

Academies Benchmark Report 2025





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Introduction



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Welcome to the 2025 Academies Benchmark Report.

This year, we have analysed the financial data of over 260 Trusts (representing almost 2,300 schools) to bring you essential information on the financial performance and key financial trends of the Academy sector.

We reported to you last year that there had been an overall decline in the financial performance and position of the sector compared to 2022. In the current year, whilst results have been more favourable than budgeted, there has been a continuation of the downward trend that was evident last year and the squeeze on sector finances continues.

It does appear to be the case that the size of the Trust continues to be a key factor in financial performance as the Multi-Academy Trusts (MATs) have returned, on average, a surplus on their free reserves this year. Small MATs have just about managed to balance the books, whilst Single Academy Trusts (SATs) have reported free reserve deficits. Primary SATs have now incurred deficits in each of the last three years and many will be coming to the realisation that they cannot sustain many more losses.

While the larger MATs appear to have been the strongest performers, it should be said that these results are effectively only break even and so it is fair to say that the sector as a whole has felt financial strain this year. In a number of cases the in-year movement has been a strategic decision to invest in capital projects such as the school's estate, but irrespective of the reason there has been an overall net deficit on free reserves across our data population this year of c£8million.

So where does this leave Trusts? We know that a key indication of financial health within the sector is the level of free reserves held. The Education and Skills Funding Agency (ESFA) updated their reserves guidance during the year, but this still referred to a lower level being below 5% and reserves below this level may suggest financial vulnerability. The average free reserves held as a percentage of revenue income was broadly 8% for medium and large MATs, a reduction of around 1% on 2023. Higher average percentage levels are still held amongst primary and secondary SATs, but we are seeing reductions in these categories as well this year.

The search for efficiency gains continues as the number of Trusts centralising their operations and / or employing either income or reserve pooling continues to creep up. Almost 80% of the Trusts included this year consider themselves to be fully centralised in terms of their operations and well over 40% of large and medium MATs are now choosing to pool in some form. For MATs not pooling, the average top slice contribution to the central function was in the range of 5.5% to 8.8% of General Annual Grant (GAG) income this year, representing an increase from the 2023 reported range of 5.4% to 7.4%.

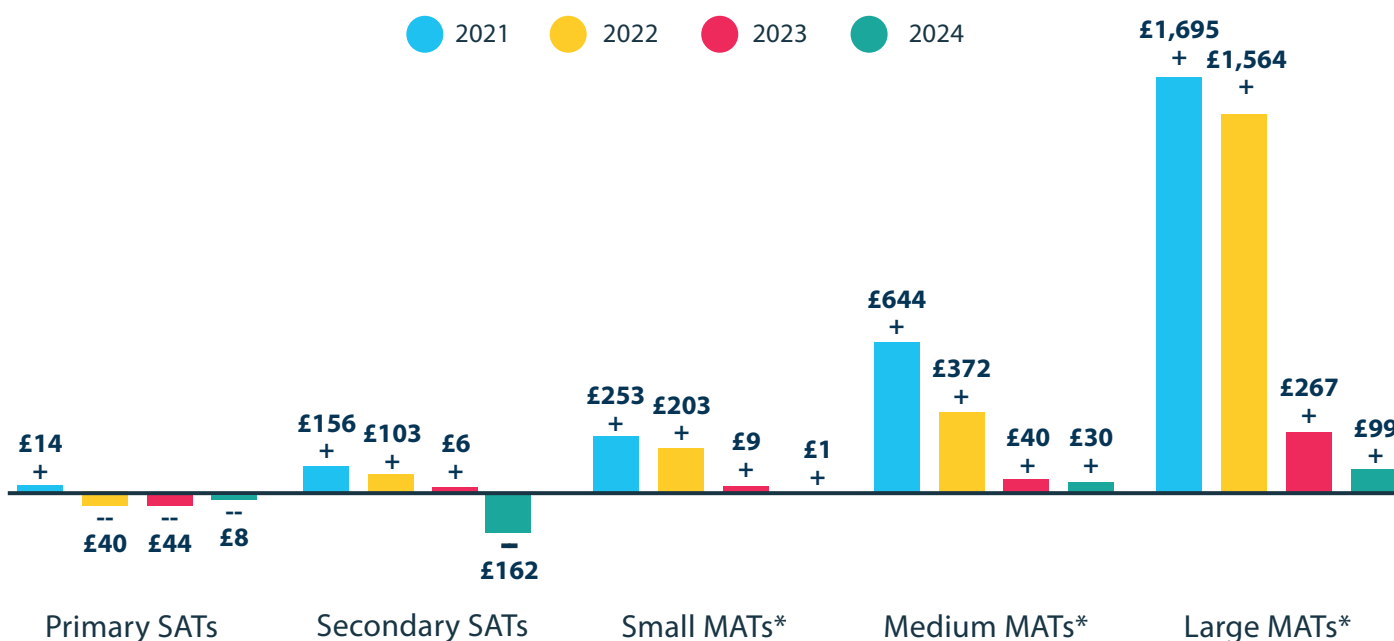
2.6% of Academies moved to a new Trust during 2023/24, equating to 280 Academies, which is very comparable to 2022/23 when 275 Academies transferred. The number of Academies now part of a MAT continues to rise and now stands at 90%.

Trust leaders are quite rightly continuing to regard financial sustainability as their number one risk. Against the financial backdrop of the performance in 2023/24, changes in the political and regulatory landscape facing the sector have only created further uncertainty that the sector must once again overcome.

Key Highlights

Our 13th annual survey of 260 Trusts representing over 2,300 schools has evidenced the continual squeeze on schools as Academy Trusts finances are tightened. With larger Trusts faring the best, its proof yet again of survival of the fittest. But there are potentially bleak times ahead. Here are the highlights...

Financial performance (£'000)



In-year surpluses have slid further from last year across the board

While on average MATs have made surpluses, they have dwindled significantly. Small Trusts averaged surpluses of just £1,000 compared to £203,000 in 2022. Larger Trusts reported just £99,000 surpluses, down from £1,564,000 over the same period. Overall, the data we have analysed shows a free reserves net deficit of around £8million in 2023/24.

* Small MAT: Fewer than 3,000 pupils | Medium MAT: 3,000 to 7,500 pupils | Large MAT: More than 7,500 pupils



81%

The number of Trusts that are now fully centralised has jumped from 61% to 81% since last year.



MAT Size

The average number of schools in a MAT is just under 12 (11.7), up by 11.4% from last year.



Increased income

Average revenue income per-pupil has increased across all Trusts at 8.2% and up to 12.5% for Large MATs.



More GAG/ Reserves Pooling

37% of MATs are GAG or reserve pooling in 23/24 compared to just 32% last year and a further 28% are considering it.



31%

Almost a third (31%) of Trusts are now holding less than 5% reserves as a percentage of income, a threshold the Education and Skills Funding Agency (ESFA) considers to be a sign of potential financial vulnerability.

This figure has risen from 17% in 2022.



81%

of Trusts indicated that teaching and support staff costs were their biggest financial challenges.

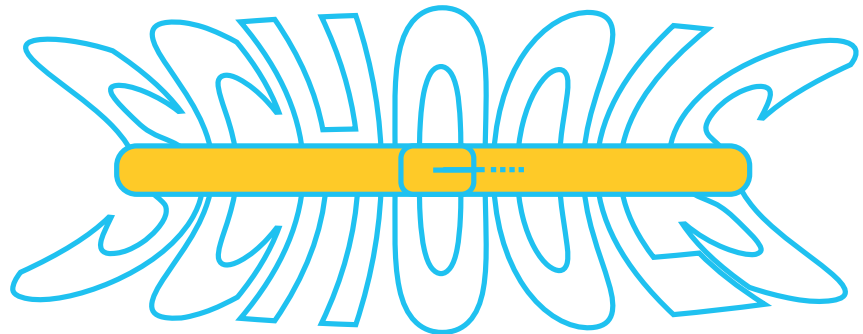
75%

Single Academy Trusts have been hit hardest by cost rises. Primary schools have been particularly affected where staff costs as a percentage of revenue income exceeded 75% for the first time.

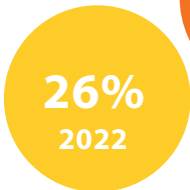
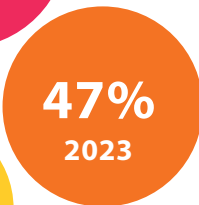


Pupil Costs

Per-pupil costs rose by around 8% in 2023/24, compared to 16% in 2022/23, but this means inflation experienced by the Academy Trust sector has been much higher than in the wider economy.



Our data shows that Larger MATs are faring better than smaller Trusts. But is this better, or just 'less worse'? Whilst there may be greater confidence in financial stability among larger Trusts, the lack of government funding and squeeze on finances is stifling actual growth in the sector.



SIZE MATTERS..

More than 60% of large MATs reported feeling confident in their financial stability. This figure fell to less than 50% in smaller Trusts.

...But...
26%



Our data showed that only 26% of Trusts actually grew in 2023/24 despite 73% saying they would.

Trusts with an in-year free reserves deficit

The percentage of Trusts making in-year financial deficits has tripled since 2021, increasing from less than 20% reporting deficits in 2021/22 to nearly 60% in 2023/24.

This equates to around three in five Trusts.



Energy Costs

In a stark contrast to 2023, concerns about energy costs have receded with only 12% of Trust reporting it in their top three financial challenges.

-13%

Predictably, the average CO2 emissions per-pupil (tonnes) has continued to decrease, falling by 0.027 tonnes per-pupil compared to the previous year. Given the recent rises in energy prices, and the drive towards net zero, this reduction is a great success of the sector and shows the positive actions that have been taken.



Increased investment income has been generated in some Trusts that have actively sought out more favourable banking interest rates for their cash balances. Some Trusts have made over £1million in the year 2023/24.



Is this a new dawn for the Academy sector or will it be the same old story of shortfalls and short-term funding decisions for a sector already under financial strain?



A new government - fresh approach or same old story?

A new Labour government was elected in July 2024 and the sector as a whole is still waiting to find out exactly what this will mean for the future. What is clear is that open and ongoing dialogue between the government and Trust leaders is going to be crucial for the outlook of the sector.

It is no surprise that a new administration has made funding announcements. In October 2024, the government announced a £2.3 billion increase in core funding for schools, of which £1 billion was allocated towards the provision for Special Educational Needs and Disabilities (SEND). Following several years of reporting the worsening condition of school estates, £6.7 billion was allocated as the capital budget for the whole of education. Within that total, £1.4 billion was earmarked for the Schools Rebuilding Programme, with approximately 50 rebuilds a year expected to be delivered.

The Children's Wellbeing and Schools Bill is currently passing through parliament, and this gives us an insight into the new world under a Labour government. The Confederation of School Trusts (CST) has released its own briefing note on the bill in which it welcomed the Children's Wellbeing part of the bill, but expressed concerns about the 'schools' part and in particular the provisions which would remove Academy freedoms.

The government has made it clear that their vision supports an increased role by local authorities and is shifting its view on the forced academisation of failing maintained schools, but will they be able to harness the support of the local authorities, who are already struggling with capacity, whilst maintaining the independence of Academy Trusts.

As you will read in detail in the financial position section of this report, the current year has been another tough one for the Academy sector to navigate.

The results have, in many cases, been more positive than first feared when budgets were set back in the summer of 2023. However, even following the receipt of additional unplanned funding (including the Teachers Pay Grant), the average result has been a deficit for the SATs and a largely breakeven result for the MATs.

The sector is crying out for more certainty over medium to long term funding levels to enable more clarity over their planned future position. More certainty would enable longer term planning to be made which will drive more effective decisions and better value for money.

In our survey we asked for the top financial challenges being faced by Academy leaders this year: SEND, falling pupil rolls, and rising staff costs were the standout areas of concern.

SEND

With rising demand and significant financial deficits within local authority SEND budgets, the crisis is very real!

The Children and Families Act 2014 provides the statutory basis for identifying children and young people with SEND and for assessing their needs and making provision for them. The two main forms of support are SEN support and an Education, Health and Care (EHC) Plan.

Statistics released by the government for the 2023/24 academic year showed that there were 434,354 pupils in schools in England with EHC plans, which is up 11.6% from 2023 and accounted for 4.8% of pupils. In addition to those with an EHC plan, 1.238m pupils were receiving SEN support (without an EHC plan) accounting for 13.6% of pupils. 55% of school pupils in England with an EHC plan were attending state mainstream schools, compared to 48% back in January 2019.

The National Audit Office (NAO) issued the Support for Children and Young People with Special Educational Needs report in October 2024. The report findings concluded that since 2019 there had been no consistent improvement in the outcomes for children and young people with SEN and that without reform the SEN system is financially unsustainable. This is despite spending on SEND having risen by 58% in the last 10 years to reach £10.7 billion a year in England.

In December 2024, the government announced £740million of funding to increase the number of places for SEND pupils within mainstream schools in England, this was part of the £1 billion pledged to the SEND system in the Autumn budget. The money is to be targeted towards adapting school buildings to make them more accessible.

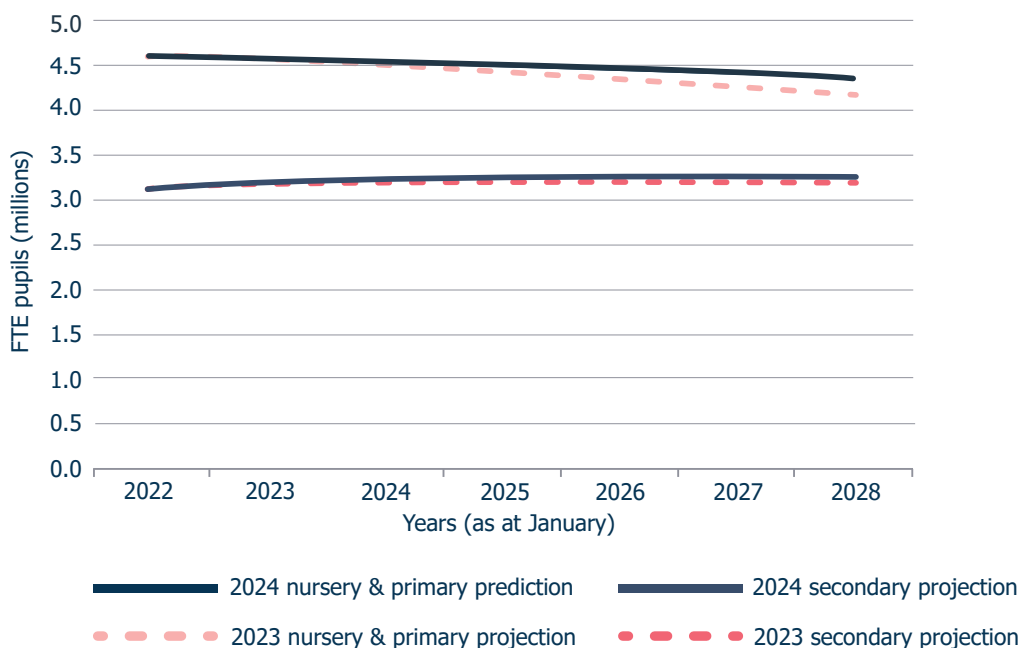
At the time of the budget statement this was described by the BBC as a large financial sticking plaster. Education secretary Bridget Phillipson has also agreed that 'additional funding alone will not solve the issues.' Surely, a full reform of the system has to be at the top of the government's to do list, and the recent appointments of Tom Rees and Christine Lenahan into advisory roles suggest this is being taken seriously. Based on comments to the Education Committee in January by Department for Education (DfE) Permanent secretary Susan Acland-Hood, officials are also looking to Ontario, Canada and also Ireland for inspiration from their respective working models.

The falling pupil roll

The falling pupil roll has become an increasing concern for policymakers, educators, and school leaders, as it impacts both the viability of schools and the funding they receive. A decline in pupil numbers can lead to a range of challenges, including reduced budgets, potential school closures, and a reshaping of the education landscape.

The actual population of pupils in state funded schools in 2024 was 7.9 million FTE. Updated national pupil projections were released by the government in July 2024 that estimate that this number will reduce by 172,000 over the 4 years to 2028. However, the good news is that the 2023 version of this model had predicted 260,000 fewer pupils by 2028. While the overall downward trend continues, it is currently expected to be less severe than feared and maybe partly offset by pupils coming into the sector from private institutions.

Comparison of the results from the 2023 and 2024 pupil projection models



The graph on the previous page compares the pupil prediction model results as forecast in 2023 to the revised 2024 model.

A reduction in the nursery and primary aged pupil rolls is forecast to continue but at a much slower rate based on the updated 2024 projections, but this will be of little comfort to those smaller schools who operate within the margins already as any reductions in roll can have a significant effect. The actual population in these school types in 2024 was 4.5million and this is expected to reduce to 4.3million by 2028 (176,000 higher than forecast by the 2023 model).

At secondary school level, numbers on roll are expected to be broadly maintained to 2028 as the bulge from the primary peak filters its way through. The projection expects the peak in secondary age groups to be in 2027 before it slowly begins to drop.

While this is extremely helpful news for schools, these projections remain quite short term and so it is of upmost importance that Trusts are looking at their longer-term strategy beyond three years and at a minimum should be considering a five-year period.

We also shouldn't lose sight of what can be quite significant regional variations in pupil numbers. The impact of birth rates and differing migration patterns across both rural and urban centres does need to be factored in when individual Trusts are forecasting future pupil roll numbers.

Based on the financial data, it is clear that those Trusts who have managed to diversify their school portfolio to include a combination of school types and locations and benefit from the economies of scale that come with being larger, are the most likely to be able to navigate fluctuations between age group demographics and regional variations and maintain financial stability.

Staff Costs and Recruitment

Teachers received a 5.5% pay increase award in the summer which took effect from September 2024. This amounts to an increase of over £2,500 for the average teacher. The news that had surprised many Trusts was that the pay award would be fully funded, leading to some good upside news compared to original budgets.

So, you might wonder why Trust leaders still regard this as one of their biggest challenges. Whilst the government has confirmed the rise will be fully funded, the details of this funding have only been confirmed out to the end of the 2025 financial year (March 2025), and the September 2025 pay review is currently unfunded.

The School Teacher's Review Body (STRB) estimated that its proposals would increase the pay bill by approximately £1.65 billion for mainstream schools, while the government announcement of funding confirmed that schools would receive almost £1.2 billion in additional funding to cover their costs.

In February of last year, the DfE produced a schools costs paper 2023/25 which concluded that there was believed to be budgetary headroom within the mainstream school's system for 2024/25 of c£600 million and that this would be needed to help cover any shortfall in the additional funding.

The issue with this view is that it is very much a top-down view of the sector as a whole and doesn't take into account the significant variations in financial position by individual Trusts. So unfortunately, it would appear that there will be winners and losers.

Attracting and retaining the highest quality teachers is becoming increasingly difficult, highlighted by the staggering increase in teacher vacancy rates which increased by over 150% between 2020 and 2023. Trusts must remain alive to finding imaginative solutions to attracting and retaining key talent. The Labour manifesto pledge to recruit 6,500 new teachers into the system was welcome news but we are yet to understand the timeframe for delivering this pledge and can only hope that retention of those highly skilled teachers already in the system isn't overlooked in all of this.

As we set out at the beginning of this review, we have a new government with new policies and a new approach to the education sector, but we will have to wait to see if this is a new dawn for the Academy sector or if it will be the same old story of shortfalls and short term funding decisions for a sector already under financial strain.

Looking into the future beyond 2025, what role might Artificial Intelligence (AI) play in the education system and can it be used to drive efficiency and improving standards. Education Secretary Bridget Phillipson delivered a keynote speech to the British Educational Training and Technology Show in January 2025 stating that 'the world of 5 years ago is gone forever'. Her address went on to confirm plans for modernising the education system. Undoubtedly, a huge opportunity exists with the use of technology to further drive efficiencies and improve standards, but it also comes with a significant responsibility. We will wait to see how further investment in technology impacts the sector.

