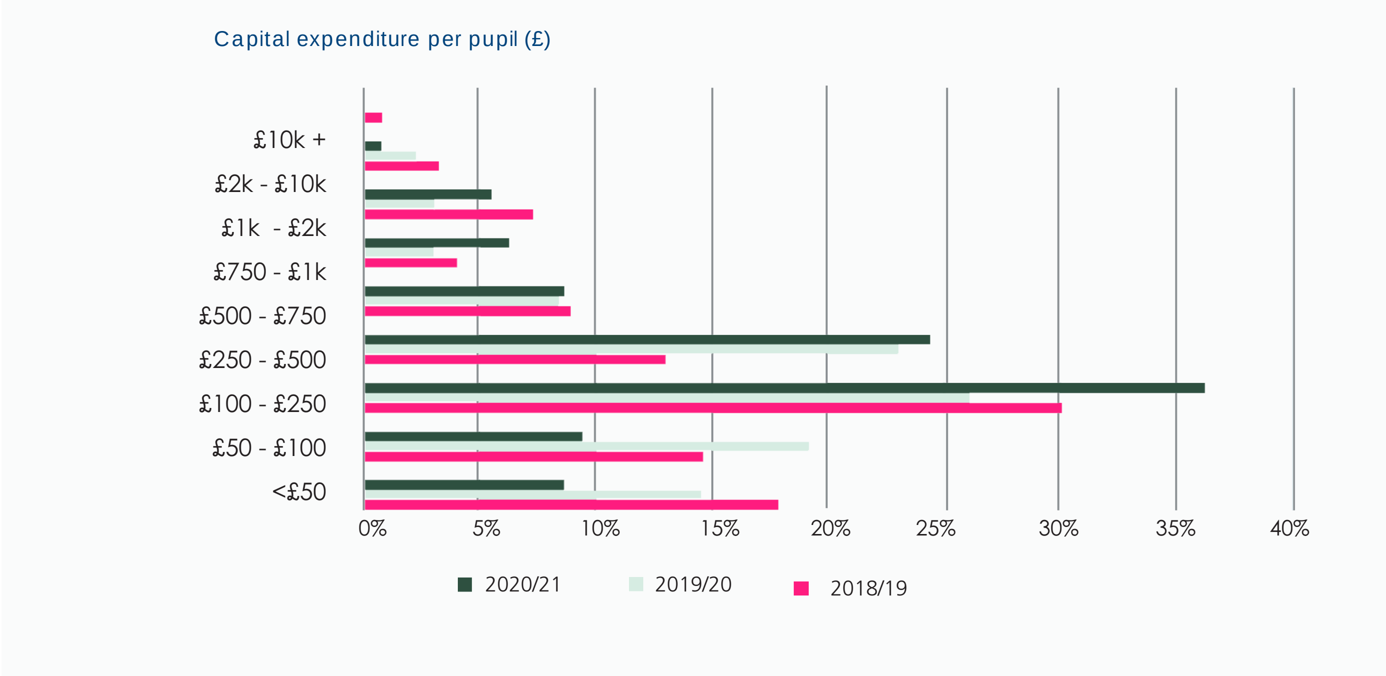
Recognition in the accounts of income associated with capital expenditure is a complicated area for trustees. Typically, income is recognised when the trust is entitled to receive it. This may mean that there are large surpluses in the Fixed Asset Restricted Fund, gradually reducing over time as the assets are written off over their useful lives by depreciation. Given the complexity, our teams at UHY often spend time assisting academy clients with the correct disclosure in the accounts of income and expenditure in the accounts.

In 2020/21 the general trend was for trusts to spend more per pupil on capital items than in recent years. This is probably as a result of many trusts using the opportunity arising from the generation of revenue surpluses to invest in new equipment that they otherwise would not have been able to afford. Across all academies there was an increase in the average capital spend per pupil, including a marked increase for secondary academies.

The DfE recognise that many school buildings are in a poor state of health and the School Rebuilding Programme (SRP) will ensure that many major rebuilding and refurbishment projects take place over the next 10 years.

The first 100 schools to benefit from the SRP were announced during 2021, and these projects were prioritised based on the condition of the buildings as well as certain specific construction types which have been deemed to be reaching the end of their design life and have potential structural weaknesses.

The Government expects the programme to prioritise up to 300 schools during 2022-23,. Schools selected will be informed that they have been provisionally allocated a place on the programme, subject to further due diligence, and projects will then enter delivery at a rate of 50 per year.



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Cash at bank balances and reserves

Cash at bank balances

Despite the unprecedented recent challenges faced by the education sector, the 2019/20 academy SARA, published in December 2021, revealed that financial stability continues to improve - with trusts holding £4.7billion as cash at bank on 31 August 2020, up from £4.2billion in 2019. This is partly due to continued work in the sector to improve financial structure, but also due to a number of academy trusts incurring lower costs during the 2019/20 year as a result of closures during COVID-19 lockdowns. Conversion of schools to academies during the year attributed to £61million cash brought into the sector on conversion.

While 2019/20 SARA results showed that the sector had returned an operating deficit, much of this was assignable to non-cash expenditure which, after adding back, shows the sector had a net inflow of cash from its usual operating activities.

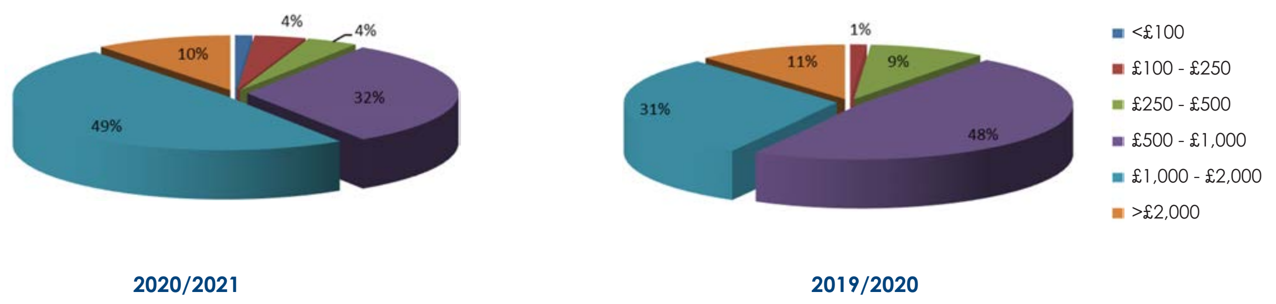
The total cash stated above averages out at around £510k per academy which represents a 6.4% increase from the prior year. It is essential for trusts to maintain healthy reserve balances to provide sufficient long-term financial stability and headroom to cover not only periods of financial difficulty and unexpected costs, but to also invest in the future development of trusts and their strategic objectives.

In developing a reserves policy trusts must strike a balance between their obligation to current pupils and those of the future. The DfE encourages “not to hold more cash than is required to maintain financial stability”, as in doing so it would limit the funds available to be spent on educational activities and could disadvantage the current pupils. This must be balanced with a duty to ensure the ongoing operation of the trust.

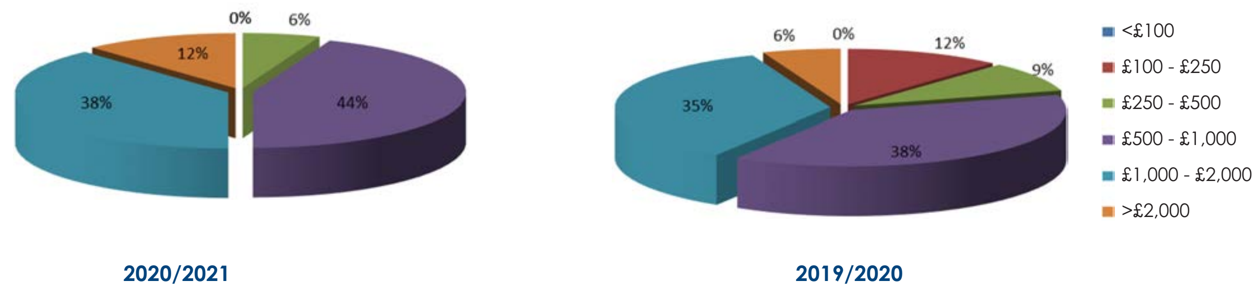
There are also natural cash flow peaks and troughs throughout the year which require a certain level of reserves to sustain these without undue pressure on cash flow management. As in prior years, we continue to see MAT clients move to, or considering, one centralised bank account to improve cash flow by flattening natural peaks and troughs at individual constituent academies.

Importantly, cash balances do not equate to reserve balances and often cash can be higher than the ‘free reserves’ in academies, with a significant proportion of the cash held relating 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 as, 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. Due to the nature of academy trust funding, this often tends to be in excess of debtors.

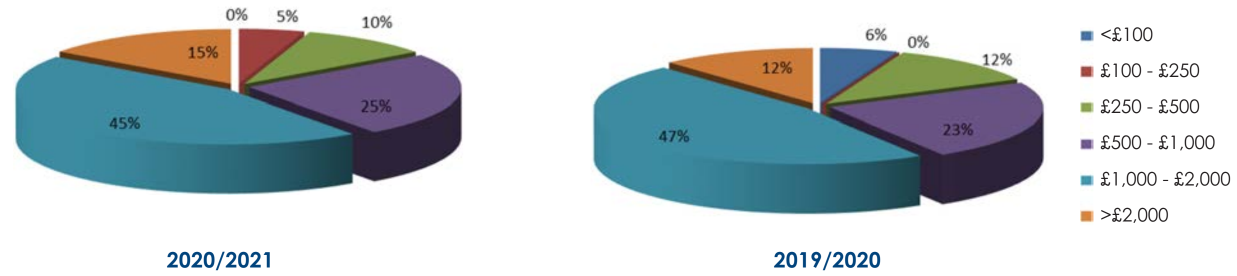
The 2020 SARA disclosed that in 2019/20 a total of 56 trusts’ annual accounts contained an audit report highlighting a material uncertainty over going concern (2018/19: 84 Trusts). Whilst this only represented 2% of all trusts this year, if just a few of those failed it would impact a significant number 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 above which demonstrate that virtually half of all MATs in our sample now have cash held balances of between £1,000 and £2,000 per pupil. Similarly, the number of Trusts in the top two ranges has increased to 59% (2019/20: 42%)



Secondary academies have also seen an increase in cash held with almost half in our sample holding between £500 and £1,000 per pupil. The percentage of secondary academies in the top two ranges has increased by 9%. It is positive to see that there are now no secondary academies in our sample falling into the lowest two ranges.

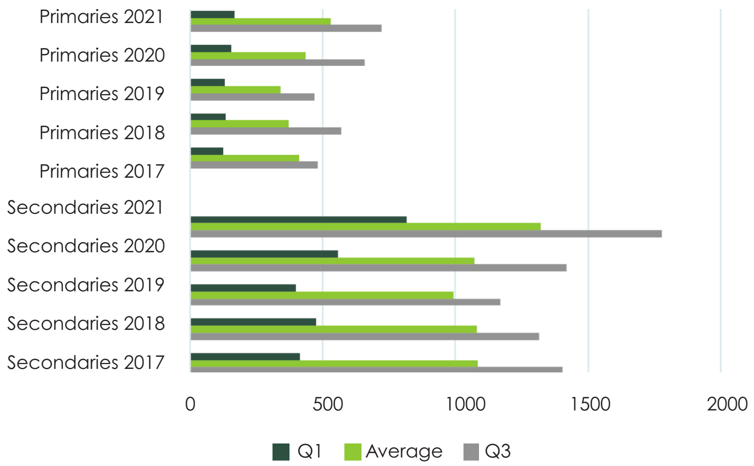


Primary academies continue to hold more cash per pupil than other trusts, with average funds held increasing 20% from 2019/20. This increase could be the result of school closures during the pandemic which prevented the Universal Infant Free School Meals funding being spent in full. This year the percentage of trusts falling within the top three bands was relatively unchanged.

	Per pupil 2020/21				Per pupil 2019/20		
	Q1	Average	Q3		Q1	Average	Q3
Secondary academies	760	1,439	1,575	Secondary academies	558	1,270	1,401
Primary academies	715	1,578	1,777	Primary academies	536	1312	1670
MATs	827	1,107	1,391	MATs	702	976	1,291

The chart below shows the marked increase in average primary and secondary cash at bank balances. The average secondary held just over £1.3million, the average primary a little over £500K. For another year running, the gap between the upper and lower quartile results continues to be vast, however, remains stable.