Authors & Contributors

Executive Author

David Butler

David is a Partner and the Head of Charities and Not-for-Profit sector at Bishop Fleming, who advise well over 1,100 schools in around 190 Academy Trusts and undertake more Academy school external audits than any other firm. He has been involved with education benchmarking for over 15 years and has co-authored this report for over 10 years, leading Bishop Fleming's team of authors. David uses benchmarking to help his clients to identify ways in which they can improve their financial performance, and to use this information to formulate their strategic planning. David advises over 20 Academy Trusts and independent schools, at all stages of their development - from single unit Academies to large and rapidly growing MATs.

Authors

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Kevin is a Partner and Head of Academies at Bishop Fleming. With 14 years' experience supporting clients in the Academy sector, Kevin has a deep understanding of the issues facing MATs and works extensively with large MATs within the sector. With strong technical accounting and reporting skills and a keen interest in governance, he prides himself on providing practical advice to Trust boards.

Kevin also works closely with the sector regulators providing technical support for their publications.

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Alastair is Head of Internal Audit & Risk Assurance at Bishop Fleming. He has worked for over 25 years with a wide range of clients across the public, wider not-for profit, and corporate sectors. Alastair has worked with the Academy sector since 2010 providing both core internal audit services, but also support for Trusts to strengthen and evolve their approach to risk management and the expanding role of the audit & risk committee. In the wider education sector, Alastair also works with Further and Higher Education institutions and is a member of an audit committee.

Andy Wood

Andy is a Partner at Bishop Fleming and an expert in the Academy sector working with education clients since 2010 to provide them with an efficient and robust audit solution. Andy has significant experience supporting education clients on their risk management, governance and internal controls and advising growing MATs including Diocesan MATs. Andy also sits on the finance committee of a 13 school MAT.

Chris Beaumont

Chris is a Partner with Clive Owen LLP and is Head of their Not-for-Profit department, which has worked with Academies for over 17 years. The firm acts for over 400 Academies in over 70 Academy Trusts across the North East and Yorkshire. He has co-authored this report for the last 13 years. Chris is a Trustee and Chair of the Finance Committee at a 15 school MAT and has delivered numerous seminars at National Association of School Business Managers (NASBM) and Schools North East (SNE) events.

Data Analysts

Chris Trantham

Chris is an Audit Director and Responsible Individual at Bishop Fleming. Chris heads the Academy operations team, which designs and delivers its client webinar programme and technical support and is responsible internally for the training of audit teams. Chris also meets periodically with representatives of the ESFA and DfE to advise on financial reporting and other sector issues. Chris has worked with many Academies since the sector was established in 2011. He has provided strategic advice and support to several large and growing MATs.

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Nicola is an experienced Senior Audit Manager who has worked with the Academy sector since it was established. Nicola recently returned to Bishop Fleming having worked in the education sector for over 10 years. Most recently she was the CFO of a growing MAT. She is now a member of Bishop Fleming's Academy operations team, providing support and delivering technical update webinars to clients and the firm. Nicola also recently presented at the annual ICAEW Academies Update Webinar.

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Chloe is an experienced Audit Manager at Bishop Fleming. She has worked in the Academy sector for 5 years, having worked with a range of different sized MATs, providing external and advisory services to her clients. Chloe is a member of the firm's central Academy sector team, providing input into client webinar programmes, technical support and internal training for the audit teams. She is the lead data analyst for this benchmark report.

Steve Perkins

Steve is a Senior Audit Manager at Bishop Fleming. He has significant expertise in the Academy sector having worked with a number of large MATs, providing both external audit and advisory services to the sector over the last 10 years. He also has first-hand experience of the role of an Academy finance team having spent a short period working in a large MAT.

With thanks to GovernorHub for their data insights

GovernorHub is a leading provider of governance solutions in England, helping more than 100,000 Governors, Trustees and Governance Professionals focus on what matters: making a difference to children and young people in their schools.



Contributors

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Section 1

Financial Position





Given how tight government finances are then not encouraging growth does seem like a missed opportunity.



Section 1 Financial Position

After a number of years where global events had a huge bearing on the Academy sector it may appear that we are approaching some calmer waters. There is a new government in place with a large majority, which could potentially provide 5 years of relative stability. The new government has a long list of manifesto items to work through, as well as dealing with the financial challenges resulting from a weak economy and high public debt, as such it does not feel that education is near the top of its agenda. However, with the Children's Wellbeing and Schools Bill working its way through the parliamentary process, there could still be some bumpy times ahead for Academy Trusts.

Since the Academies Act in 2010, Academy Trusts have been seen as the default solution to schools in difficulty. If a school was struggling financially, had poor academic outcomes, or any other significant challenges then they would be told to become an Academy or, more recently, to join a MAT. If a new school needed to be set up, then it would be as an Academy Trust through the free school route. However, recent government announcements suggest that this may change. There is a perception that Academy Trusts have had an advantage over maintained schools and the government wants to "smooth the differences" out between the two. This raises the question as to whether it will be boosting the maintained sector up or dragging the Academy sector down.

The Confederation of School Trusts has published its response to the bill, stressing that "all types of schools should now have the freedoms and flexibilities that have hitherto been reserved for the Academy Trust system." So, trying to ensure that Academies maintain the freedoms that they currently have.

It would be fair to say that the Conservative opposition are a little less supportive of this change of approach – Laura Trott, the Shadow Education Secretary, described it as "the policy equivalent of a wrecking ball" and "nothing less than education vandalism." So, although these comments get some column inches, nobody can know the future and the impact of these changes will not be evident for a while to come – but any change comes with risk.

It has been widely acknowledged that the Academy sector has been good for education, but the government's contention is that it has not been good for all. As authors of this report for over a decade we have seen some very good practices emerging in the sector, with accountability taken for failing schools which has led to improvements in performance. Will a dilution of the role of the Academy sector relative to the maintained sector jeopardise these gains, or can they be preserved while raising the standards of all schools?

Although the Bill has yet to be enacted, the changing attitude to the Academy sector already appears to be having an effect, as the number of schools becoming Academies is forecast to slow down.

The growth of the sector is also being affected by the removal of the Trust Capacity Fund (TCaF) grant and the start-up grants. This funding helped to support the growth of Trusts and the academisation process.

The removal of these grants will only save the DfE about £30m per year, but it does signal to the sector that the growth of Trusts is no longer seen as being so important, and this has already had an impact. When we surveyed our clients about the impact of this, over 50% said that their plans had been impacted by the removal of TCaF and that most of these expected to grow more slowly, and so we expect to see this impact on the rate of expansion in future years. Given that there is now more risk associated with growth, this was always going to be an inevitable outcome. There has also been a number that had accelerated their plans to ensure that they could claim this funding before it was removed.

The other big changes in the education world are being felt by independent schools. VAT on fees, loss of rates relief, increased national insurance and higher Teachers Pension Scheme contributions have significantly increased the costs to both parents and schools. There have been lots of articles and opinion pieces in the press on the rights and wrongs of these policy changes, but it seems inevitable that it will result in less children being educated privately and so there will be a transfer of these pupils to the state sector.

Current estimates suggest that there will be at least 20,000 pupils leaving the independent sector, but it could be as high as 100,000 over the next few years. The government is confident that the state sector would be able to absorb these numbers, but there will be a cost associated with these higher numbers. This will filter through into future results.

Before we dive into the analysis of the current year results it is worth explaining how we measure financial performance in this report.

We use the movement in free reserves as the best metric for assessing financial performance. Our definition of free reserves for this report is the total of unrestricted funds, designated funds, and GAG. This differs from the ESFA's latest definition of free reserves in that we include designated funds. If we consider the movement in these free reserves from the start to the end of the year, then we are identifying the underlying in-year surplus or deficit of running that individual Trust. This strips out the distorting impact of designations, capital income, LGPS pension movements, depreciation, and other one-off items, and it also eliminates the impact of charity accounting rules on other restricted funds. It simply looks at the opening and closing free reserves – and the movement in these two numbers is the financial result.

We also segment the MAT category into small, medium, and large based on the following pupil numbers to provide a more useful benchmark:

Small MAT - Fewer than 3,000 pupils

Medium MAT - 3,000 to 7,500 pupils

Large MAT - More than 7,500 pupils

When we reviewed the financial performance of the sector there was a sense of Groundhog Day. For the third year in a row, we had been expecting the sector to be struggling financially, and in each of those three years the outcomes have been better than feared – and the reason for this has been the same in each year. All Trusts have received extra funding from grants that they were not expecting at the start of the year.

In 2022/23 Trusts received Mainstream Schools Additional Grant (MSAG) and the Schools Supplementary Grant (SSG). In 2023/24 they have continued to receive the MSAG, will a full year of this grant now being received, but have also received the Teachers' Pay Additional Grant (TPAG).

Average free reserves movement (£'000)

	2022	2023	2024
Primary SAT	-40	-44	-8
Secondary SAT	103	6	-162
Small MAT	203	9	1
Medium MAT	372	40	30
Large MAT	1,564	267	99

When Trusts were producing their budgets in the summer of 2024, they were not expecting the teacher pay rises to be fully funded, and so the size of the TPAG came as a pleasant surprise and gave a boost to the finances. However, even with this boost the overall financial performance is still weak.

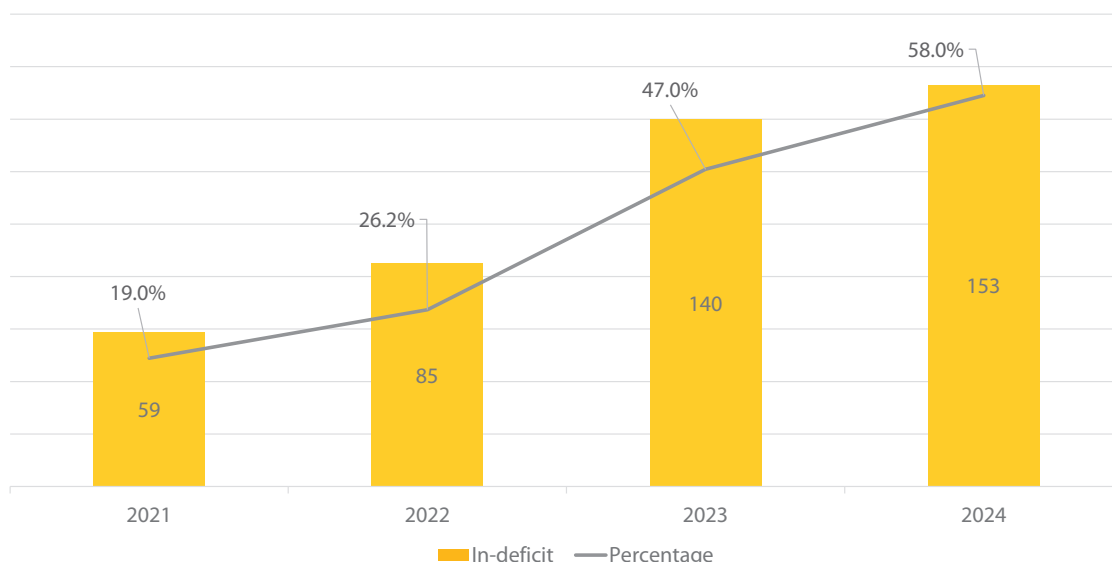
What can be seen from the chart above is that the financial performance of the sector has continued to deteriorate. Last year it was only the primary SATs that made an in-year deficit, whereas this year it is only the MATs that have made a surplus – and these are very thin surpluses. All categories have seen their financial performance deteriorate, with the exception of primary SATs, and there has been a deterioration in performance in each of the last 3 years. The improvement in the primary SATs only serves to underline the challenges the sector is facing, as it is driven by the financially weak primary SATs joining MATs. So, we are not seeing improving performance in individual SATs, rather the worst performing have fallen out of our data. The largest deterioration in financial performance has been experienced by Secondary SATs, which is due to the sheer number of Trusts making in-year deficits, as discussed below.

So, we have poor financial performance despite the additional funding - and furthermore, we now have a smorgasbord of grant acronyms and initialisms. The move towards a more straightforward and transparent National Funding Formula (NFF) still feels a long way off. So, there is nothing to feel particularly positive about in the first chart.

There is always a chance that the poor performance of a few Trusts is bringing down the overall average, so we also look at the percentage of Trusts that are making in-year deficits. Sadly, this graph also makes for poor reading.



% and number of Trusts with an in-year free reserves deficit

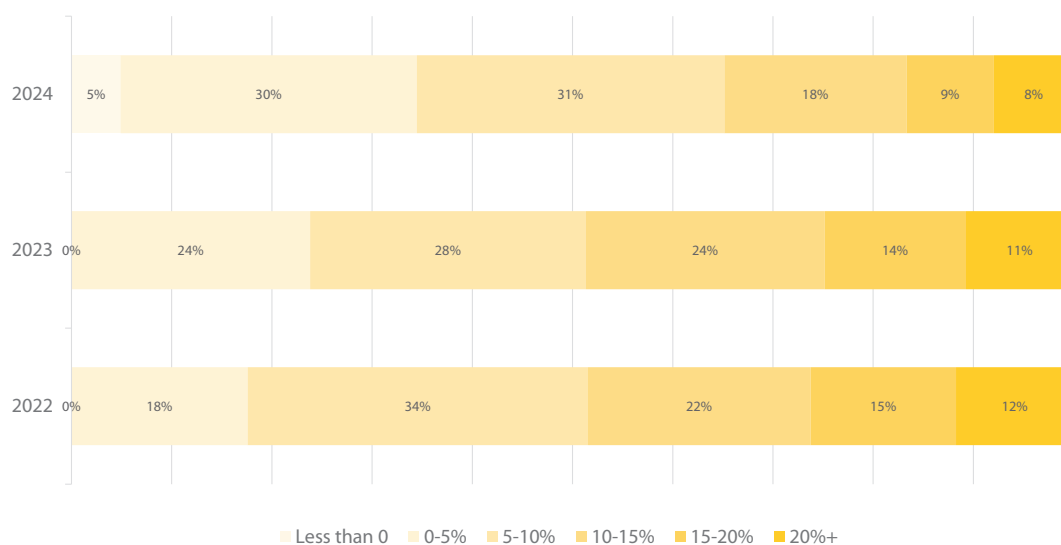


The percentage of Trusts making an in-year deficit has increased from 47% to nearly 60%, and the trend over 4 years is very clear to see. The sector has moved from less than 20% of Trusts making in-year deficits, to three times this number. The position is even worse for Secondary SATs, where two-thirds of those in our data have made an in-year deficit.

It is very clear to see that the financial performance, across the whole sector, is getting worse. There has been a general consensus that the financial health of the sector has been in decline for a while now, and all of these numbers back this up. There has been a slow squeeze of Trust finances, and this is undermining their ability to be sustainable. If the trend shown in the graph above continues then the sector will run out of money, unless there is more income or costs are cut, and from the discussions that we have had with Trusts many feel that they are running out of areas where costs can be saved.

As the results continue to slide it can also be seen that the free reserves of the sector are deteriorating – and this shift is happening quickly.

Average free reserves as a % of total income



The graph above shows there are now more than 30% of Trusts with less than 5% of total income as a reserve, and there are far fewer with more than 10% in reserve. In the prior year 49% of Trusts had reserves of more than 10%, this has now fallen to 35%. All of the categories above 10% (10-15%, 15-20% and 20%+) have clearly fallen. Last year only 1.7% of the Trusts in our data had negative free reserves – this number is now nearly 3%.

Guidance from the ESFA suggested that Trusts should aim to have at least 5% of income as a reserve. Our view is that at this level a Trust should be able to successfully manage its cashflow and deal with most issues that arise. However, this is not a sufficient level of reserve to be able to invest in capital expenditure and renew the buildings and infrastructure. A reserve of 10% would give more flexibility to fund this investment – but there are now fewer Trusts that are in this position. Consequently, they have to either rely on a very uncertain CIF process or become large enough to qualify for SCA.

All of these factors are having an impact on the confidence of the sector. In our survey we asked Trusts how confident they were in the financial sustainability of the Academy sector. Less than 50% of Trusts said that they were confident, or very confident. Given the position of the finances it is, perhaps, a little surprising that the confidence level is as high as it is, but this may reflect the history of extra grants being received in recent years. Interestingly, the large MATs do have a more positive outlook with over 60% of them being confident or very confident. This highlights a potential issue with the government's shifting position on the Academy sector, and the growth of Trusts.

As can be seen above, the large MATs have a better financial performance, and they are more confident about the future. So, if the sector is trying to ensure that it is financially sustainable then the obvious solution would be for MATs to become large or at least for the smaller MATs to become larger. However, the loss of TCaF and the changing government attitude to MATs is making this harder. Given how tight government finances are, then not encouraging growth does seem like a missed opportunity.

Our data shows that the large MATs are more financially efficient and are still able to balance their books even with all of the pressures on the sector. If the government is looking for improved financial efficiency, then surely this is the model that they should be encouraging. Recent evidence would suggest that the opposite is happening with one recent merger being referred to a government minister, rather than being decided upon by the local Advisory Board.

However, just breaking even is not enough. For the Academy sector, and indeed any sector, to be sustainable then organisations need to be able to make a surplus. They need to make a surplus to enable them to have the cash available to renew their technology and invest in the upkeep of buildings – so there needs to be a surplus just to stand still, and current financial performance does not allow this.

Trusts do receive separate capital funding through SCA, CIF and DFC which should enable Trusts to fund asset renewal, but there are a number of issues with this:

- Unless a Trust is receiving SCA then this funding is not guaranteed. Most Trusts still need to bid for CIF and so cannot make long term investment plans. DFC is guaranteed for all Trusts, but it is at such a low level that it only covers the smallest of projects, and so is of limited use for longer term planning;
- As part of the application process for CIF, Trusts are having to fund increasing proportions of the projects from their dwindling funds – Trusts now need to make a 30% contribution to get the maximum funding score;
- Overall capital funding to the education sector is reducing in real terms. Since 2021/22 capital funding has only increased in absolute terms by 1.5% (from £1.576 billion to £1.601 billion) during which time inflation has been in excess of 10% for a period.

Given these statistics it is no wonder that many Trusts have a backlog of capital projects that are considered necessary, but currently cannot be funded, and many of these are urgent. NAO identified this issue in its report on the 'Condition of School Buildings.' It concluded that "Following years of underinvestment, the estate's condition is declining and around 700,000 pupils are learning in a school that...needs major rebuilding or refurbishment (and) safety concerns across the estate has escalated these concerns to the government risk register". So, at a time when there is a clear need for additional capital funding the reality is that funding is declining.

We are very conscious that we have been predicting financial difficulties in the sector for the last few years, but they have always been avoided. But without change many Trusts will experience financial challenges in the very near future as the sector is slowly squeezed. Free reserves are falling, future funding is uncertain, and the sector is increasingly pessimistic about the future.

Things can change quickly, but the position of public finances do not suggest that there will be inflation-busting income allocations or more capital funding in the short term. Therefore Trusts will have to make do with what they have got and look for ways to drive efficiencies. Becoming larger and more centralised would appear to be one of the obvious actions that they could take. Support to achieve this would be greatly appreciated by the sector - but it is unlikely that it will be forthcoming.

Section 2

Governance





Boards need crystal balls and nerves of steel to navigate the educational landscape today.



Section 2 Governance

Governance

As the demanding role of serving on governing boards in Education continues to evolve, the expectations of these volunteers show no sign of letting up. As those putting themselves forward to serve get bogged down with tasks, is keeping governance practice lean, using clever thinking, plus a fresh strategic approach the key?