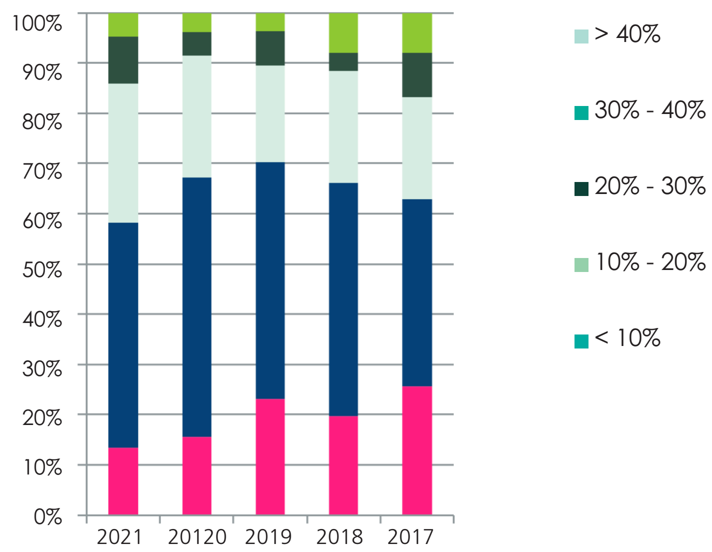
Cash balances per pupil held at 31 August



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. At 31 August 2021, 45% of trusts held cash of between 10 and 20% of their recurring income. With cash balances generally rising, there were 3% fewer trusts in the bottom range this year. The percentage holding a cash balance that equates to over 40% of their recurring income remains stable, at 4% (2020: 3%).

Cash balance: recurring income ratio



Reserves

An increase in cash at bank does not necessarily result in an increase in reserves since, as explained earlier in this report, cash and reserves do not necessarily equate.

However as shown by the graphs below, both total and unrestricted reserves have increased substantially during 2020/21.

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, in particular stating the level of reserves held and the reason for holding those reserves, including details on any designated funds.

It is also a requirement to explain in the annual accounts where there is a lack or excess of reserves, with 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.

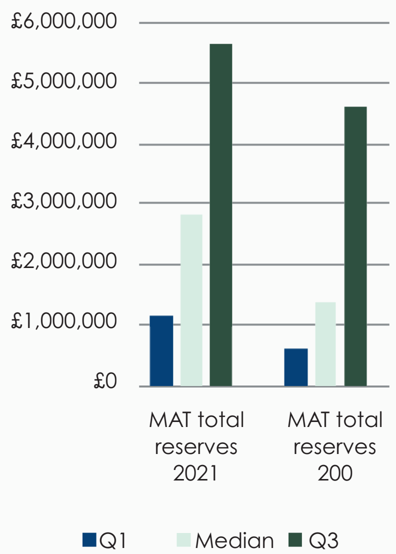
It is therefore vital to ensure that a reserves policy is set which is fitting for the circumstances of the trust, and that the policy is reviewed and monitored on an ongoing basis to ensure it remains appropriate as the trust develops.

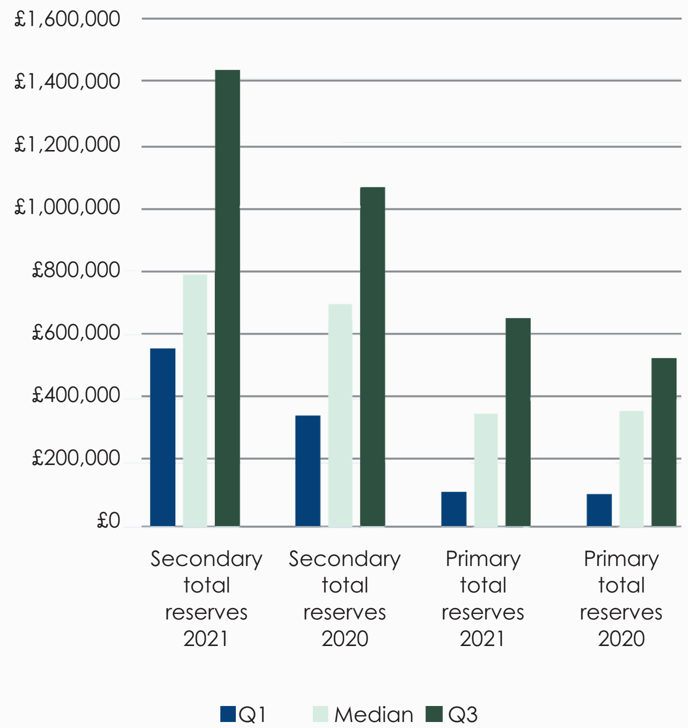
Generally, trusts seek to hold the equivalent of four, maybe six, weeks' expenditure. Individual academies within a MAT may not need to hold as much as a single academy trust, since they will potentially be relying on the security and support of the MAT structure should the need arise. We have discussed the advantages of a MAT operating one combined bank account earlier in this report.

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, as discussed elsewhere, 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 31.8.2021





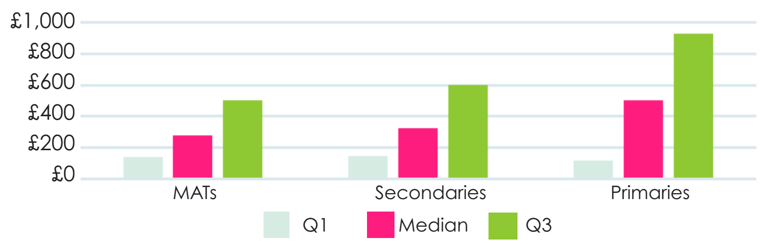
The difference between the lower quartile and upper quartile results again show significant variance between the financially stronger trusts and those who run on much tighter finances and reserves. The top 25% of secondary academies hold just over £1.4million, which is a significant rise from the prior year at £1.1million. The lowest quartile hold just over £550k (2020: £349k). Primary academies top 25% are holding just over £650k, with the bottom 25% holding £110k (2020: £103K).