After the barrage of new guidance of recent years and the prospect of more changes in rules (with the impending Children's Wellbeing and Schools Bill progressing through parliament at the time of writing), the need for boards to plan strategically and revisit those strategic plans regularly is a standing matter.

Championing a clear strategy has always been a key board function. Demands on schools as "Anchor Institutions" in their communities have already gone far beyond traditional perceptions of what schools should provide for pupils. Pupils have ever more complex needs and schools are facing even the most basic provision of solutions such as toilet training and speech/language needs. These challenges are becoming more common and there appears to be no let up. Schools face increasing issues associated with social challenges, mental health, and well-being and dealing with the aftermath of the covid days.

For boards, dealing with the day-to-day financial challenges is becoming more familiar. Balancing the books gets harder, compounded by the recent announcement of an unfunded 2.8% teachers' pay award by the government. However, the need for more strategic thinking and horizon scanning is constant too. Ever present seem to be the challenges of falling roll, attendance levels, safeguarding issues, managing estates and SEND demand sky rocketing. Making sure your Trust has all the angles covered to be responsible for the children and young people in schools today, requires very careful planning and much forward thinking. High performing systems have high levels of accountability – let's not forget that Trust boards have ultimate responsibility as the employers and keeping Trusts on track is the role of Trustees.

Setting the strategy is just the start. Monitoring, reviewing progress, making tweaks when needed and, of course, careful risk management aligned to the strategy, are all essential. This relates both to the needs of current pupils but also looking ahead at the next waves - Generation Alpha (born between 2013 and 2025) and the Generation Beta children, largely yet to be born (born between 2025 and 2039). The impact of AI is already increasing in significance. Schools must prepare tomorrow's workforce and who knows what it will be like in a few short years' time.

Boards need crystal balls and nerves of steel to navigate the educational landscape today. Government funded support, the SEND environment and systems that are beyond Trusts' individual control no longer provide the services needed. Funding simply isn't there to the level of demand and Trusts are facing filling these gaps themselves. They need to be well designed with effective practices and structured to be sustainable and resilient.

Effective Practice

CST has a vision of “Next-gen governance” that is more practical, achievable, thoughtful, and sustainable. We agree with this vision and the collaborative approach. Trusts still need evidence-based information, good decision making and to somehow create a much more rewarding experience to attract and retain the right people.

We see many more Trusts embracing evaluation of their own performance to improve the effectiveness of their practices. We see the sector increasingly embracing external governance reviews, while many boards also evaluate themselves on an internal self-assessment basis.

Of the Trusts that replied to our survey, a sizeable proportion (over 83%) are seeking to grow in 2025/26. Consequently, these effective practices need to be continually honed so that they are scalable with these growth plans. Decision making should be evidence based, using assured information and rooted in the needs of the communities served.

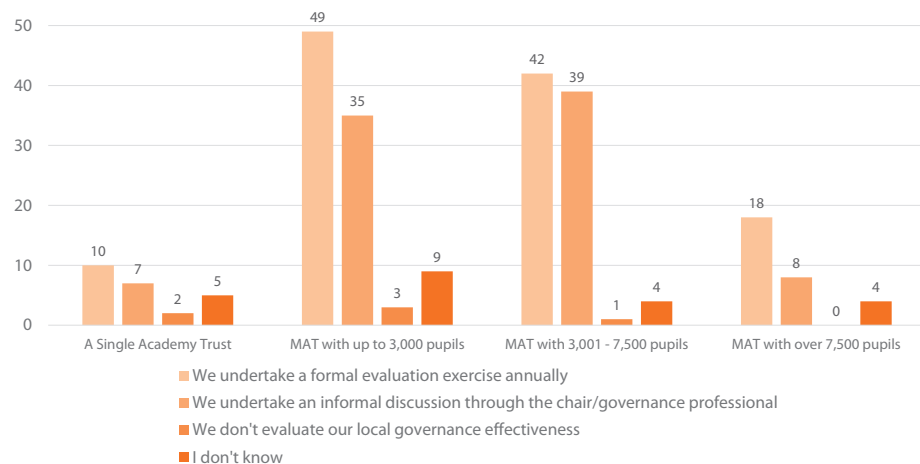
Trusts are also being more professionally managed, and one way this is demonstrated is with Governance Professionals. Our survey shows that dedicated Governance Professionals now sit at 87% of MATs with 3,001 – 7,500 pupils and 96% of MATs with over 7,500 pupils. Our results show that 100% of MATs with over 7,500 pupils have either a dedicated Governance Professional, or an additional role in the Trust, such as PA to the CEO. Last year our survey showed 94% of MATs had recruited a Governance Professional. It is crucial for volunteer Trustees to have a call on such expertise as they support, challenge, monitor progress and horizon scan with the leadership team. Clearly, MATs have responded with this committed investment in skills to support boards.

Local Governance

One of the emerging issues that we are seeing in MAT governance is around local governance representation and how well it operates (or indeed doesn't). With multiple vacancies being reported across the sector, how do boards know the practices at this tier are effectively operating and providing them with good quality information to enable good decision making? Effective local governance is vital to the overall governance of the Trust, as it is often the place at which emerging issues are identified. The two-way stream of intelligence is crucial, and strong, effective fluid communication between board and local governance plays such a large part. It also allows schools in the Trust to feel part of the whole family, rather than isolated islands. Boards can keep schools abreast of developments and show that the contribution from all levels is being listened to.

In our survey this year, we asked our Trusts how they know that local governance is effective. We were encouraged to see from the resulting data that 91% of respondents now undertake some form of evaluation, either informally through discussion with the Chair/Governance Professional or more formally. 51% of MATs stated that this now forms part of a formal process and an annual exercise, and we would expect this number to continue to rise. Our survey revealed that 10% of Trusts who replied said no evaluation takes place, or they did not know how effective their local tier is, which is something that needs to be addressed.

How does your Trust know its local governance tier is effective?

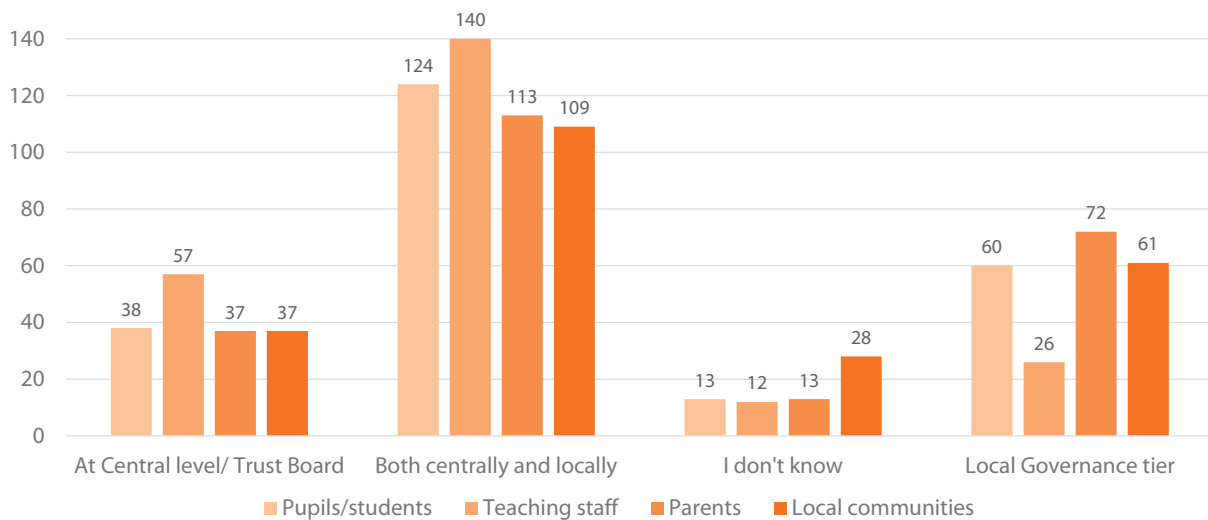


Stakeholders and the local governance tier

Listening to the pupils and communities served by our schools seems an obvious thing to do, however a question to ask is, what is the most effective way to manage this stakeholder engagement? Where do the replies, the voices, the views get heard and analysed? With local governance, or local committees, being the eyes and ears of the board, it would seem potentially obvious that the role sits at school level – however this is easier said than done.

Scrutinising the output from these voices should feed into the board for decision making and our survey shows this is the case in many Trusts. 52% of those who responded to our survey confirmed stakeholder information is scrutinised both locally and at board level. Although even the most inexperienced statistician will be able to work out that this means that 48% of Trusts are not doing this. So how do they get comfort that decisions are being taken with the most relevant and up to date information?

Where does your Trust scrutinise the responses of the stakeholders?



As Trusts grow, the number of stakeholders continues to increase and so engaging with them can be a huge task. We know it can be difficult enough to recruit people to serve on a single Trust board. If you multiply that issue by the number of schools in your Trust then the recruitment logistics for the local tier can become mind-boggling.

Risk management in practice

The 2024 ATH update highlighted that internal scrutiny must be undertaken by suitably qualified people and still be overseen/directed by the audit committee. Trusts with income over £50m must now deliver internal scrutiny via in-house dedicated teams or a bought-in internal audit service. In any event, the service needs to be fulfilled by appropriately qualified people.

It is for the Trust to decide of course, what assurances are sought and the maturing approach we see in the sector, shows that internal scrutiny continues to be more fully embraced each year. The non-financial aspects are increasingly the subject of internal scrutiny as Trusts look to widen the net.

The matter of what happens next, with recommendations arising from these internal scrutiny reports, should be as much of a priority for board members as the audit itself. What next? What have we learned, how have we filled any gaps? We see more audit committees developing and expanding the use of internal assurance as Trusts grow, which we believe is absolutely the right direction of travel. Trusts have their first and second lines of assurance in-house with staff and supervision. Bought-in internal audit services provide that necessary third line of assurance, validating but then scrutinising controls in place and identifying any gaps. Internal audit providers can also add perspective and guidance on the Trust-wide issues and themes with a wider view and experience. Trust-wide controls around risks such as cyber security, Trust-wide estate management, census oversight, governance and more can be interrogated externally.

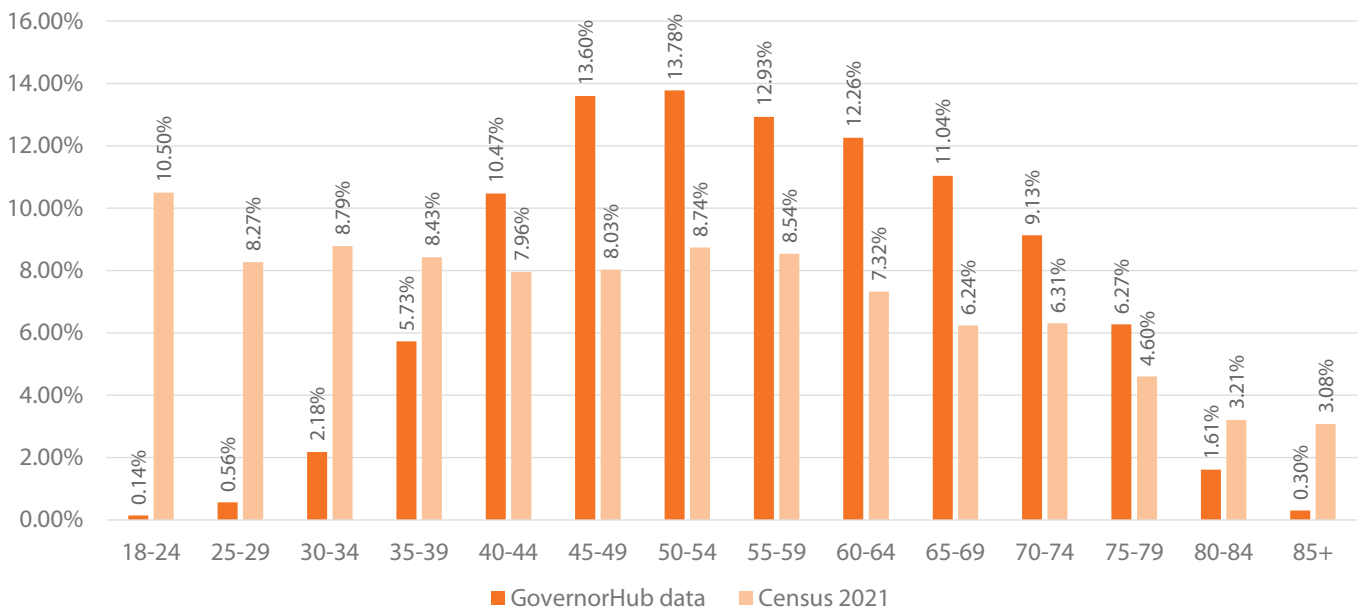
Risk management should not be wholly delegated to committees. Like finance, it is a whole-board responsibility. We discuss risk in more depth in the following section 7, Internal Audit, and Risk Management.

Aging volunteer populous

It has been reported for some time, that the age of volunteers in schools has been increasing, with the challenge of recruiting young people into volunteer roles improving, but very slowly.

GovernorHub has shared demographic data with us. The data highlights the age of respondents against national census data for 2021.

Age: governing board members are typically older (40+ years); younger volunteers (18 to 39 years) are under-represented (GovernorHub base size, 25,571 | Jan 2025)



The results very clearly show that the age range of board members is not representative of the general population, with younger people being under represented. From the data we can see that those aged 18 - 39 years make up over a third of the population (35.99%) yet are only represented in 8.61% of governing boards who responded to the GovernorHub survey. Conversely, the following age categories are over-represented on Trust boards.



40 – 50 years - 16% of the population and make up 24% of board composition

50 - 60 years - 17% of the population and make up 27% of board composition

60 – 80 years - 24% of the population and make up 39% of board composition

It is noticeable that younger age categories lack proportionate representation and our experience in the sector mirrors these findings. This is understandable given that many young people are not at the stage of their careers that allows them the flexibility needed to volunteer. The issue that Academy Trusts have in finding young Trustees reflects the issue that the wider charity sector faces. However, with a fast-paced world evolving with ever increasing speed, youth is a crucial part of strategic planning and boards should be looking for these voices in their decision making – even if these people are hard to find.

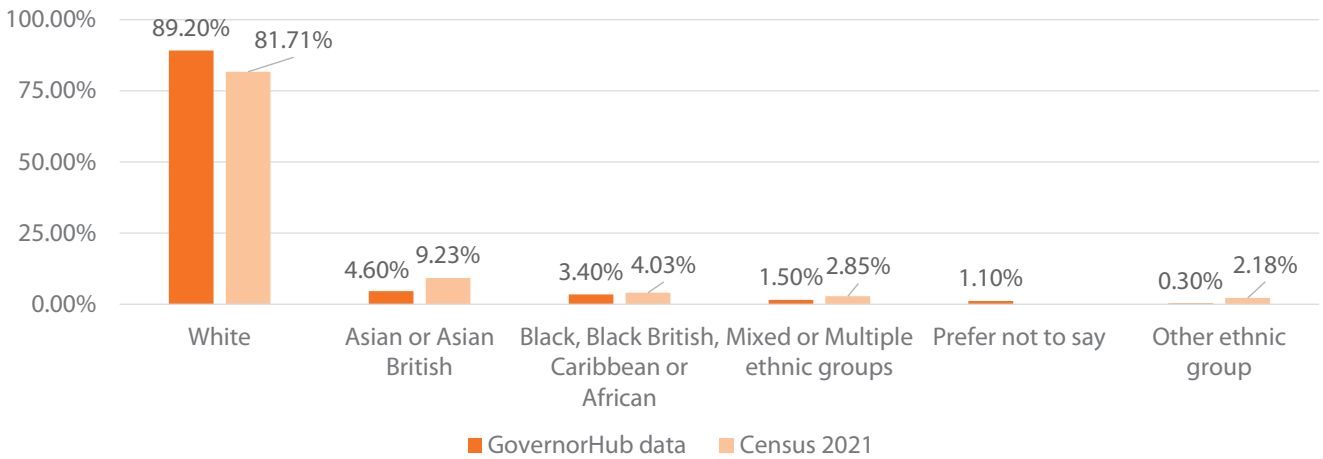
Diversity

It is widely acknowledged that good decision making requires a diverse range of views. Diversity covers many angles, not simply ethnicity, age, and sex, however these are good indicators to begin with. Information for decision making should be evidence based, and risk based.

We have seen from results shared by GovernorHub that the balance of ethnic diversity is out of kilter with the wider population. Clearly this will have a regional variation, and community populations will vary, yet the data shows that 89% of governing board members who replied to the survey are white, compared to 81.7% in the wider population. This means that the voices of minorities and ethnic groups are underrepresented and therefore community voices may not have direct links to boards.

The picture around gender representation is more broadly in line with census data as illustrated below. Those who identify as female still make up a slight majority (55%) of board members, which is almost in line with census data (51% female). This has been the case for quite some time now.

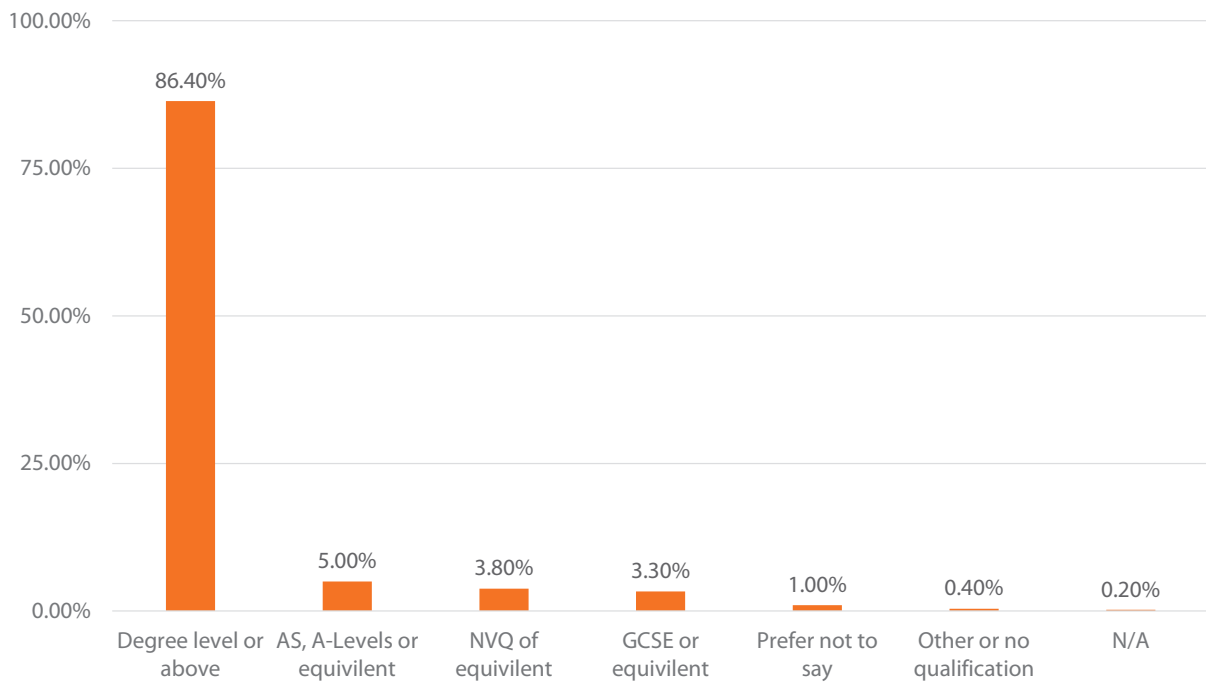
Ethnicity: the population of Governors and Trustees is not as ethnically diverse as the wider population (GovernorHub base size: 18,989 | Jan 2025)



Education levels

The GovernorHub survey also looked at education levels of those people serving on governing boards and the results show that 86.4% have degree level or above education. When looking at census data, this represents just 34% of the population. The skills required to support and challenge leaders come from all aspects of human behaviour and a broad range of views, skills and attitudes increase the power of discussion. Boards will need to consider how to communicate with budding board members that everyone is welcome, if the recruitment gaps are to be addressed.

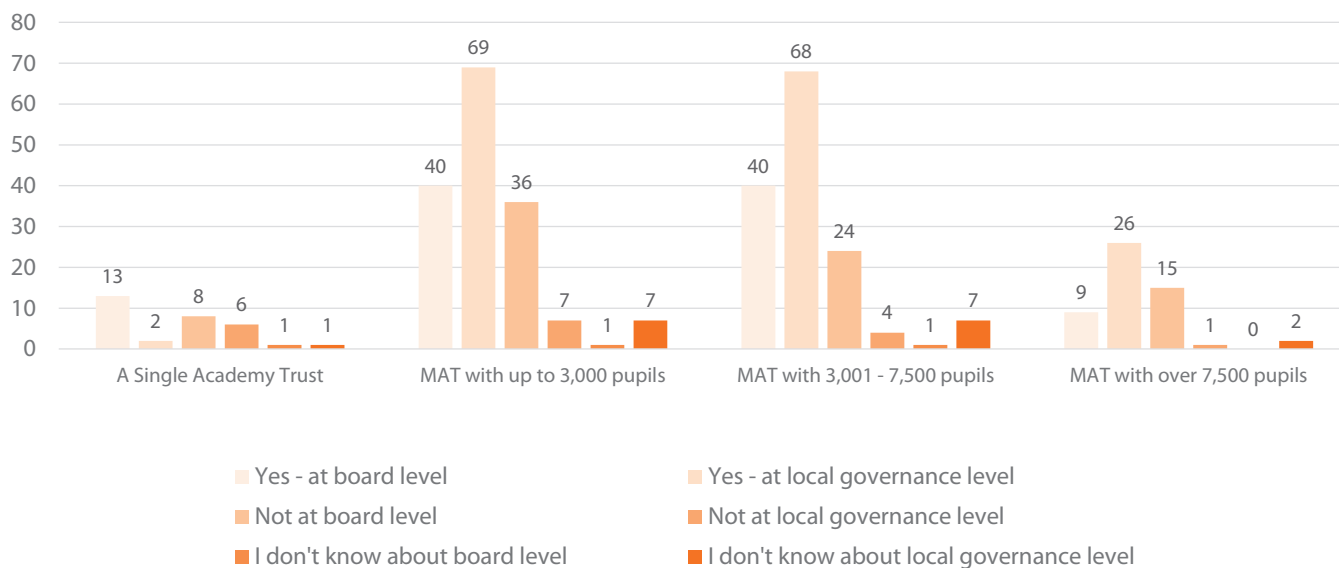
Education level: the vast majority of Governors and Trustees (86%) are educated to degree level or higher, compared to 34% of the general population (GovernorHub base size: 25,790 | Jan 2025)



Recruitment

There is no change in the challenges faced to recruit volunteers to the sector to contribute to governance work. This has been an issue for some time and the data below shows little has moved in the right direction.

Are there unfilled vacancies within the governance arrangements?



With the need to attract more youthful voices, plan for succession and obtain diverse views for good decision making, innovative tactics for recruitment are becoming more commonplace. Targeted approaches, recognition and appreciation all contribute. Sector representation reports that there is a reduction in paid time off for Governors and Trustees, so the issue of so many retired people filling governance vacancies is no surprise. We are seeing approaches to alumni recruitment, youth groups, young professionals and more. More secondary schools and colleges are actively trying to retain the interest of leaving students and encouraging them to “give back.”

The issue around demanding governance roles, responsibilities and time commitment are real. They are not going away. With the fast-paced world we find ourselves in today, Trusts need the next generation to step forward. They will bring fresh ideas, innovation, new perspectives and learn from the experienced governing board members before they exit. Make no mistake, exit they will, and Trusts need to act urgently to ensure that they have succession plans in place. There is no sign of any movement in the age-old debate around Trustees being paid for their roles, so that topic cannot be considered a potential solution for the recruitment challenge.

There are a whole host of issues that await the sector and Trusts will need steady, risk aware individuals to champion our pupils and safeguard their future opportunities. In the meantime, acknowledging the time, effort, and commitment that the army of people who serve on governing boards today for free, is vital. A simple “thank you” can go a long way.

Section 3

Multi-Academy Trusts



Section 3 Multi-Academy Trusts

The key question for many was whether there would be a change in government, and if so, how would this impact on academisation. While we now have clarity over who will govern, the detail of how this will impact on MATs is still not fully clear, but there have been some recent changes.

From 1 January 2025, the conversion support grant of £25k per school has ceased, and there are no plans to continue TCaF. The removal of the conversion funding has surprised the sector, and this lack of financial support is sure to impact on the ability of MATs to grow, as discussed in section 1.

In addition, the recent Children's Wellbeing and Schools Bill sets out further changes which will impact MATs, including:

- Inadequate schools will no longer automatically be told to join a MAT.
- There is no longer the presumption that all new schools will be Academies, with the ability for local authorities to apply to open schools.

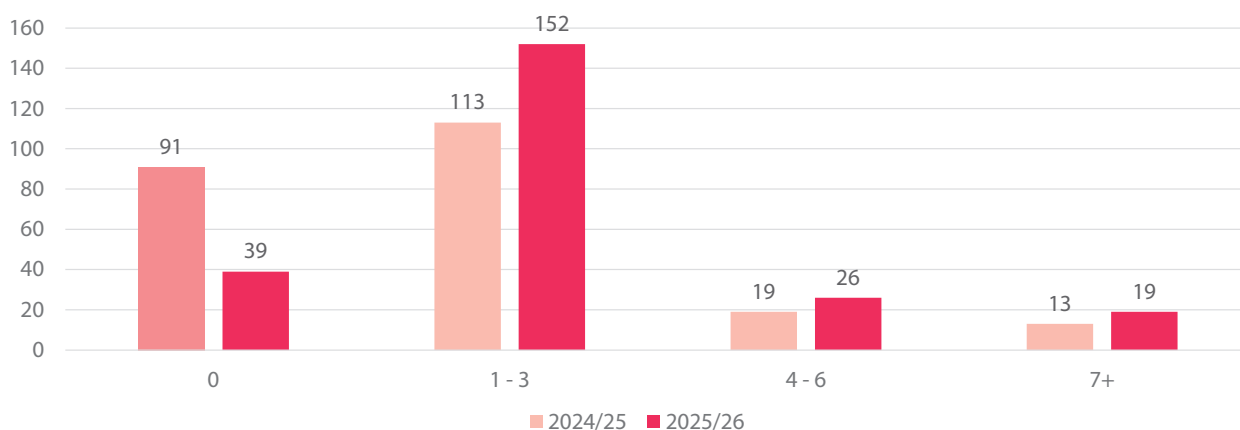
This is very different from the strong academisation push from the previous government, albeit MATs appear to be here to stay. Time will tell how these changes will impact on the sector, and whether local authorities have the appetite or resources to take on schools.

Growth

So, do Trusts expect to grow? 61% of survey respondents expected their Trust to grow in 2024/25, and 83% in 2025/26 - an uplift compared to last year. However, in 2023/24 only 26% of Trusts actually grew, suggesting our respondents may be overconfident on their Trust's ability to grow. Furthermore, 48% of respondents reported that the withdrawal of conversion grants and TCAF would slow down future growth. The key question MATs will be considering is whether the benefits of MAT growth outweigh the additional costs.

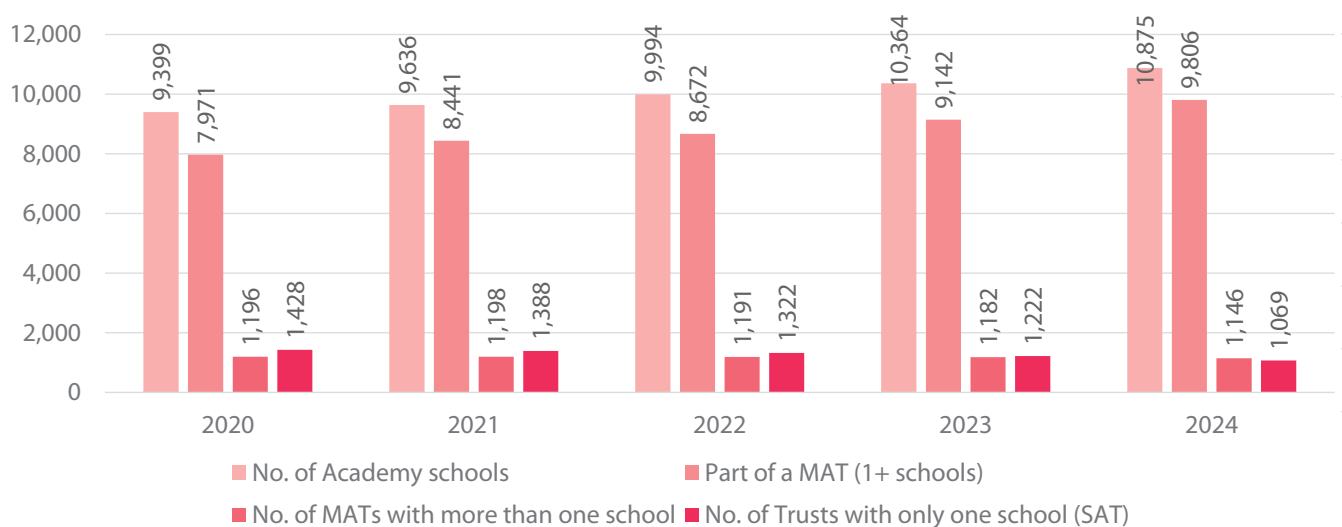


How many schools are Trusts looking to grow by?



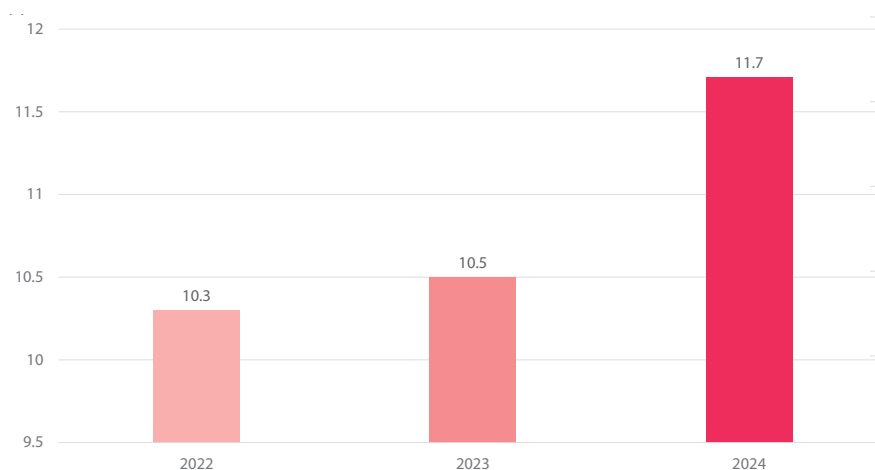
Based on government-published data, as of 31 August 2024, there were 10,174 Academy schools in 1,236 MATs. The number of schools being part of a MAT has increased by 11.3%, over double the growth in 2023 and the highest rate of growth since 2018. This growth has continued into the current academic year, with a further 385 schools joining MATs between 1 September 2024 to 1 January 2025.

MAT size



In line with the national picture, within our dataset there has also been a sizeable increase in the average number of schools in a MAT. The average has increased to 11.7 schools, an increase of 11.4%.

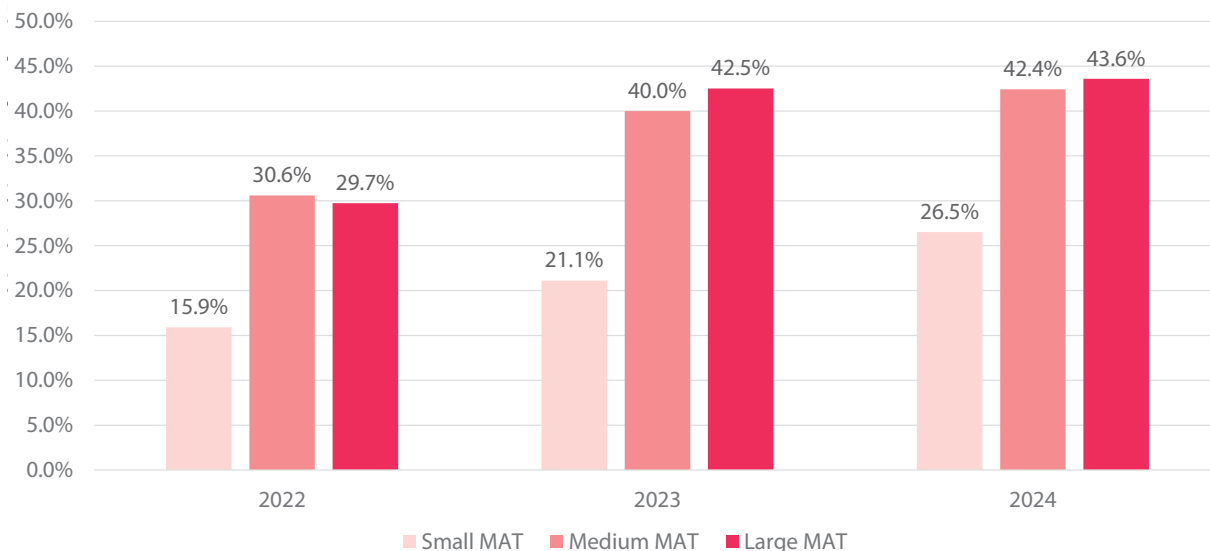
Average number of schools per MAT



GAG & Reserves Pooling

As we have experienced in previous years, the trend towards either pooling income and/or reserves continues, with all sizes of MATs showing an increase. In our survey, 37% of responders are already pooling and a further 28% are considering adopting a pooling policy. The trend of increased pooling is expected to continue and is something that we are supportive of. Pooling gives Trusts more flexibility over how they achieve their objectives, and so enables the high performing Trusts to make quicker changes, that can increase their impact.

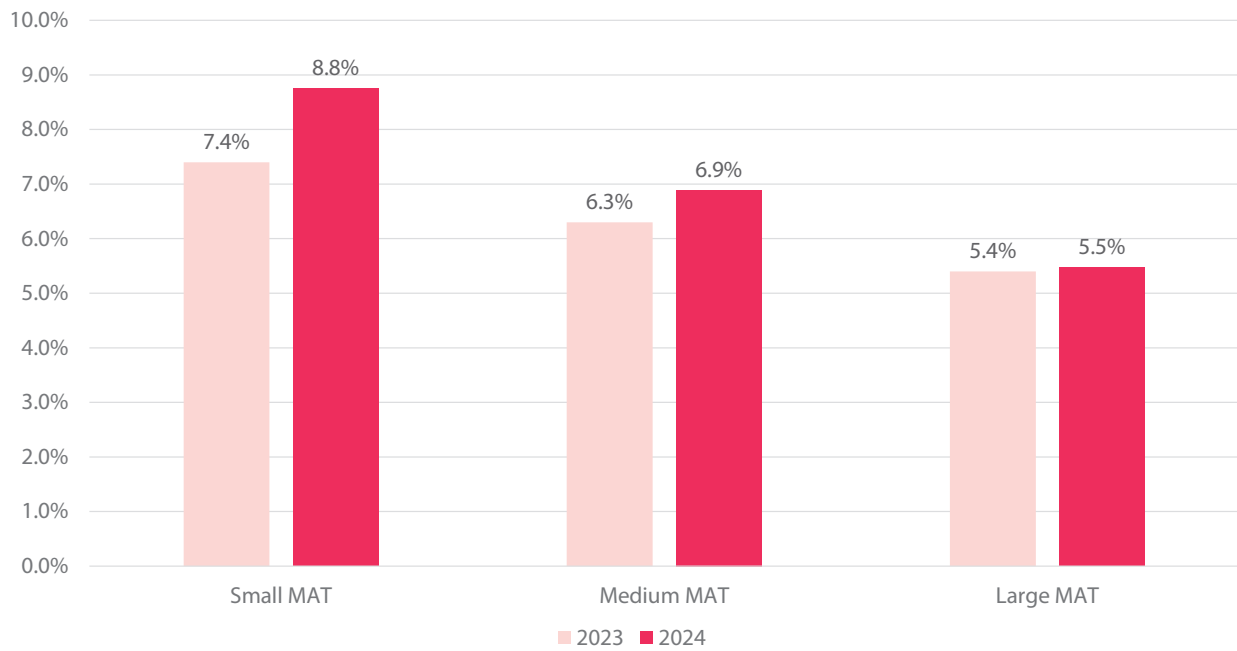
Percentage of MATs GAG or reserves pooling



Top slice

Where MATs are not pooling their income, there remains the need for schools to contribute towards the central operating costs of the MAT. For comparability we have taken the actual top slice charged in the financial statements as a percentage of GAG income, although certain Trusts now use different bases to calculate their actual charge. This year there has been an increase for all MAT categories, but a clear trend with larger increases in small MATs. It is difficult to know how much of the increase is down to increased centralisation, compared to the relative difficulty smaller MATs have in covering fixed central costs.

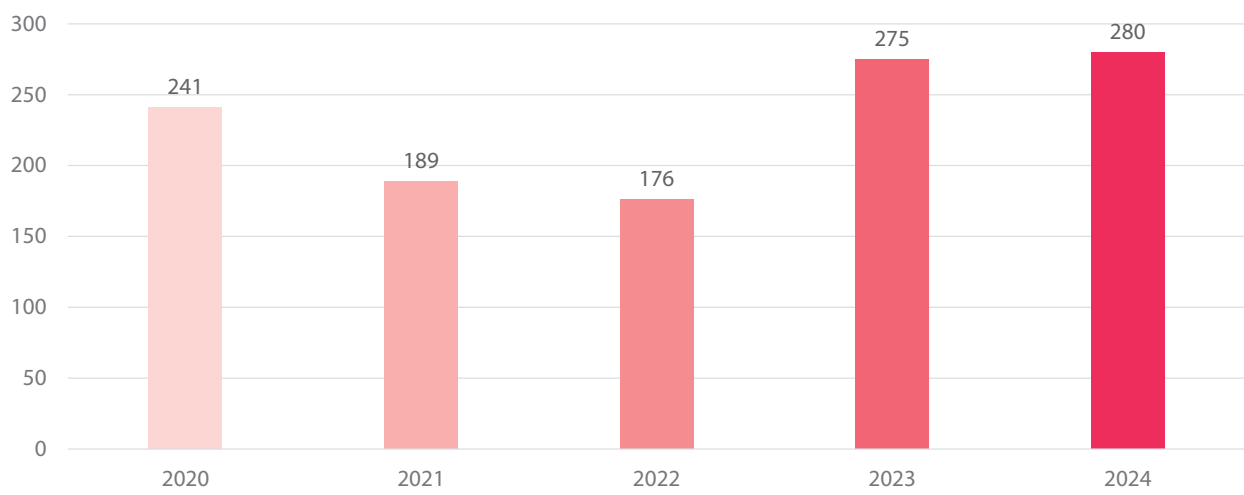
Central recharges as a percentage of GAG



Re-brokerage

Based on the government's published data, 280 Academies have moved to a different Trust in 23/24, which is consistent with 275 in 22/23. However, 26 Academies, 11% of those re-brokered, up from 7% in 22/23, attracted grant funding to deal with the financial challenges of taking them on. The total grant funding was £2.867m, up from £1.36 million in 22/23. This does suggest more Trusts have struggled financially and have required greater grant funding to attract another Trust to take them on.