The top 25% of MATs are holding reserves of £5.7million which represents an increase of £1.1million on the prior year.

The lower quartile is also showing healthier levels of reserves of just below £1.2million (2020: £638k).

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 differences in individual school sizes but also a potential difference in the number of schools within a MAT.

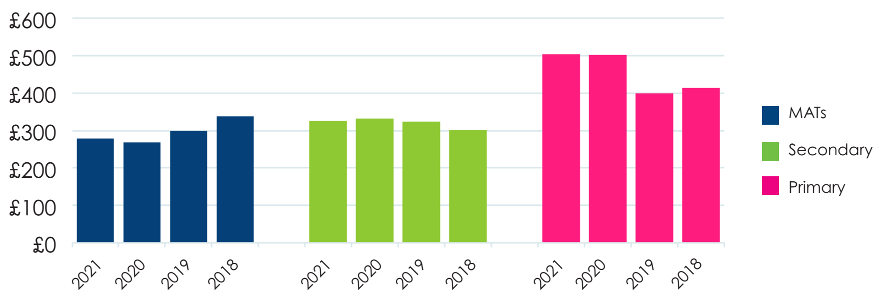
Total unrestricted revenue income reserves per pupil at 31.8.2021



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 £505, compared to secondaries at £325 and MATs at £279.

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.

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



Comparing the 2021 results to 2020 results, we can see that the unrestricted income reserves per pupil have remained fairly consistent across primaries, secondaries and MATs.

2019/2020 SARA

The 2020 SARA report, published last year in December 2021, revealed that there were 110 trusts (2019: 168) in cumulative deficit during the previous year, representing 4.1% (2019: 6.1%) of all trusts. 23 (2019: 39) of these had a cumulative deficit of over £500K. For any 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 937 trusts (2019: 825) with a cumulative reserve over £1million, of which 227 (2019: 189) have a surplus greater than £3 million, which represents 8.5%.

It is expected that many larger MATs will hold a high level of cumulative reserves, which explains some of these high balances, but 237 (2019: 229) of the trusts holding more the £1million were single academy trusts. This again highlights the vast variances within the sector.

Surplus or deficit

When we refer to surplus or deficit on operational performance, this is the amount excluding:

- capital grant income
- capital grant expenditure
- non-operational amounts, such as:
- local government pension scheme valuation adjustments
- funds inherited from academies joining an academy trust.

In simple terms, this represents the increase or decrease in the academy trusts restricted and unrestricted reserves from the previous year.

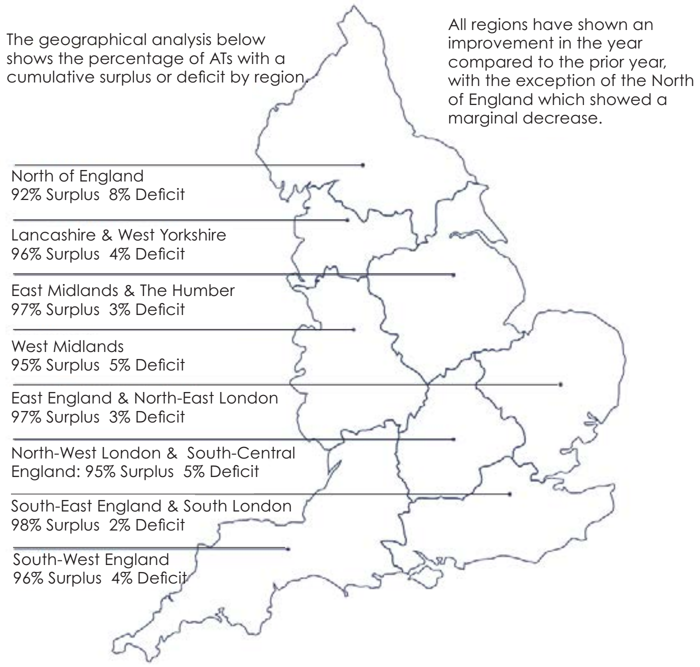
We have always worked with our clients to help them develop meaningful financial reviews within their Trustees' Reports, by including a table within our year end management letter which reconciles the movement between the overall surplus/deficit and the result on operational income funds. For example:

	(£000s)
Overall net movement in funds for the year per SOFA	**79**
Decrease /(increase) attributable to fixed asset fund	171
LGPS actuarial (gain)/loss	(193)
LGPS service and interest costs	128
Increase/(decrease) in revenue funds during the year	**185**
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	**100**

The National Audit Office (NAO) has found that the financial health of the academy trust system has held up well in recent years, despite funding and cost pressures, and this is no different during 2020/21. As a result of this, the NAO has launched an investigation into why more than 1 in 5 trusts have built up reserves of 20% or more of their annual income, yet apparently spending less on pupils. Trust reserves this year total £3.2bn, which is an increase of £400m on the previous year. 227 trusts had surplus reserves of more than £3m.

Meanwhile, 110 trusts reported a cumulative deficit of £4.2m, which is £22m a year better than in 2020. Deficit levels also vary widely by region with 8% of trusts being in deficit in the North of England and only 2% in the South East.

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



In this 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 is that which relates solely to the movement from core GAG income and related expenditure. As noted in Section 4, GAG income typically makes up approximately 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.

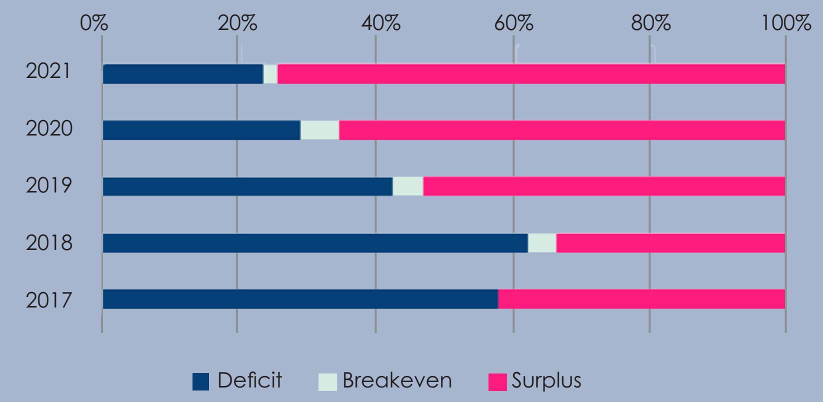
The rest of the overall revenue result comprises movement on other DfE and government grant monies, plus any outturn on unrestricted funds. Non-GAG grant funding generally breaks even most years and, whilst trusts generating significant unrestricted income will benefit from this, it is wise not to become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

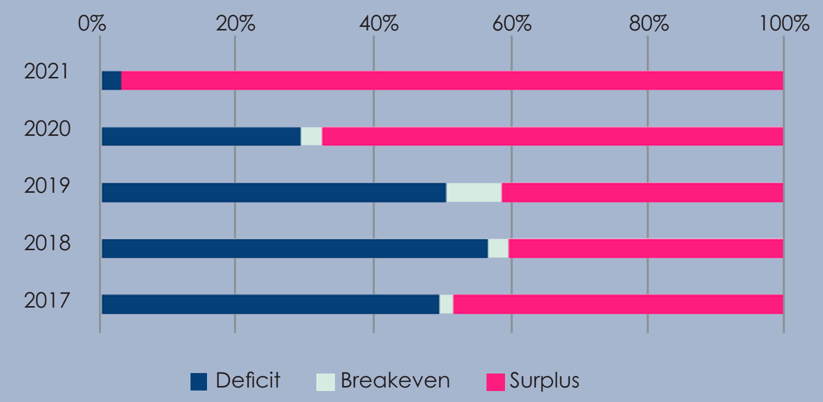
We have not included such transfers because the choice to fund capital items from GAG was discretionary and does not relate to day-to-day operational matters.

GAG result: primaries



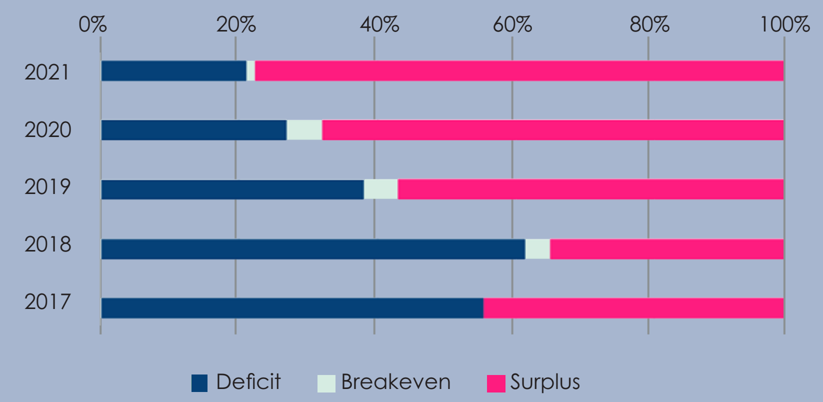
This year has seen a further steady rise in the number of primary academies reporting an in-year GAG surplus, with three in four reporting a positive movement.

GAG result : secondaries



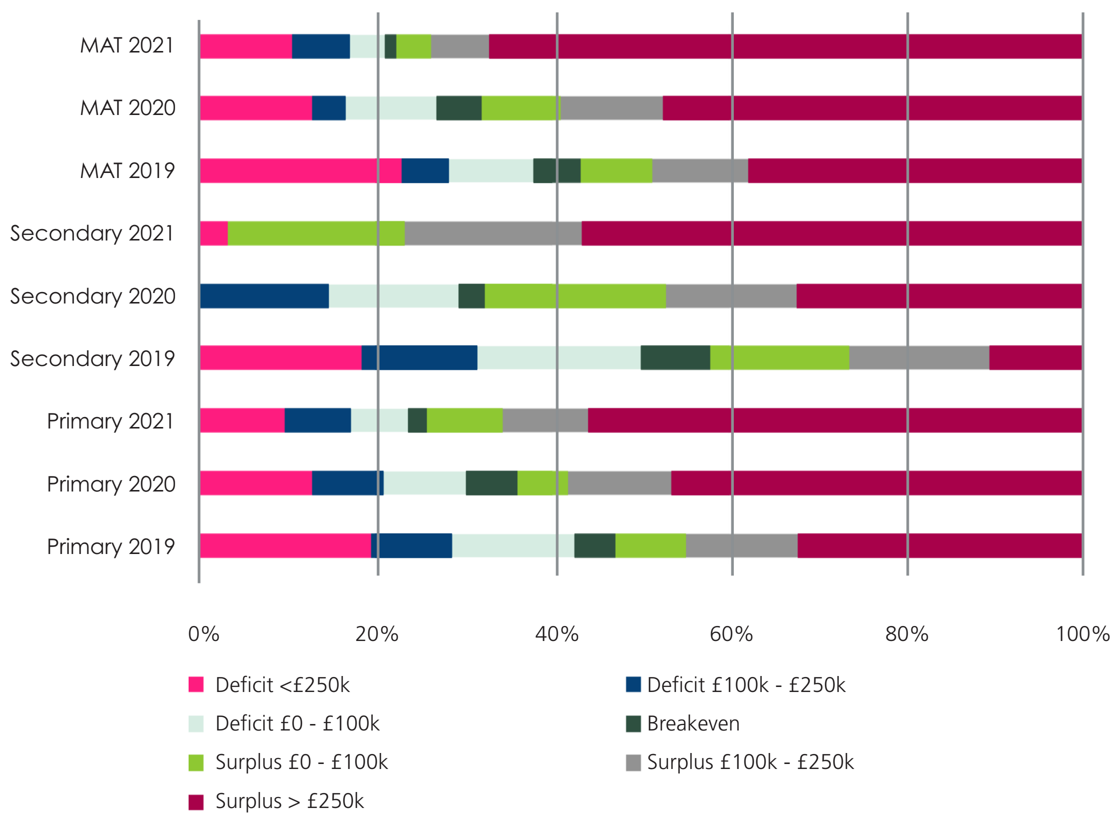
A huge 97% of single secondary academies reported a GAG surplus in 2020/21. This is the third successive year the proportion posting a surplus has risen, and the contrast from just 41% in 2018 is vast.