Number of schools that have moved Trust in the year



Centralisation

This year we have again classified centralisation as follows:

- Fully centralised - All functions are centralised across all schools e.g. finance, estates, HR, IT, and procurement. Although many have data processors in each school.
- Combination - Only some of the functions are centralised across all schools e.g. finance, estates and procurement are centralised, but HR and IT are not.
- Fully decentralised – No functions are centralised across all schools. Some or all schools have the autonomy to act individually across all support functions.

Based on the above criteria, 79% are considered to be fully centralised, with nearly all the remainder being a combination. Only 1% of MATs now appear to be fully decentralised. While it may work for those few who remain decentralised, it does highlight that the consensus is now that centralisation is clearly recognised as the best way for MATs to structure their internal functions.

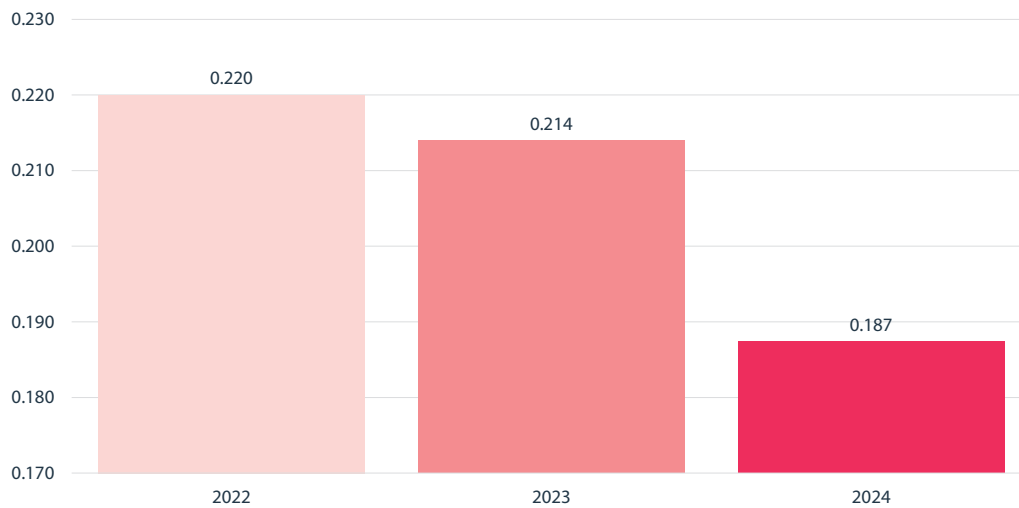
Streamlined energy and carbon reporting and Net Zero targets

All large unquoted companies, including Academies, which have consumed more than 40,000 kWh of energy in the respective period are obliged to include energy and carbon reporting information within their Trustees Report for the past 5 years. The current definition of large in this case includes Trusts which exceed two of the following three thresholds (including subsidiaries):

- Income £36m (£54m from 2026)
- Gross Assets £18m (£27m from 2026)
- Employee numbers 250

The above thresholds are due to increase for 2026 year-ends as noted above, although many MATs will remain in scope.

Average CO2 emissions per-pupil (tonnes)



For consistency across the sector, Trusts are encouraged to use tonnes of CO2e per-pupil. The majority of MATs fall within the band 0.1 to 0.3 tonnes per-pupil, irrespective of MAT size, but there are some outside of this range. Predictably, the average has continued to decrease, falling by 0.027 tonnes per-pupil compared to the previous year. Given the recent rises in energy prices, and the drive towards net zero, this reduction is a great success of the sector and shows the positive actions that have been taken.

It is difficult to make direct comparisons between individual Trusts as the data will be driven by factors which differ between MATs, including:

- Geography – whether schools are urban or rural, distance between schools.
- Buildings – age, size, and energy efficiency.
- Heating type.

During 2024 the recipients of the round 3 of Public Sector Decarbonisation Scheme grants were announced. 47 projects for schools were announced where 34 Academy Trusts were awarded 39 projects. However, we are aware certain Trusts have subsequently declined the funding due to the overall project costs exceeding their previous expectations, resulting in these projects no longer being economically viable, so it is unclear how much of the funding awarded has actually been deployed. This highlights the difficulty MATs face in achieving their decarbonisation targets.

There are other environmental issues facing Trusts too. The DfE policy paper reported that nearly half of schools, 10,710, are at risk of flooding, and this number is expected to increase by 27% by the 2050s. How many Trusts have this as a risk on their risk register, and, possibly more importantly given mitigation is challenging, have a disaster recovery plan to cover this risk?

The DfE have previously published a policy that by 2025:

- All education settings will have nominated a sustainability lead and put in place a climate action plan.
- All services and products procured by DfE for schools through the 'get help buying for schools' programme will go through environmental procurement frameworks.

It is currently unclear how much progress has been made against these targets, or whether the current government will continue with this commitment. However, the focus on environmental impact is very unlikely to diminish and will remain under the spotlight and the progress of carbon usage should be commended.

Section 4

Income



Section 4

Income

2023/24 has certainly been quite a year for funding changes. Trying to keep track of all of an Academy Trust's various educational grants and their acronyms is now becoming a full-time job in itself! These grants have all been given to enable Trusts to meet additional costs that the sector has faced and, as discussed in section 1, has enabled the sector to keep its head above water.

Every year we hear announcements from the government around education funding, and typically the sector is told that funding is the highest it has ever been - which in absolute terms is correct, but in real terms income has not kept up with costs.

There is often a lag between the funding announcements and the income being received – as is the case this year. Schools were already set to receive a £1.5 billion increase to funding in 2023/24 based on previous announcements. In the 2022 Autumn Statement, the government announced an extra £2 billion of revenue funding in both 2023/24 and 2024/25. Then just as the 2023/24 Budget Forecast Returns were due to be submitted, in July 2023 a further funding announcement was made to support the 6.5% teachers' pay award for the next two academic years. Accordingly, school budgets would increase by a further £480 million in 2023/24 and £825 million in 2024/25.

In March 2024, a further £1.1 billion was pledged to support the increase to the Teachers' Pension Scheme employer contribution rate. The Teachers' Pension Scheme valuation outcome was published in October 2023 which confirmed the need for employer contribution rates to increase by 5% to 28.6% with effect from 1 April 2024.

To help schools with this additional cost, HM Treasury confirmed their commitment to provide additional funding to cover the increase for the 2024/25 financial year. The next spending review will see how this looks for future years.

In the paragraphs to follow we have discussed the different income streams received, and the trends that we have seen. We start by looking at the total income received by the sector.

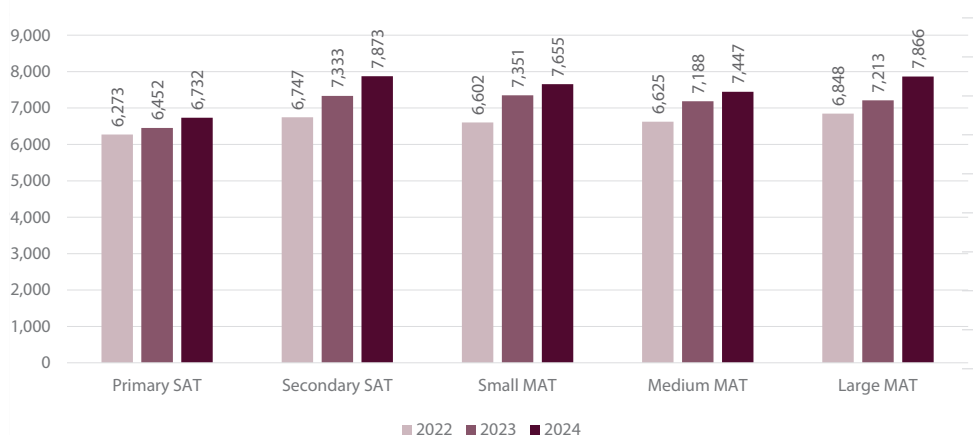


Total income

As expected, given the additional funding explained on the previous page, 2024 saw an overall rise in the average total income per-pupil. The increase was received across all categories of Trusts and this graph demonstrates a consistent trend across the sector over recent years.

Large MATs were the biggest winners, increasing total income per-pupil by 9% compared to 2023. The data also shows that total income per-pupil for primary SATs has not kept pace and they have reported the smallest increase, being 7.3% in the two years since 2022. Secondary SATs and small MATs are the biggest winners since 2022. Nevertheless, total income has not come close to keeping up with increases in costs.

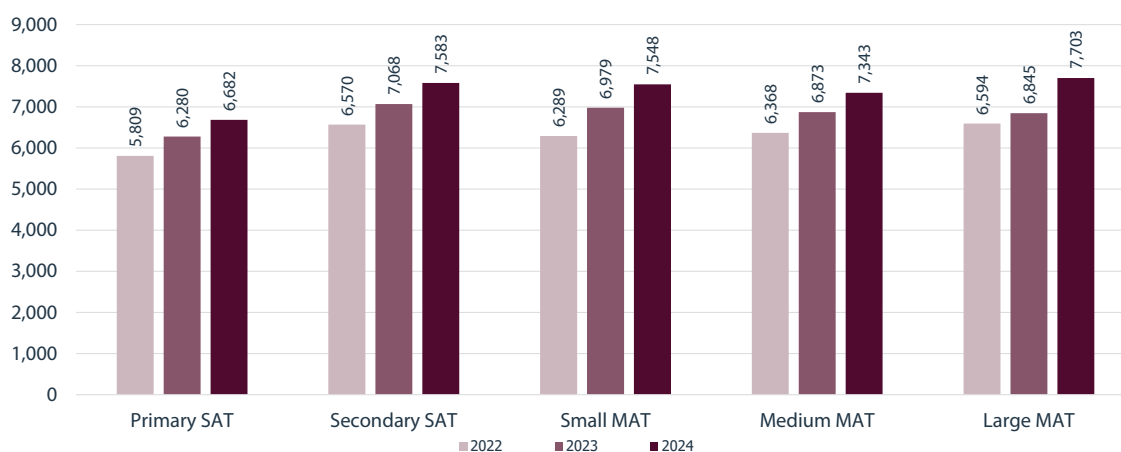
Average total income per-pupil (£)



Revenue income

Excluding capital income, we can see that revenue income per-pupil has increased across all Trusts, on average at 8.2% compared to 2023 – with revenue income increasing by more than total income in percentage terms. This highlights the squeeze on capital income, which is discussed below. As with total income, large MATs have reported the biggest increase, 12.5% per-pupil, which is now the highest rate across the sector at £7,703. These increases are all driven by the additional funding received to cover pay and pension costs, being the MSAG and TPAG.

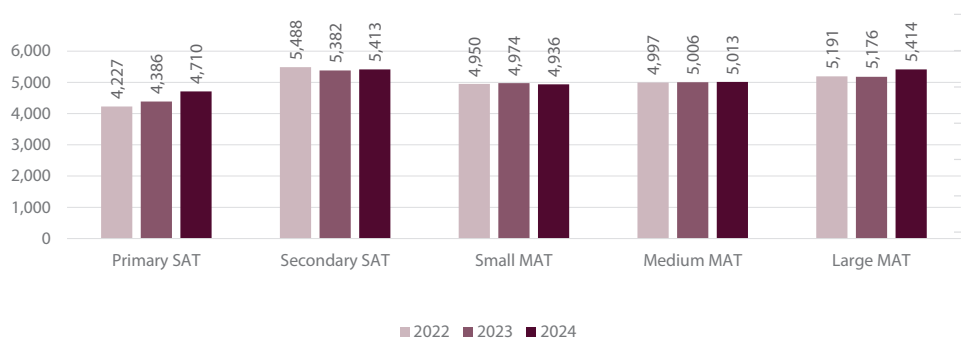
Average total revenue income per-pupil (£)



GAG

The core funding for an Academy, GAG, has had only a marginal change on a per-pupil basis in the year for most categories of Trusts. The secondary SATs, small MATs and medium MATs have all received a negligible change, with small MATs reporting a small decrease overall this year. For these categories this has remained a consistent trend since the 2022 figures.

Average General Annual Grant (GAG) income per-pupil (£)



Given the spate of additional grants that have been received, and the change in categorisation of 6th form income, looking at GAG in isolation no longer provides a reliable indication of the overall level of funding. GAG now only represents an average of 68% of the total income for a SAT/MAT this year, which has decreased by 2% since 2023 and 7% since 2022.

GAG should now be considered alongside other DfE/ESFA grants, which have increased by an average of 2% since 2023 and 6% since 2022, effectively offsetting the declining proportion of GAG income. The 2024 increase is attributable to a full year of both the MSAG and TPAG, as well as five months of the Teachers' Pension Employer Contribution Grant (TPECG).

When we look at the data, we can see that the range in per-pupil values across the categories is narrow. Primary SATs have received the highest increase at 7.4% compared to 2023 and Large MATs are now receiving the highest GAG per-pupil rate at £5,414. This has shifted from secondary SATs which in the prior two years saw the highest rate. As secondary Academies receive the highest per-pupil rates, this indicates that more secondary schools are joining large MATs, along with special schools, pushing up the rates of large MATs overall. But as mentioned above, GAG is now only a part of the overall picture.

Capital income

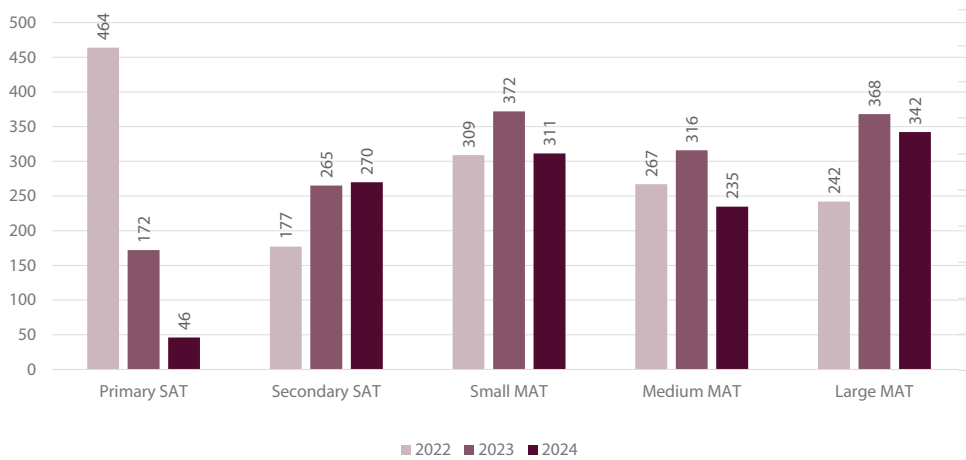
Most readers will be aware that Trusts either receive Condition Improvement Fund income (CIF) if they are successful with bids, or they receive School Condition Allocation (SCA) funding if they are a MAT with at least 5 schools and 3,000 pupils. This means that larger MATs have more consistent funding and smaller MATs and SATs are reliant on bidding for CIF, which leads to greater variability – and this is what our data is showing.

Overall average capital income per-pupil has decreased across the range of Trusts, apart for secondary MATs. Primary SATs have seen the most dramatic decrease, dropping to less than £50 per-pupil, a 90% decrease since 2022 (when they received very high levels of capital funding). This is a remarkable fall and highlights that, within our data, very few primary SATs have been successful with CIF applications.

Surely it cannot just be down to chance that this is the case. When you look at the overall CIF allocation data the proportion of primary schools securing funding is largely unchanged, but this includes primary schools within a MAT. It is the primary SATs that have found this funding very difficult to obtain. As we mentioned earlier in this report, our data now includes less primary SATs as many have joined MATs and so there is a chance that our primary SATs were just unlucky, and their experience was not truly representative. Or it could be that primary SATs no longer have the resources to effectively bid. Either way, the size of the fall experienced by these SATs is alarming.

Secondary SATs have been the biggest winners in capital funding, increasing by 58% since 2022 and are the only category of Trust to increase the per-pupil rate in the current year.

Average capital income per-pupil (£)



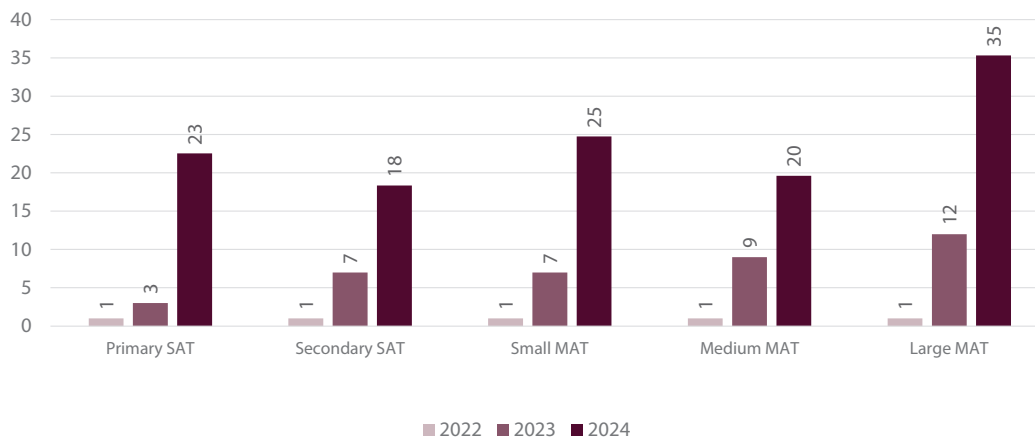
Despite seeing a small decrease since 2023, the large MATs within our data have secured the highest per-pupil rate in 2024 at £342. For larger MATs, capital funding is more predictable as they receive automatic annual grants through the SCA. Being eligible for SCA is becoming increasingly important as having predictable capital funding makes longer term estate planning much easier and removes the lottery of the CIF system.

Investment income

If we are looking for a funding “good news” story, then investment income is it. This continues to increase year on year with 2024 seeing a sharp rise in returns. Interest rates have been increasing for the last 3 years, and this has encouraged Trusts to focus on deposit returns, but it is only in the last year that good treasury management has become more widespread.

Average investment income per-pupil (£)

From speaking to our clients, we understand that many Trusts are now depositing surplus cash not required for day-to-day operations through secure online platforms. These platforms allow Trusts to access multiple savings accounts with a variety of banks and building societies. In addition to securing higher interest rates, this method enables Trusts to diversify risk across a portfolio of bank accounts by optimising the Financial Services



Compensation Scheme (FSCS) coverage. While this service comes with a cost, the level of return, reduced administration and visibility of accounts does appear to more than compensate for this.

As base rates start to edge down these platforms may become more useful as they allow for deposits to be moved quickly, to find the best rate, without having to go through the rigmarole of opening new individual accounts.

As with any charity, the Board of Trustees have a duty to advance the purposes of the Trust. This should always be a Trustee's focus, and boards should therefore make sound investment decisions to further those purposes.

In accordance with the Academy Trust Handbook, Trusts must have an investment policy in place which is regularly reviewed and take advice from a professional adviser. Exposure to investment products must be tightly controlled so that security of funds takes precedence over revenue maximisation, and investment decisions must be in the Trust's best interest. It is recommended that the board refers to the Charity Commission's guidance: CC14 Investing charity money: guidance for Trustees.

The guidance does not preclude Trusts from investing in assets that are riskier than cash, such as stocks and shares. However, we are seeing very few Trusts that are willing to take on any additional risk – and so for now, at least, cash is king.

The large MATs are generating the biggest returns at £35 per-pupil. Within our data there were four MATs that received total investment income in excess of £1 million, and so clearly there is a good focus on Treasury management in these large Trusts. However, we are seeing good practices across the whole sector, with the average per-pupil rate for all Trusts increasing to £26 per-pupil, which is a significant increase from the £7 per-pupil we saw last year (using a smaller population of results). This demonstrates the sector's determination to generate additional funding.