GAG result: MATs



Around 4 in 5 MATs reported a GAG surplus for 2020/21, up from around 2 in 3 last year.

Summary range of GAG results for MATS, secondary and primary schools



It is very clear that on a per pupil basis there is a huge range of results for primary academies. For other types of trust, the bottom 25% below the lower quartile result do show a per pupil surplus which is a significant improvement on the 2020 results, which were in deficit.

Primary schools have also shown an improvement for the median result, which had a small median deficit in 2020 but are in surplus in 2021.

Per pupil GAG result

Reasons for surplus or deficit

One of the main reasons for the increase in the academy trusts' reserves for 2020 and 2021 is the significant periods in which trusts were forced to conduct tuition and learning online rather than in person, leading to a significant reduction in day to day building, maintenance and staff agency costs. In addition to this, costs that were incurred during the COVID-19 pandemic - such as deep cleaning and mass testing - were also supported by a variety of specific targeted COVID-19 funding grants including:

- catch up premium
- national training programme
- workforce fund
- exceptional costs
- mass testing

Whilst many trusts incurred a healthy surplus during 2020/21, and are presiding over significant reserves, there are still a number of trusts who are having difficulty in making ends meet. These trusts tend to be either smaller in size or single academy trusts, which ultimately will require to be integrated into larger multi academy trusts. This has led to a number of single academy trusts and smaller academies of fewer than five schools reorganising within the sector, so that although the number of academies has increased 9,837 (2020: 9,200), the number of academy trusts has decreased by 2,538 (2020: 2,743). As academies join together, they achieve greater economies of scale in providing specialised teaching support and merging of back office services in areas such as finance. The table below details the number and size of academy trusts during 2021.

However, we need to be careful when drawing conclusions about the apparent financial health of academy trusts based on the surplus held as:

- the trustees of many academy trusts will simply not allow their trust to operate with a financial deficit, and many trusts will be forced to make cuts before a deficit arises
- the reserves accumulated may be earmarked for specific maintenance or capital projects, including providing additional educational support to respond to the COVID-19 education recovery effort
- it allows trusts to strategically plan for the long term to develop and improve educational support and content.

As academies join together, they achieve greater economies of scale in providing specialised teaching support

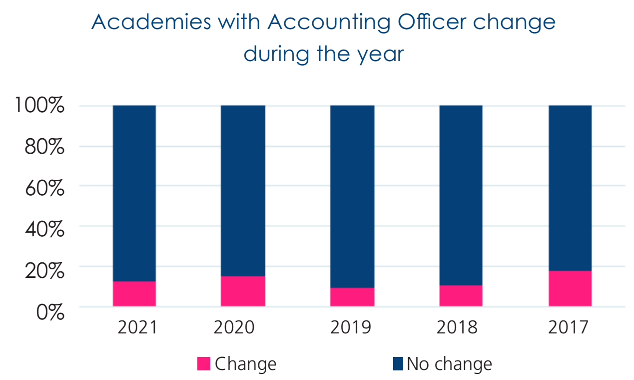
Trust Size	Academies, free schools, studio schools and UTCs	% Academies	Trusts	% Trust
1	1,341	13.6%	1,341	52.8%
2	474	4.8%	237	9.3%
3-5	1,767	18%	457	18.0%
6-10	2,179	22.2%	288	11.3%
11-20	2,231	22.7%	158	6.2%
21-30	840	8.5%	33	1.3%
31-40	490	5.0%	14	0.6%
40+	515	5.2%	10	0.4%
Total	**9,837**	**100.00%**	**2,538**	**100.00%**

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/CFO

It is perhaps 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; retirement, after being headhunted or sometimes due to poor performance. It is much the same to report this year, albeit with a slight decrease from 16% to 13% of trusts changing their AO during 2020/21.

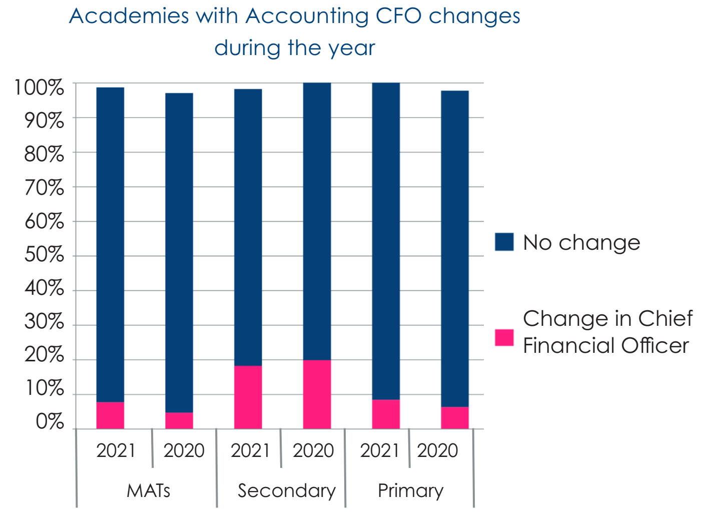


A similar number of CFOs tend to leave their positions each year and, in our experience, like many sectors, trusts seeking a new CFO are finding a shortage of good candidates that have both the experience of working in the education sector and the accounting technical expertise required to work in some 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 requires, particularly for those working in larger trusts, the CFO to be appropriately qualified and/or experienced. The ESFA encourages larger trusts (for example over 3000 pupils) to consider the range of accountancy qualifications available from professional bodies and to take this into account when filling CFO vacancies.

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 that by a larger trust it might mean one with over 3,000 pupils, but there is no precise definition given in the Academies Trust Handbook (ATH).

The graph below shows the numbers of CFO changes in trusts in the 2020/21 year by primary, secondary and MAT trusts. with the overall percentage of changes being 10%.



We have seen in recent years a relatively low number of trusts experience a change in Accounting Officer.

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

A good audit will challenge the finance function and will apply professional scepticism, often raising observations and recommendations for improvements. A well-run trust with strong control systems and good leadership and culture would expect to receive a fairly clean report.

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.

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 that other firms may not have experienced.

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 expects 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 whether 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 trusts do go out to tender, we would encourage them to think about what they are asking for and the best way of assessing audit firms.

Audit firms also need to be provided with adequate information to be able to assess audit risks and the time and level of expertise required for the audit process, as this varies from trust to trust. Many recent tender requests are not allowing scoping meetings which limits the ability of firms to properly understand the trust before submitting a tender. Scoping meetings also allow the key finance personnel at the trust to begin to assess the working style and potential relationships that could be forged with the audit firm.

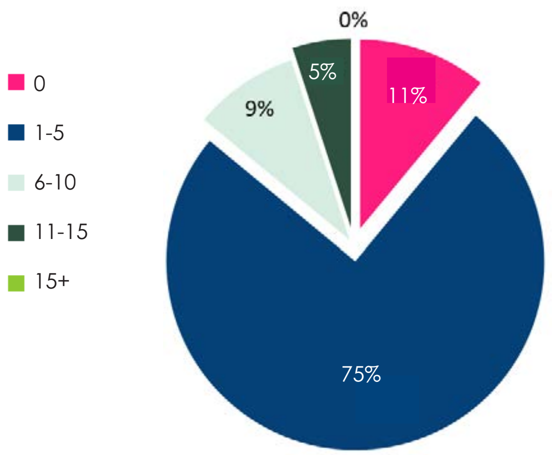
Audit firms need to be provided with adequate information to be able to assess audit risks.

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. Trusts do need to keep the relationship with their auditors under review in terms of ongoing quality and value for money but the main thing is to ensure you are getting the best out of your auditor for your needs. Another option is to rotate the audit partner within an audit firm which helps ensure that the firm remains independent.

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 to students and communities.

The number of issues arising this year is broadly unchanged from the previous year with the vast majority (75%) receiving between 1 – 5 recommendations, although there were slightly fewer in this category than in previous years. More trusts (11%) achieved 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 an improvement from recent years.

No. of audit findings report (AFR) points 2020/21



	2020/21	2019/20	2018/19	2017/18
No issues raised	11%	5%	3%	5%
1 – 5	75%	79%	68%	66%
6 – 10	9%	10%	15%	18%
11 -15	5%	4%	12%	8%
15+	0%	2%	2%	3%

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 Academy 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 recent change in internal scrutiny requirements has forced many trusts who, until now, have engaged their external auditor to provide an internal audit service throughout the year 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 – free from external auditor ethical constraints – to perhaps 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 auditor 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 we have noted an increase in trusts achieving the 'holy grail' of no issues in their 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 Academy 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 requirements from UK GAAP accounting rules, the annual ESFA Accounts Direction, the Charity SORP and Charity and Company law are taken into account.

In our experience, most 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 corporate entity or charity comparable by size but then, with the public nature of trusts, this is the way it should be.

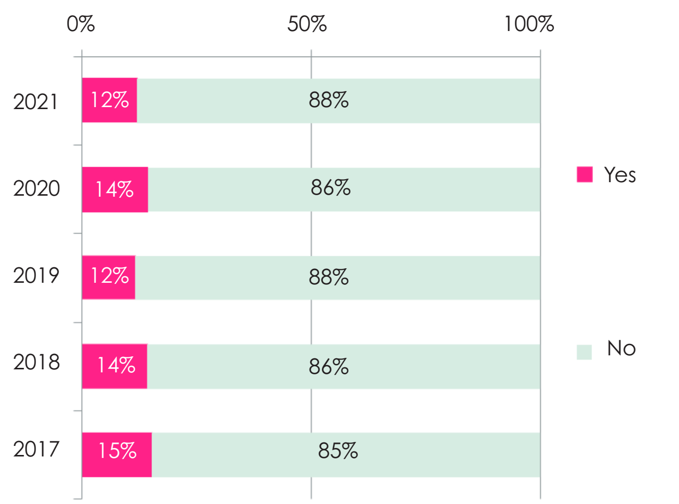
Fortunately, the number of trusts making the headlines for the wrong reasons remains very low but, as is usually the case, it is easy for the press to make noise when there is a high profile case and too often an isolated issue is made to sound like it is a widespread issue across the whole sector.

The sorts of issues we identified during our 2020/21 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
- Weaknesses in fund accounting during the year
- 'Dear Accounting Officer' letters not circulated and discussed by the full board or not acted upon
- 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.

The proportion of trusts whose recommendations contained a high risk/priority point has been remarkably consistent in recent years (12% for 2020/21) and it is reassuring to know that it remains relatively rare for a trust to receive even one 'red' traffic light.

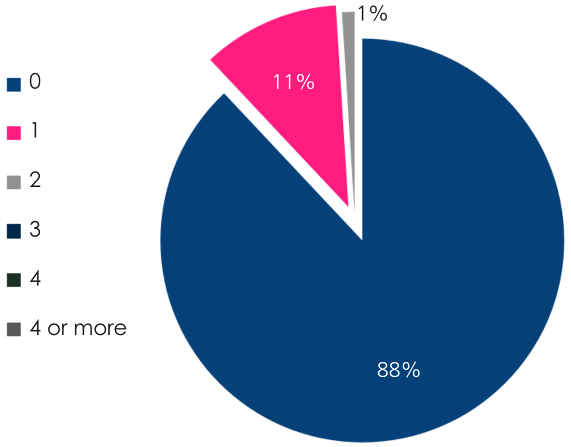
Trusts with high risk / priority audit findings report points



Of the 12% 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 and significant issues adhering to the trust's internal procurement policies.

Number of high risk or priority AFR points



Related party transactions

The ESFA requirements for related party rules changed in 2019 and have settled down since then and there have been no further changes.