Future funding

As our data doesn't account for inflationary effects, the small increase in average total income per-pupil demonstrates that in real terms funding levels across our sample have fallen compared to 2023. However, we are pleased to report that Trusts are showing more adaptability by navigating the funding shortfalls and instead maximising returns through investment income.

The government's budget for 2025/26 pledged a rise of £2.3 billion to schools funding next year. This represents a 1.4% increase in real terms. In recognition of the colossal need for SEND, £1 billion of this funding will go towards high needs, an increase of 6% in real terms. However, the number of pupils with EHC plans has risen by more than 7% in recent years. Most of the additional funding in 2024/25 will no doubt be used to reduce the ongoing deficits in high needs budgets.

The remaining increase will be used to fully fund the 2024 5.5% teachers' pay award and help cover the pay awards in 2025/26, leaving very little to cover other school costs and pressures.

2023/24 was the first year of transition to the National Funding Formula (NFF). The end point is a system which ensures fairness and consistency in funding to all schools, whereby all are funded through the same national formula and without adjustment to LA formulae. The government will continue with the same approach in 2024/25 with LAs only being allowed to use NFF factors in their local formulae, and LAs must move their local formulae factors a further 10% closer to the NFF values.

The MSAG has been rolled into the schools NFF for 2024/25. The core factors in the NFF will increase by 2.4% and this is applied after the rolling in of MSAG.

The minimum per-pupil funding level will also increase by 2.4%. This equates to every primary school receiving at least £4,655 per-pupil and every secondary school receiving at least £6,050 per-pupil in 2024/25.

Despite the pledged increases, schools will still face difficult decisions on how money is spent. As will be seen across many public services, funding increases are easily negated by rising costs and other pressures. With further teacher strikes planned for 2025, and pupil numbers set to fall, the operating landscape for schools continues to be volatile.

Section 5

Costs





After another year of turmoil, the pressures on costs have continued to challenge the sector.



Section 5 Costs

We have explained in earlier sections that the financial performance of the sector has been weak, but still better than expected. This is largely due to additional staff cost funding rather than sector-led savings. However, as reserves continue to erode, the biggest financial and sustainability challenge for any Trust remains its salary bill—whether that be core wages for teachers and support staff, pension contributions, or supply costs.

While uncertainty persists, especially for pay increases and their funding, costs were subject to fewer shocks this year through inflation or energy prices. However, there is no escaping that the little good news to share is circumstantial rather than a step towards longer term sustainability.

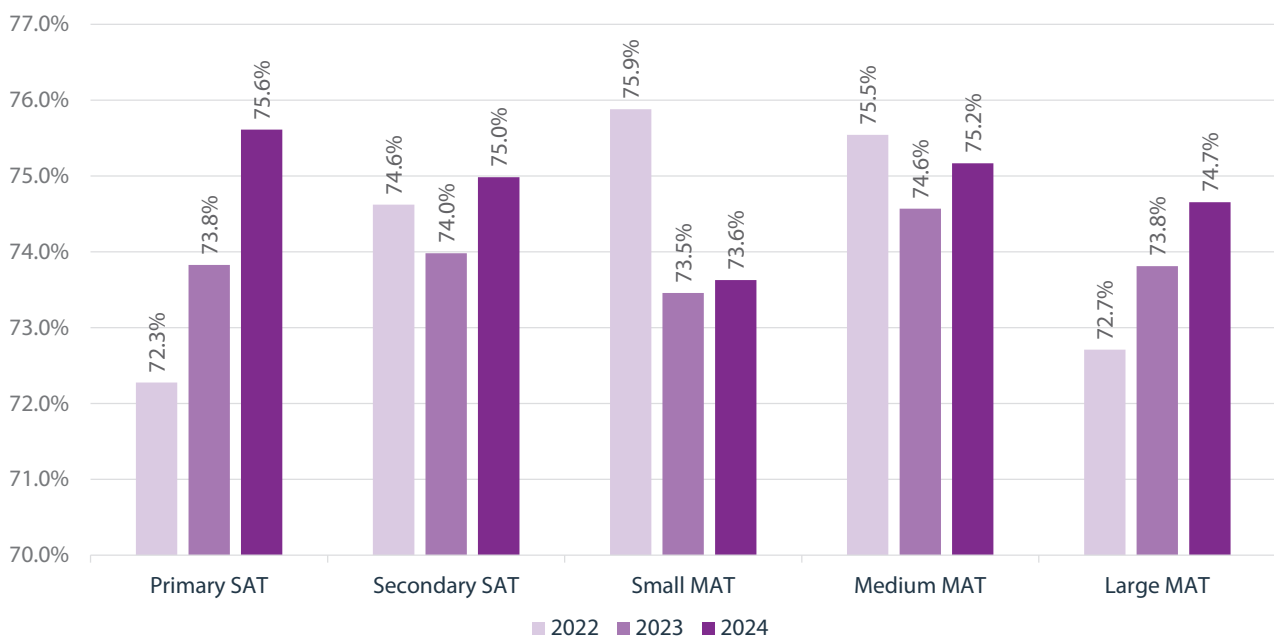
Our analysis of costs this year continues to show that MATs trend towards greater efficiency on costs and financial resilience when combined with a greater ability than SATs to generate procurement efficiencies.

Staff Costs

This year in our survey we asked, 'What are the biggest financial challenges facing your Trust' and the response clearly showed that staff costs are a key concern for Trusts. Of the 236 Trusts responding, 192 (81%) indicated that either costs of teaching staff, support staff or both were among their biggest financial challenges.

This is hardly surprising after another year of uncertainty over both the awards for teaching and support staff and the level of top up funding that continued through another budgeting season.

Average staff costs as a percentage of revenue income



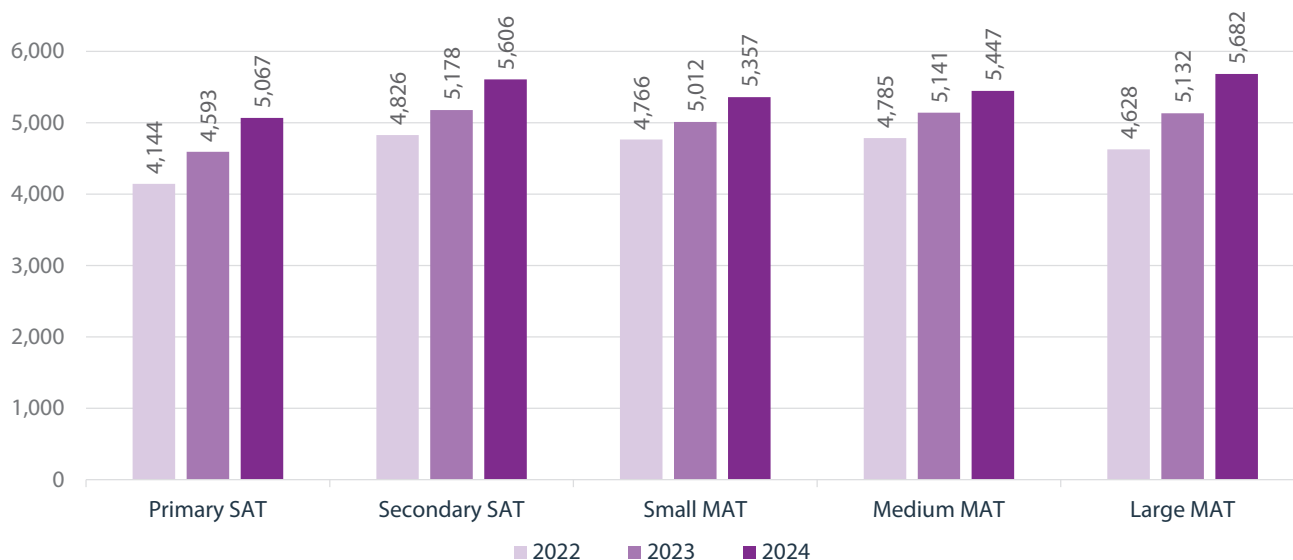
This year we have looked at staff costs as a percentage of revenue income. We believe that in a climate of forecast deficits that this gives a more meaningful analysis of the impact of staff cost changes on sector budgets. The data gives a split picture with SATs, especially primaries, seeing the greatest incremental rise in staffing costs as a proportion of income, now pushing over the 75% mark for the first time. For MATs, although it also increases, both the increment and overall percentage are lower on average.

The gap between pay awards and funding is the key driver here and leaves us with an interesting dynamic for staff costs between SATs and MATs. In an environment where pay awards are universal in percentage terms the relative pressure on budgets is more driven by income and the ability of Trusts to absorb the difference between funded and unfunded elements of pay increases, often through other income sources rather than savings. The smaller percentage increases for MATs are therefore an indicator that they have the advantage when it comes to absorbing these increases, at least in the short term. These differences are only marginal, but when finances are so finely balanced then these marginal differences really matter.

The gap between SATs and MATs is only going to get bigger in light of future increases in pay costs. Both the minimum wage increase, and National Insurance increase are currently unfunded, as is the current offer to teachers for the September 2025 pay review. These changes will further increase the staff cost as a percentage of income, and this will impact the SATs a little more than the MATs – so a further marginal difference on top of those discussed above.

The cost per-pupil data also shows a broad trend of steadily increasing across all Trusts, as staff pay awards exceed increases in income. This is expected with the impact of recent pay awards being universally applied to all teachers and support staff, regardless of Trust type. While this may seem obvious it reinforces the message that the sustainability of staffing is increasingly under pressure. For many years the staffing structure in the classroom has not been questioned. However, we have been hearing, with increased frequency from Trustees, that they may soon have to make difficult decisions to secure the long-term sustainability of their Trust.

Average total staff costs per-pupil (£)



Pensions

The increase in the employer contributions to the Teachers' Pension Scheme in April 2024 took the increase in effective employer contribution rates since 2019 to 73%. There was much relief in the sector that the TPEC grant for 2024/25 announced in March 2024 would cover this increase and, in turn, be rolled into the NFF for 2025/26.

With quadrennial valuations of the scheme determining the contribution rates and no immediate policy announcements from the new government, we can anticipate that this area of staffing costs will be stable for the next couple of years.

For the LGPS, rates remain quite varied across and within local authorities as each Trust has its own pot and unique member demographics and may be on pooled or individual arrangements. While there will be no immediate impact on Trusts in 2024/25 the near future brings potential changes where there will inevitably be winners and losers on contribution rates.

The recently conducted "Fit for the future" consultation launched by the government to consider the creation of newly dubbed "mega funds" has the potential to alter the landscape in the medium term for all these schemes. In fulfilling this policy pledge it should be considered likely that the contribution rates to a new fund would be aligned on entry.

Perhaps nearer to the present is the upcoming triennial valuation of existing LGPS funds as of 31 March 2025. This will determine the next set of contribution rates expected to take effect from 1 April 2026.

With Trusts seeing pension fund deficits on their balance sheet tumble in recent years, many into surplus, there may be some anticipation of some future relief on contribution rates. We would strongly caution against too much optimism of this translating into good news for budgets. Actuarial valuations for accounts and those for determining contributions are conducted on a different basis and are of course subject to the prevailing economic conditions and demographic factors at the time.

CEO Salary

CEO salaries have grown across all Trust types. For primary, secondary and smaller MATs, CEOs tend to be headteachers on the applicable leadership scale point. As such it is consistent with the general movements in these bands to see a fairly uniform increase in salaries. This is a smaller step than in 2023 when cost of living pay increases on those scales were much higher.

For medium and larger MATs, many CEOs are remunerated on a different basis, assessed by a remuneration committee. In 2023 we saw greater stagnation in their pay compared to smaller Trusts, with increases of only around 2%. We attributed this to the near-constant spotlight on executive pay, especially those paid more than £150k, which until a few years ago incurred public letters from the ESFA requiring justification.

In 2024 this has reversed with increases of 5 to 6% on average for the CEOs of medium and large MATs, in what looks to be an element of catching up. This coincides with a softening of approach by the ESFA, putting the onus back on Trust boards to take a more holistic approach to CEO pay awards.

Average CEO salary (£)



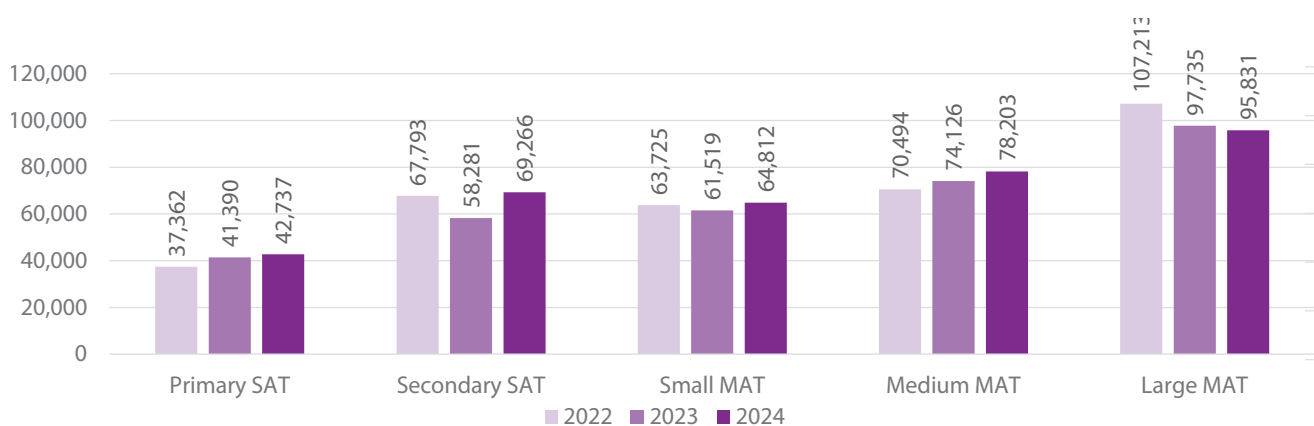
The most recent guidance, published in November 2023, which we referenced in our last report, has now had a year of circulation (and importantly a pay review cycle) to take effect on salaries in the year. Its focus on core procurement principles of best interests of the Trust, value for money and relative level of responsibility rather than a round target is perhaps an important factor in the movement in our data.

CFO Salary

We are seeing a range of movement in CFO salary against last year, perhaps indicating a lot of mobility in this key position; SATs, small and medium MATs have increased while large MATs have fallen for the second year in a row.

We are seeing increased recruitment from outside the sector especially into larger MATs. Falling salary costs in that group suggest that pay rates are settling after a period of high wage inflation for this role, that peaked in 2022.

Average CFO salary (£)



Supply, Absence and Retention

Supply costs have been an area of concern for many of our Trusts. The main pressures continue to be the well documented environmental factors of a shortage of teachers and continuing sickness absence, neither of which have significantly abated since the pandemic.

According to the DfE's School workforce in England latest report for the 2023-year, teacher sickness absence fell to 66.2% from 67.5% (the percentage of teachers that have taken at least one sick day). This remains substantially higher than much of the last decade where it hovered around 54%.

The average number of sick days for all teachers fell from 6.3 to 5.0 days, whereas the number of sick days taken by those who have taken at least 1 sick day fell from 9.3 to 8.0. These statistics still sit around 1 day per teacher above pre-pandemic levels, but the improvement is clearly to be welcomed.

Teacher retention continues to be a high-profile sector topic, and the same report shows that retention of teachers 3, 5 and 10 years from qualification continues to drop year on year by between 1 and 2 percentage points. 2022/23 represented a recent high-water mark for recruitment of new teachers entering the sector but this has fallen back again this year to 2021/22 levels. This is most pronounced with the lowest level of newly qualified entrants since 2011-12. Vacancy rates in 2023/24 are also at a recent high of 2,800 compared to around 1,100 3 years ago.

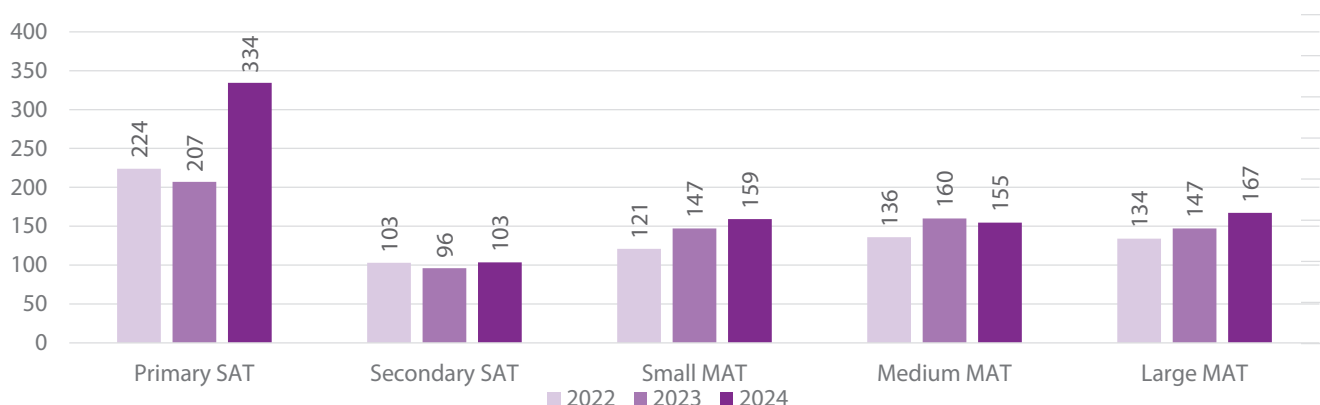
Putting together these two factors moving in opposite directions provides context for a mixed picture in the data across our Trust sizes. Cutting across the data the overall movement per-pupil for all our Trusts is <1% increase in costs.

This suggests that the reduction in absence rates, at least for this year, is more than offsetting (for supply costs), the effects of inflation and recruitment shortfalls. The future looks a lot more uncertain, however, if the trend in recruitment and retention continues on its current trajectory.

Looking by type of Trust, MATs remain consistent, with all sizes having a very small degree of variation in outcome which has been the case for each of the past 3 years. Primary SATs continue to bear the highest per-pupil costs for supply which is in line with the relative lack of flexibility within a small team to manage absences as cost effectively.

Trusts need to continue to be flexible and consider other options for covering absence and vacant posts, other than supply agencies. We have seen more examples of Trusts choosing to maintain a pool of staff in house to cover endemic absence levels rather than pay a premium for agency staff.

Average supply costs per-pupil (£)

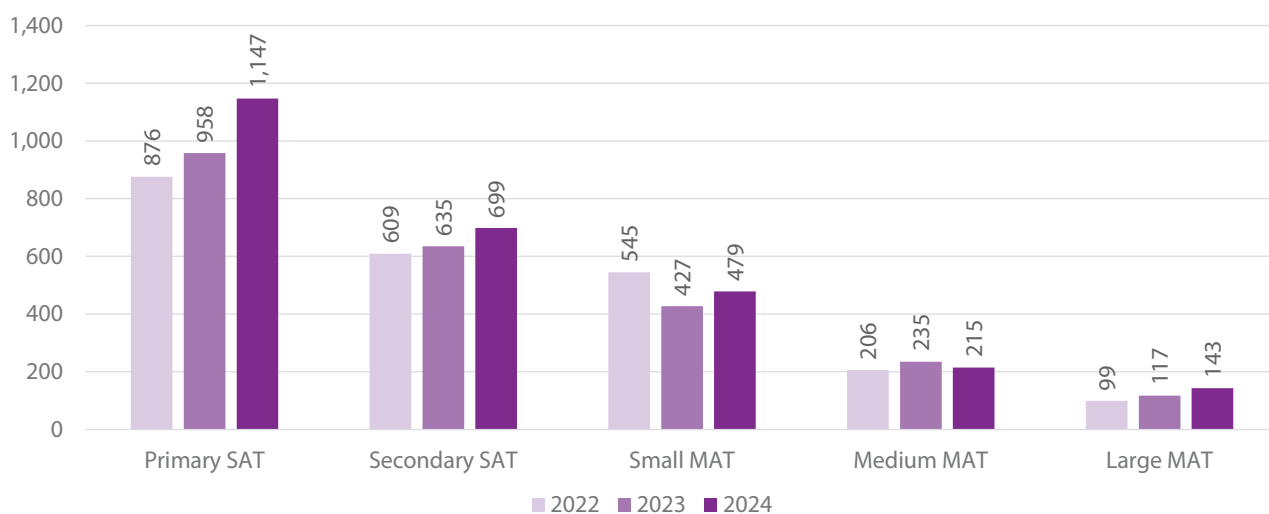


Key Management Personnel

When looking at average key management personnel (KMP) costs per-pupil it is not so much the year-on-year comparison (as this is tied to pay awards) but rather the comparison between the types of Trust.