The rules are complex but one overriding principle is clear:

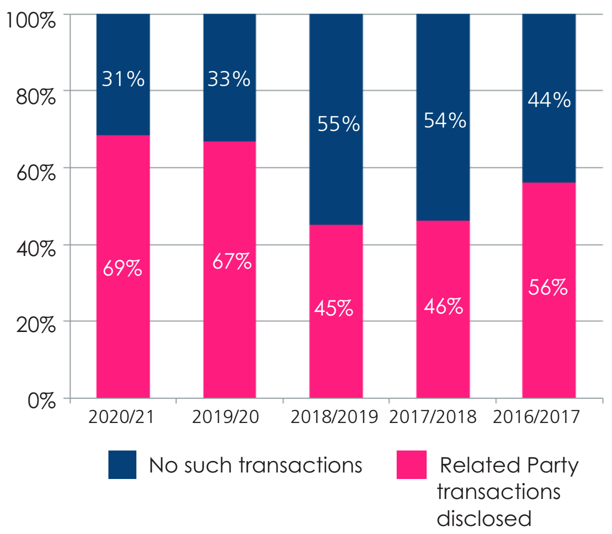
"Academy trusts must be even-handed in their relationships with related parties by ensuring that..... no member, trustee, local governor, employee or related individual or organisation uses their connection to the trust for personal gain, including payment under terms that are preferential to those that 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 related party transactions (RPT) rules occur when there is nothing fundamentally concerning about the underlying transaction. Related party transactions are not necessarily 'bad' despite the media sometimes portraying them to be so. Often related party transactions 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 related party transactions 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. They 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 attract greater public scrutiny.

The statistics from our own data show that the number of trusts reporting transactions rose slightly during 2020/21 to the extent that more than two in three trusts now report a related party transaction.

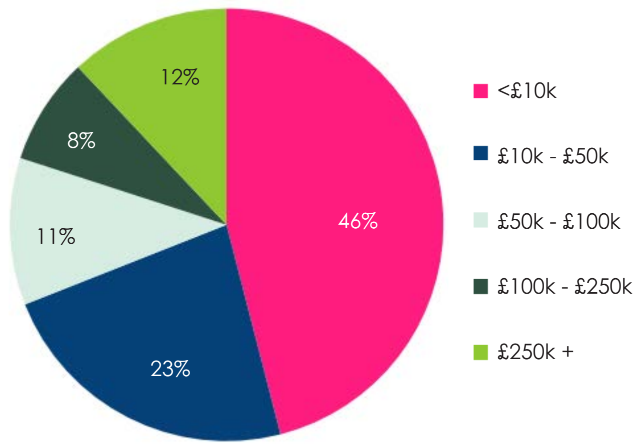


Finance teams working in academies and all trustees need to be familiar with the related party section of the ATH.

The percentage of trusts disclosing that they entered into related party transactions may, at first, appear high but this figure would fall dramatically once receipts and payments to non-commercial organisations were removed. The transparency over related party transactions 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 related party transactions. 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. 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.

Value of highest related party transaction



Around half of trusts 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 includeed 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 related party transactions notified to them and in some cases are not approving the requested transactions.

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 45 and 46 to enable you to compare your academy trust against similar trusts. We would be pleased to plot your key data against the averages if you would like us to.

We again close our report with a few top tips from UHY, 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
- Charity governance, finance and resilience: 15 questions trustees should ask

For CFOs:

the CFO has delegated responsibility for the trust's detailed finances, and should play both a technical and leadership role. The DfE provide substantial amounts of data which can be used to compared 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 addition 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 sufficient 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 include:

- 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… with Covid restrictions having now eased, and the lighter spring evenings arriving, we can hopefully put the pandemic behind us and look forward to the remainder of 2022. A final thought to the war in Ukraine and the difficult conditions everyone is facing there; let us trust some order of peace will have restored long before our 11th report is prepared next year.

Where does your academy fit within the results?

	Your academy	MATs Average 2020/21	Secondary Average 2020/21	Primary Average 2020/21
Non financial data				
Number of teachers		Not included as highly dependent on number of academies in the MAT	67	18
Number of admin and support staff			58	40
Number of management staff			7	3
Number of pupils			1,125	371
Pupil to teacher ratio		19	17	20
Income				
Total revenue income per pupil		£6,063	£6,502	£5,722
Grant income per pupil		£5,839	£6,291	£5,417
Grant income % of total income		96%	97%	95%
GAG income per pupil		£4,744	£5,525	£4,173
GAG % of total revenue income		77%	86%	73%
Other income per pupil		£150	£87	£231
Other income % of total income		3%	3%	5%
Capital grant funding per pupil		£226	£89	£32
Capital grant funding % of total revenue income		4%	1%	1%
Expenditure				
Total expenditure per pupil		£6,412	£6,424	£6,181
GAG expenditure per pupil		£4,469	£5,345	£4,108
GAG % of total expenditure		69%	81%	67%
GAG result		Not included	£259,500	£37,914
GAG result per pupil		£182	£313	£106
Staff costs per pupil		£4,899	£5,193	£4,855
Staff costs % of total expenditure		77%	79%	79%
Teaching & ed support staff costs per pupil		£3,338	£3,020	£3,738
Teach & ed support staff % of total staff costs		68%	60%	77%

	Your academy	MATs Average 2020/21	Secondary Average 2020/21	Primary academies Average 2020/21
Support/Non-teaching staff costs per pupil		£1,261	£941	£1,097
Non-teaching staff costs % of total staff costs		23%	18%	22%
Supply teacher costs per pupil		£82	£68	£63
Supply teacher costs % of staff costs		2%	1%	1%
Light and heat costs per pupil		£55	£64	£69
Light and heat % of total expenditure		1%	1%	1%
Buildings & grounds maintenance per pupil		£137	£57	£110
Maintenance % of total expenditure		2%	1%	2%
Cleaning and refuse per pupil		£60	£64	£45
Cleaning and refuse % of total expenditure		1%	1%	1%
Educational supplies and services per pupil		£189	£257	£274
Educational supplies and services % of total		3%	4%	4%
Examination fees per pupil		£22	£59	£0
Examination fees % of total costs		0.3%	0.9%	0.0%
Staff development per pupil		£16	£10	£19
Staff development % of total costs		0.3%	0.2%	0.3%
Technology costs per pupil		£69	£73	£79
Technology costs as % of income		1.1%	1.1%	1.4%
Balance sheet				
Total reserves held		£2,857,000	£789,822	£356,432
Total reserves held per pupil		£641	£882	£1,000
Unrestricted reserves held		£1,374,571	£380,858	£154,419
Unrestricted reserves held per pupil		£279	£325	£505
LGPS deficit per pupil		£3,601	£3,674	£4,139
Capital expenditure per pupil		£274	£303	£137
Cash and bank balances held per pupil		£1,107	£1,439	£1,578

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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