For the last three years, the primary SATs have seen consistently high and rising costs which now comfortably exceed £1,000 per-pupil. Secondary SATs are 30% lower at around £700 per-pupil but typically have far higher pupil numbers than a Primary SAT, which means a greater efficiency of leadership cost. This efficiency of per-pupil KMP costs continues on trend as the Trust size increases as would be expected with large MATs having just £143pp. If we look a little deeper at the overall cost of “leadership” as defined here we see under the surface that across our population the average cost is £316 per-pupil in 2024 against £296 per-pupil in 2023.

Average key management personnel costs per-pupil (£)



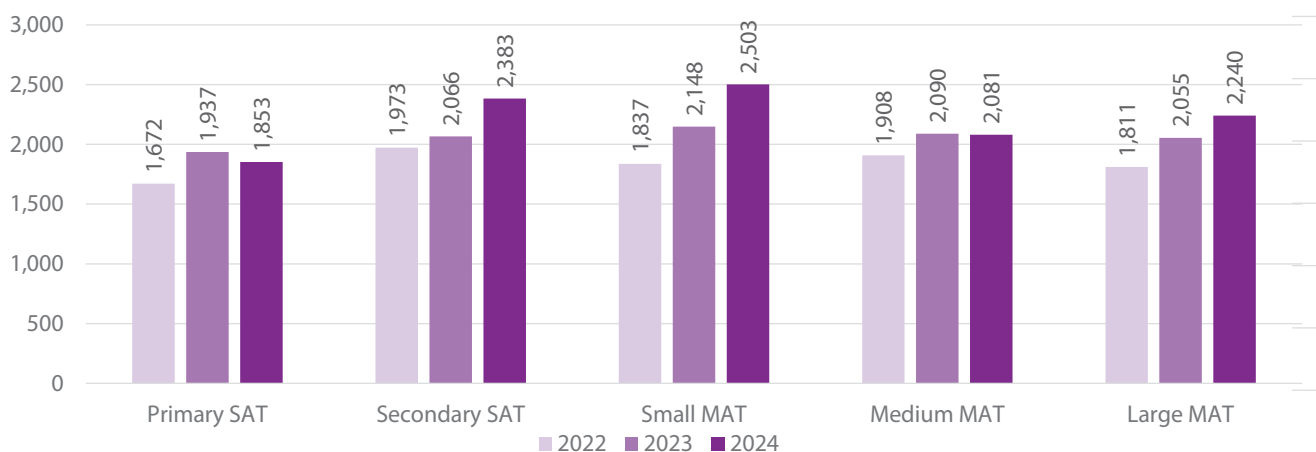
This suggests that larger Trusts are financially far more efficient in this often-substantial cost area, and it certainly provides food for thought. This assessment comes with two important caveats, however. First, that there is significant variation in who is classified as KMP on a Trust-by-Trust basis. This tends to be more consistent in the larger Trusts with a focus on only those with a broadly strategic role at Trust level. In SATs and small MATs, the group often includes a number of senior teachers who are in the classroom. These teachers may deliver a strategic role as a part of their responsibilities but their whole cost is usually included in the reported figure. Second, that financial efficiency and effectiveness of delivery should not be conflated, nor can it speak to local factors in the makeup of a particular Trust.

Non-Staff Costs

Non staff costs per-pupil have risen more slowly in 2024. A combination of falling inflation rates and relative stabilisation of energy prices (see below) are both significant factors in arresting the uncomfortable increments in 2022 and 2023.

It is notable that the CPI rose by just 2.2% in the 12 months to August 2024 compared to 6.7% to August 2023. When we look at the costs increases that Trusts have faced then, on a per-pupil basis, costs have risen by around 8% this year, and around 16% in 2022/23. So, the inflation experienced by Academy Trusts is substantially higher than in the wider economy. The increases in income have not matched the increase in non-staff costs in either of the last two years, and these costs are now baked into the system. This clearly illustrates the financial squeeze that the sector is experiencing.

Average non staff costs per-pupil (£)



SATs are showing a mixed performance with primaries showing a reduction and secondaries a substantial increase. We note in section 6 the relative lack of CIF money (which in use is often classified as revenue expense) and so we can attribute some of this to what we hear from Trustees that key maintenance projects are either being postponed or funded from reserves. It also reflects the changing profile of primary SATs, discussed earlier, where the less financially strong have already been swept up by a MAT.

Acknowledging that there are many variations in how non-staff costs can fluctuate in a Trust from year to year there is an underlying message to draw out here. Non-staff costs make up around 25% of Trust expenditure and the overall movement after accounting for inflation is around 5% of that figure, or by extension 1.25% of total Trust expenditure.

We know that efficiency of procurement and cost reduction to balance budgets have been in sharp focus for management and Trustees for many years reinforced by the pantheon of legislation, guidance, reviews and in some cases interventions from the DfE and ESFA. At the end of the current year, the financial output indicates that there is little fat left to trim from these cost centres that would have a meaningful impact on future financial sustainability. This is contrary to the government's view that there is budgetary headroom within the mainstream school sector.

Heat and light

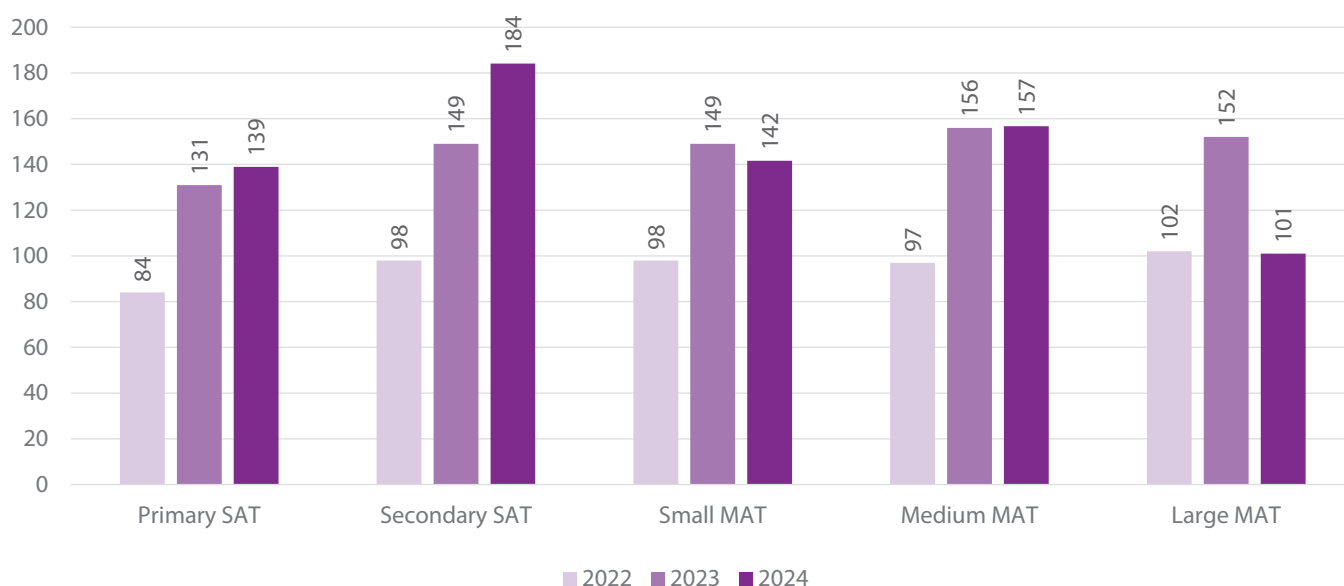
In our 2023 survey, heat and light represented the second largest challenge facing our Trusts. This coincided with a 49% increase in costs per-pupil compared to the previous year. This was also the year that many Trusts rolled off any residual historic (and cheaper) energy contracts on to more expensive ones.

In our 2024 survey, heat and light has receded significantly to be only a marginal concern with just 12.7% of Trusts reporting it in their top 3. This is a considerable change in direction of where financial risk is coming from.

This is perhaps not surprising as other funding concerns around staff costs, SEND funding and pupil numbers have heightened and been much debated in the sector. By contrast, energy prices, while remaining stubbornly high compared to their historic levels, have somewhat stabilised. It is also worth noting that while the sudden increase in costs was a budget shock for Trusts in the moment, energy costs remain proportionally less significant relative to overall income and expenditure.

The graphics here are a little mixed between sizes of Trust indicating that there is still some localised volatility. However, if we review this at a strictly per-pupil level the net change is a 6.5% reduction from £169 to £158. Compared to the picture in the past couple of years this suggests that we may be seeing the final unwind of old contracts (and perhaps a few very expensive ones entered into at the peak) and emerging at a "new normal". Even if energy unwinding remains expensive the more certain position for budgeting, for the time being, is some source or relief.

Average heat & light costs per-pupil (£)



Section 6

Balance Sheet





SATs are feeling more emboldened about their ability to continue as they are.



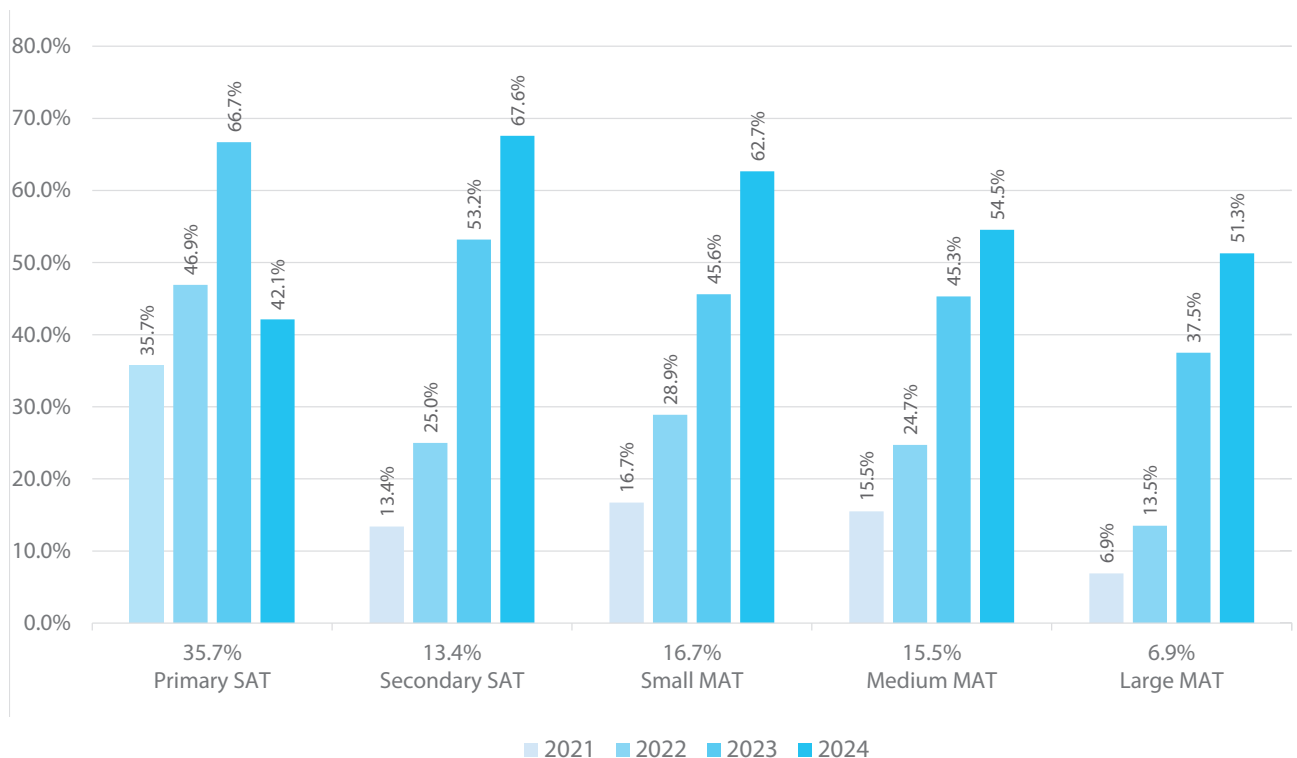
Section 6 Balance Sheet

As Trusts continue to grow there is an increased focus on ensuring that the assets that the Trusts have, be that predominantly buildings or cash, are properly managed. Estate plans are now common amongst Trusts, especially those who receive School Conditional Allocation (SCA) and who have certainty over the monies they will receive and can therefore plan for the longer term. Cash balances have continued to generate significant bank interest for those Trusts that have an appropriate strategy, as discussed in section 4.

Reserves

The number of Trusts in our data which have a cumulative deficit is still in single figures, but the percentage of Trusts reporting an in-year deficit has increased on the previous year. In 2022 and 2023 more MATs reported an in-year surplus than a deficit. As can be seen below, this is no longer the case. For all Trust types, the majority of Trusts are now making an in-year deficit. The exception is primary Trusts and, as mentioned above, this is because most of the financially weaker primaries have already joined MATs.

Percentage of Trusts with an in-year deficit movement in free reserves



On the face of it, this appears to be a concern. However, the underlying position for a lot of Trusts as mentioned earlier in this report is for a small surplus/deficit in the year which is reflected in the change in the average free reserves per-pupil below.

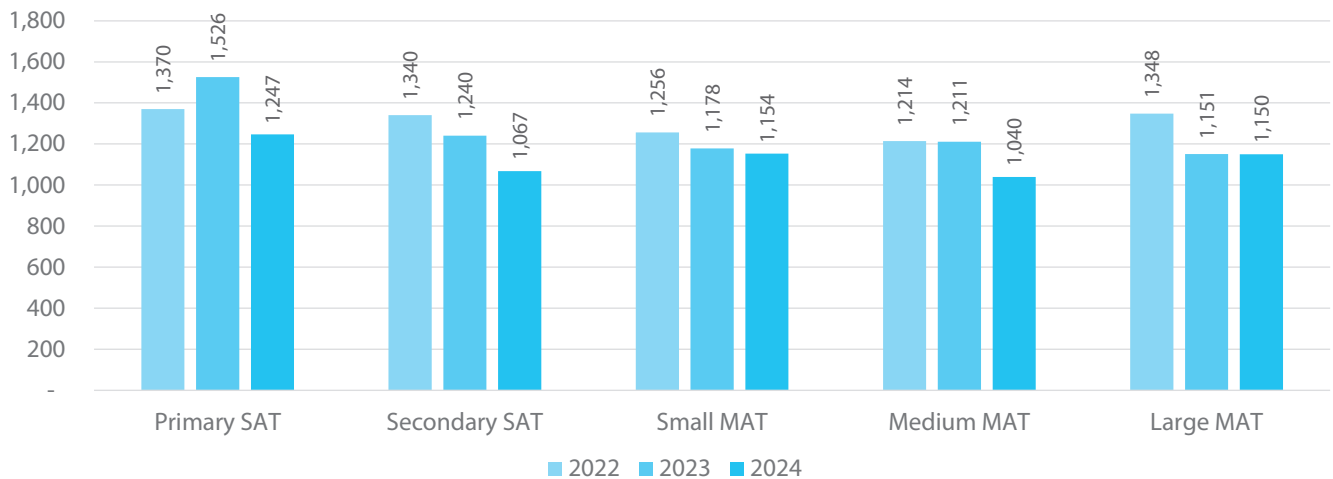
	2022	2023	2024
Primary SAT	1,156	896	967
Secondary SAT	871	801	738
Small MAT	871	842	848
Medium MAT	674	685	564
Large MAT	692	654	627

The average movement for most categories is less than 4%. The most significant change is with medium sized MATs which have seen an 18% reduction, some of which may be to do with ‘growing pains’ as they invest in the resources required for a Trust to grow. Others have invested in their estates. The increase in reserves for Primary SATs reflects the change in our data population, as the financially weaker SATs have joined MATs – as discussed in section 1.

The DfE tweaked its guidance on reserves in October 2024. The new guidance notes that 90% of Trusts hold at least 5% of income as a reserve. It then states that for some Trusts a reserves level of less than 5% may be appropriate. However, the guidance then goes on to say that most of the departments “proactive engagement” is with Trusts that hold less than 5%. Is there a message there?

We have already mentioned that the number of Trusts in financial difficulty is relatively low. Based on our discussions with those clients, the pressure on those Trusts to join MATs seems to have reduced during the year. Whether that is to do with a change in government or just a timing issue as the ESFA gets subsumed into the DfE time will tell – but some SATs are feeling more emboldened about their ability to continue as they are.

Cash balances



Most Academy Trusts now have an investment policy and are undertaking more detailed cashflow modelling to ensure that they maximise the return on bank interest. The impact of ensuring that funds are invested, which can be considerable, is discussed in more detail in section 4.

We have seen more clients use an investment platform to maximise the interest earned on their bank balances (there are a number of companies actively marketing their products to the Academy sector). As mentioned last year, Trusts should factor in the charges when considering these platforms. However, from the Trusts that we have spoken with, they consider them to be good value given the benefit received.

Given the size of Academy Trusts and the reserves and cash balances they hold, it might be expected, especially by those familiar with charities and their investment policies, that more Trusts would have stocks and shares portfolios. Historically, the combination of dividends, interest, and market growth has outperformed returns from traditional interest-bearing accounts. Most of the Trusts with such portfolios are typically those that have been established longer, often with commercial sponsors who, at inception, contributed endowments of £1 million to £2 million to support new schools, although we are seeing a small number of larger Trusts deciding to invest funds in this way. Overall, the general reluctance to invest in this type of asset highlights the limited risk appetite of many Trusts.

Fixed assets – buildings

The big issue when writing last year's report was RAAC. Apart from the disruption and costs, the most significant, but difficult to quantify issue, is the impact on student recruitment. This is especially acute if part of the school is now expected to be housed in portacabins for a number of years. On a positive note, those schools which have the RAAC issue have commented that while the ESFA has challenged claims made it has usually been pragmatic, paying the majority of the claims with few adjustments.

But as one problem is being addressed, another emerges. Just prior to Christmas concern was raised about 'system-built' schools. These buildings were built between 1945 and 1990. Limited information has been retained about the construction methods used and therefore there is a lack of understanding about potential issues, but the NAO considers that they 'may be more susceptible to deterioration'. As a result, a full structural survey is to be carried out on a sample of nearly 100 buildings to ascertain the scale and nature of any problems. The NAO report identified 3,600 system-built school blocks out of a total of 13,800, so this has the potential to be a significant issue in the coming years.

In the Autumn Budget, Labour committed an additional £1.4 billion to school rebuilding programmes with a further £2.1 billion to maintain and improve school buildings, an increase of £300m on the previous year. While welcomed by the sector, a DfE report in 2021 compiled using information from the Condition Data Collection programme (2017 – 2019) suggested that £11.4 billion was required to bring the school estate back to a reasonable condition, and so the additional funding falls a long way short of what is required.

The commitment by the new government still only seems to be 500 schools over a 10-year period, i.e. 50 schools a year; the same as the previous government.

The following table shows the investment made in the sector over a five-year period.

SCA and DFC 2015–25	£ (million)				
	2020/21	2021/22	2022/23	2023/24	2024/25
Local authority maintained schools	£484	£606	£580	£562	£541
Voluntary aided schools	£134	£156	£152	£142	£136
Multi-Academy Trusts	£327	£457	£514	£560	£634
Institutions eligible for Condition Improvement Fund	£503	£564	£544	£530	£499
Non-maintained special schools	£2	£3	£3	£3	£3
Specialist post-16 institutions	£2	£4	£5	£6	£6
Total	£1,452	£1,790	£1,798	£1,803	£1,819

The pot for CIF has been reducing year by year as more Academies belong to Trusts which are eligible for SCA (5 Schools and more than 3,000 pupils). This is reflected in the reduction of successful CIF bids announced in March 2024 – 866 (over 733 schools) compared to 1,058 the prior year.

46% of eligible schools applied for the latest round of CIF funding and 36% (2023: 41%) were successful. However, the experience varies significantly across the country. In the North East only 32% (2023: 24%) of eligible schools applied and of those only 20% were successful (2023: 27%). Likewise, the South West also seems to have comparatively little success with its bids, with only 24% being successful (2023: 29%). The reason for this disparity over the last two years is unclear but does reflect what our clients in those regions have been telling us.

Those larger Trusts that receive SCA appear to have a good understanding of the needs of their estates. They have undertaken detailed reviews of their buildings and are putting their resources to good use. In our planning and completion meetings we have heard less concerns about an ability to get contractors and project overruns, particularly when compared to the last few years.

For those schools, especially primary schools, the ability to access the School Based Nursery Capital Grant may have been appealing given the increase in funding for free child places. We have not seen much uptake of this, which may reflect a concern that the ongoing funding is not sufficient to meet the costs of running these facilities.

Lastly on buildings, a few of the early PFI schemes will be coming to an end in the near future. It will be interesting to see how smoothly the transfers from the providers to the Trusts goes in due course. We would suggest that Trusts start planning for the handover to ensure that they understand and can deal with any issues on a timely basis.

ICT

The ICO stated that there were 347 cyber incidents in the education and childcare sector in 2023 - an increase of 55% on 2022. This continues to be an issue which will concern the sector. Hopefully, all Trusts will be aware that support for Windows 10 and RM CC4 ceases on 15 October 2025 and have made appropriate plans.

Risk Protection Arrangement (RPA)

The RPA scheme was introduced in September 2014 and so is now over 10 years old. In that time, the scheme has been expanded to include Local Authority schools and the scope widened to include cyber.

After initially reducing from a £25 deduction per-pupil to £18 per-pupil by 2019/20, the last five years have seen an increase of either £1 or £2 per year. There is an increase on 1 September 2025 from £25 to £27 per a pupil. At 8% this increase is significantly in excess of inflation. It will be interesting to see if some Trusts start to review their options and revert back to using insurance companies, or whether it is still considered good value at this higher rate.

Impact of finance leases

Historically, Academies have only been able to borrow in very limited circumstances, usually in the form of loans from the ESFA.

With effect from 1 September 2024, Academy Trusts have been able to enter into a wide variety of finance leases without the Secretary of State's agreement. The full list can be found at <https://www.gov.uk/government/publications/leasing-for-academy-trusts/changes-to-leasing-agreements-for-academy-trusts>

While Trusts can now take advantage of this opportunity, given that finance leases usually, by their very definition, include an interest element it is anticipated that Trusts will continue to use cash on the balance sheet, where possible, to buy assets as this will be a more cost effective way of acquiring them.

The amendment to the leasing rules has been made because of the impending change in accounting standards, which will result in finance leases and operating leases being treated the same way from September 2026 – with the asset and liability sitting on the balance sheet regardless of the type of lease. The benefit of this change is that it may make some commercial arrangements easier to contract for. Catering contracts often include a finance lease, as the Trust is also taking ownership of kitchen equipment. This had resulted in some challenges to comply with the Trust Handbook – but this will no longer be a concern.

We expect guidance to be issued in due course which will, we hope, provide some information on which types and value of assets will need to be considered. The writers hope that some de-minimis limits will be included to reduce the implications of this change on Trusts.

Pensions

As most readers will appreciate, all Trusts have two pension schemes – the Teachers’ Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS).

The TPS is an unfunded scheme and therefore only the deductions from employee wages and employer contributions go through the income and expenditure account. The LGPS is a funded scheme. This means that the LGPS schemes have assets and a calculation can be made of the potential liabilities. The net of these if a liability is disclosed in the accounts. Where the assets in a scheme exceed the liabilities, the net assets are not typically disclosed in the accounts as there is limited expectation of any benefit to the Trust, i.e. no refund nor a reduction in future contributions is expected.

There are potential changes to both schemes which Trustees will need to be aware of.

TPS – As an unfunded scheme this relies upon contributions being paid by current members to enable the pension of retired members to be paid. The DfE published a valuation of the scheme as at 31 March 2020 on 27 October 2023 showing that the notional liability of the scheme being £39,800 million, a very significant increase on the value previously disclosed of £22,000 million. How is this to be paid for?

Employer contribution rates increased from 16.48% to 23.68% in September 2019 and then to 28.68% on 1 April 2024. It is estimated that as a result of these increases that about 40% of independent schools have either left or are considering leaving the TPS scheme. Historically, independent schools contributed about 7% of the annual contribution so this will leave a hole in the annual contributions received by the scheme.

With the imposition of VAT from 1 January 2025, full business rates from April 2025 and the increase in employer contributions from April 2025, more independent schools are likely to leave the TPS scheme and in some cases offer a cheaper alternative. As a result, there are two issues for the sector.

If independent schools are not paying into the TPS, in the short term there is going to be less funding going in (in the long term less going out), so how will the shortfall be funded?

Independent schools could seek to attract teachers through a higher gross salary with a lower pension. An unequal playing field for recruitment?

We are aware of a Trust that, at the time of writing, is looking at an alternative. Their solution is to offer three rather than two pension schemes. Under the third option the individual would opt out of the TPS and opt into a defined contribution scheme where the employer contribution is between 10 and 20%, and the employee contribution is 0, 5 or 10% of their salary. In compensation, the individual’s gross salary could increase by up to 15%. The cost to the school is the same under both options but, by providing the flexibility they can compete for staff not only with other schools but also other sectors.

In the 12 months to May 2024 the number of teachers opting out of the TPS was 13,112, and this was mostly for financial reasons. One Trust has stated that 1 in 10 of its teachers under 40 have opted out of the TPS. That probably reflects the employee cost of being a member of TPS which ranges from 7.4% below £34,290 to 11.7% above £98,909. Put bluntly, some younger teachers would rather have a higher salary that could help them to get on the housing ladder, than be focussed on a pension that they will not receive for several decades. So would an alternative scheme be welcomed by teachers?

The Trade Unions and Labour are against the Trust’s proposal, however, given the state of the economy how can salaries be increased to attract talent if there is no flexibility? We will wait to see whether this alternative is a success or not.

LGPS

Barnett Waddington has recently started a consultation for the Wiltshire LGPS area. Wiltshire was one of the first areas to report pension surpluses. The consultation that they are undertaking is looking at the possibility of having one LGPS scheme for the Wiltshire area rather than one for each Trust in its locality. The result being that all employers in that area would pay the same employer contribution rate.

If successful and replicated across the country, this would remove one of the issues within the sector whereby different Trusts pay different contribution rates depending upon the LGPS area they are located in and the demographics of their current/former employees.

Section 7

Internal Audit & Risk Management



Section 7 Internal Audit & Risk Management

“
The pendulum continues its swing from just simply considering risks to asking how well prepared, controlled, and assured we are about these risks...
”

Introduction

Academy Trusts continue to weather the storm from the last few years that has brought many new challenges as well as the familiar perennial ones. What has not changed is the requirement for Trusts to maintain clarity and visibility over the challenges the Trust is facing (new and familiar), and how well they have been able to deal with them. Key assurance is still needed for management teams, audit committees and boards as a whole to know that everything is being dealt with properly and effectively.

Risk management environment for the sector

Challenging risk scenarios do not seem to be leaving Trusts alone any time soon. Events around the world continue to impact on the financial pressures that the UK is facing. These will continue to cause both uncertainty over expenditure forecasts for schools and additional pressures for pupils and parents. We have cited over the last two years that the most challenging risk that continues to cause the greatest headache for Trusts is the ability to recruit and retain staff at all levels, and this has again proved to be a significant issue for many Trusts this year.

Another risk that last year was in the “likely to happen but uncertain what that will mean if it does” category was the change of government. We now know that the expected change to a Labour administration indeed turned out to be the case, but in the short term this has increased uncertainty until policies are announced and rolled out, and their impact in practice clarified. Government educational policy and the resulting impact on funding, devolved control, administration and even the continued academisation of the sector has not yet been clearly laid out. This makes strategic planning currently somewhat of a crystal-ball-gazing exercise - or more formally, a multi-scenario contingency planning exercise!



Survey results – top risks

We asked Trusts in our survey this year what they considered their top three risks to be. The most common response themes were as follows:

1. Financial Sustainability: This was the most frequently cited concern.

- Funding inadequacy: Many responses highlight that funding is not keeping pace with rising costs, including staff salaries, SEND provision, and building maintenance. This is exacerbated by falling pupil numbers in some areas, which directly impacts income. Trusts highlighted that these pressures impact their ability to provide necessary support, maintain facilities, and invest strategically in areas like ICT.
- Uncertainty: The lack of long-term budget certainty from the government makes planning and financial management extremely difficult.
- Rising Costs: Wage inflation, increasing premises costs (including energy), and IT development costs put further pressure on already strained budgets.

2. Staffing: Recruiting and retaining high-quality staff is another major challenge.

- Recruitment and Retention: Recruiting and retaining high-quality teachers and support staff, especially in key areas like SEND and senior leadership, is a major concern, particularly in a 'competitive market'. This is linked to funding constraints, competitive salaries, and workload pressures.
- Increasing Costs: Salary increases, National Insurance contributions, and pension costs are adding to financial strain, often without corresponding increases in funding.
- Staff Wellbeing and Retention: Workload pressures, insufficient support, and long-term absences among SLT members indicate potential issues with staff wellbeing and retention.

3. SEND Provision: Meeting the needs of students with SEND presents significant challenges.

- Rising Demand and Costs: Trusts are facing increasing demand for SEND provision, with insufficient funding to meet this, particularly for students with complex needs. This puts pressure on budgets and resources, further exacerbated by for example potential transport costs for out-of-catchment students.
- Lack of Specialist Provision: There is a lack of sufficient specialist provision for SEND pupils, both within schools and at the Local Authority level.
- Uncertainty and Inconsistent Funding: The unpredictable nature of local authority funding and late payments create challenges for financial planning and cash flow management.

4. Pupil Numbers:

- **Falling Rolls:** Declining pupil numbers, particularly in primary schools and some secondary schools, are impacting funding and raising concerns about school viability, especially in smaller, rural settings.

5. Cyber security and IT:

- **Cyber Attacks and Data Breaches:** MATs recognise the risk of cyber-attacks and data breaches and the potentially catastrophic impact on operations and reputation.
- **IT Infrastructure:** Concerns are raised about the need for investment in IT infrastructure to support educational needs and cyber security.

6. Premises and Estates: The condition of buildings and associated costs were also a recurring theme in response to our survey.

- **Building Maintenance and Capital Expenditure:** Many MATs expressed concerns about the age and condition of their buildings and the lack of adequate funding for necessary maintenance and improvements.
- **PFI Contracts:** Concerns about the end of PFI contracts and the implications for estates management were also highlighted.

Other key challenges:

- **Reputational Damage:** MATs are concerned about the potential for reputational damage from various factors, including poor Ofsted ratings, safeguarding incidents, and financial instability. The impact of Ofsted judgments on a Trust's reputation and the pressure to maintain high standards were highlighted.
- **Succession Planning:** The dependence on key staff members and the need for effective succession planning are identified as challenges.
- **Industrial Action:** Potential industrial action by teachers' unions over pay and working conditions could disrupt school operations and impact student learning.
- **Governance and Accountability:** Changes in governance structures and increased accountability measures, such as new Ofsted inspection frameworks, require Academies to continuously adapt and improve their governance practices.
- **Government Policy:** Changes in government policy, funding mechanisms, and a lack of clarity regarding Academy Trust growth are causing instability and challenges for long-term planning. Changes in government policy, including funding models, Academy freedoms, and the removal of conversion grants, compound uncertainty and challenges for MATs. Meeting Academy financial compliance requirements, particularly in new conversions, was also highlighted as a challenge.

Overall, the survey responses paint a picture of a sector under pressure, with significant recurring concerns and challenges repeatedly flagged, in line with previous years.

Some actions Trusts could consider exploring to mitigate these pressures include:

- Exploring collaborative solutions: Trusts can benefit from collaborating and sharing best practices to address common challenges and improve efficiency. Sharing resources and expertise between schools within a Trust and with other Trusts could help alleviate challenges like SEND provision and staff recruitment.
- Investing in staff wellbeing and development: Implement strategies to improve and prioritise staff wellbeing, reduce workload pressures, and support professional development to attract and retain high-quality staff.
- Ensure (to the best ability given budget constraints) that IT infrastructure investment is prioritised, accompanied by staff training to mitigate the risk of cyber-attacks and data breaches.
- Advocating for increased and more consistent funding: Trusts need to collectively advocate for funding that keeps pace with rising costs and provides greater long-term certainty, particularly for SEND, by engaging with policymakers (as well as national organisations and sector bodies, such as CST) to address concerns about government policy and funding mechanisms.

Interestingly, two areas that were not highlighted in our survey responses at all (presumably as they are not considered by Trusts as one of their top three challenges) but are expanding risks that are likely to have a greater impact on Trusts over the coming years are:

- Climate change and sustainability - including the need for Trusts to invest further in their built environment as well as effecting changes to behaviour to limit adverse climate effects. Trusts should also recognise that they have a vital role to play in equipping tomorrow's workforce with the skills, behaviour, and expertise for a more sustainable future.
- Artificial Intelligence (AI) - The rapidly expanding capabilities of AI present both significant security threats and transformative opportunities for schools. On the security front, we have seen real life examples across Trusts of how AI can be exploited for cyber-attacks, data breaches, and the spread of misinformation (including use of 'deep fakes'). This poses an increasing risk to student privacy and institutional integrity.

However, AI also offers remarkable opportunities for enhancing education and preparing tomorrow's workforce. It can personalise learning experiences, provide real-time feedback, and automate administrative tasks, allowing educators to focus more on teaching and mentoring. Moreover, integrating AI into the curriculum equips students with essential skills for the future job market, fostering innovation and adaptability in an increasingly digital world. Balancing these risks and opportunities is crucial for schools to harness AI's potential while safeguarding their communities.

Approach to risk management

Although there was not a material change to the requirements for risk management and associated roles of boards and audit committees in this year's Academy Trust Handbook, we have seen risk management developing in practice this year as Trusts better employ risk registers as useful tools, rather than (as was common a few years ago) an agenda item to be skipped over as quickly as possible. We know schools are well versed in the management of risk operationally and it is good to see practices continuing to improve. That said, there is still scope in many Trusts to make the approach to risk management less of a chore and more of a useful exercise that provides proper 'return on time invested'. Risk registers should be a practical tool - live documents that are regularly reviewed for monitoring risks, mitigations and controls in place - rather than just for an annual formality check. Both audit committee and board have their separate perspectives and the detailed interrogation of key risks at audit committee should not remove the need for board oversight.

We asked Trusts again this year in our survey how often the risk register is reviewed by management, the audit committee and board. Although a high proportion confirmed that the register is reviewed at least termly by management and audit committee (with a number reporting this is done at least once a week by management, which is excellent), there are still several Trusts that indicated that this was not the case. In light of the need to keep risk at the forefront of discussions and as a key driver of decision-making, as well as the Handbook's clear and explicit requirements for management and audit committee alike to be aware of both risk and associated effectiveness of action, this continues to be surprising.

Our survey responses highlighted that the likelihood of boards reviewing the register at least on a termly basis was lower than for both the management team and audit committee. Although this is no real surprise, the Handbook does now require (para 2.35) that the board should review the risk register 'frequently' and must conduct a full review of it at least annually. Again, our survey responses suggest that, in light of this requirement, there are several boards that should be reviewing the risk register more frequently than they currently do, if only for information to add context to other papers discussed at board meetings.

Internal audit continues to expand

It was pleasing to see over the course of this year that more and more Trusts continue to expand their approach to internal audit, widening the sector's "traditional" view of an internal auditor who only considers financial areas as part of their work.

Trusts now increasingly consider how and where internal audit can provide assurance against risks, particularly the wider non-financial risk areas that arguably have not had a great deal of external/independent assurance previously. As a result, internal audit plan coverage increased last year both in terms of number of days used for internal audit and the nature of areas reviewed.

Areas that Trusts specifically highlighted as examples of the wider coverage included:

- Admissions.
- Data protection.
- Flexible working arrangements.
- Mental health and wellbeing.
- Appraisals.
- Absence management.
- Pupil performance data.
- Staff induction.
- Cyber security (including specialist testing).
- Register of business interests.
- Risk management.
- Governance.

This means Trusts continue to be better placed to achieve the greater clarity and visibility over risks and performance discussed above.

End Note

In conclusion therefore, the sector's risk profile continues to increase and widen, presenting greater and more complex challenges for management teams and boards to manage alongside the "core business." Having clarity and visibility over exactly what form these challenges present for your Trust, and equally how well prepared you are to address and mitigate them, is as important this year as it has ever been. Therefore, ask your internal auditors how they can best support you in the obtaining this essential assurance.

Section 7

Appendices



Definitions

Academic year: The data used in the report is based on the 23/24 academic year with comparative data given for the 21/22 and 22/23 academic years. For ease of reference the academic years are referred to as 2024, 2023, 2022, and 2021 respectively

Academy Trust Handbook (ATH): Publication from Education and Skills Funding Agency (ESFA) detailing the financial and non-financial requirements for Academy Trusts.

Capital expenditure: The total amount of fixed asset additions in the period - excluding expenditure on items that are expensed in the year of purchase and charged to the SOFA.

Cash balances ratio: The cash balance on 31 August as a percentage of annualised total income.

Condition Improvement Fund (CIF): A form of grant income received from the ESFA to pay for capital projects and maintenance for non-SCA-eligible Trusts.

Cost ratios: Each category of cost expressed as a percentage of total costs. This is to aid comparability across different sized schools.

Depreciation cost: The charge made for the period to reflect the usage of the fixed assets held by the Academy. Typically, land is not depreciated, buildings are depreciated over 50 years and other classes of assets are depreciated over periods between 3 and 10 years.

Education costs: The total of exam fees, books, education equipment and supplies, and school trips.

Fixed assets depreciation rate: Total depreciation charge as a percentage of fixed asset cost or valuation.

Free reserves: The funds that an Academy has available to spend or invest at its own discretion, being made up of unrestricted funds plus any designated funds and the GAG carry forward.

GAG income ratio: The GAG income as a percentage of total income, excluding any surplus donated on conversion or transfer. This ratio highlights the level of reliance on GAG funding. The higher the ratio, the greater the level of dependency on GAG income.

Income and reserve pooling: This is where MATs can decide to pool the income and/or reserves of all of its schools and then allocate these funds in a way that the Trust considers to be the most effective.

In-year surplus/deficit: The surplus or deficit incurred by a Trust, excluding capital income, transfers/conversion entries, depreciation and pension LGPS pension movements.

Integrated Curriculum Financial Planning (ICFP): A method of financial resource planning.

Investment income: Interest received on bank deposits and dividends received on shareholdings. Interest income from LGPS actuarial calculations is excluded.

Large-MAT: A Multi-Academy Trust with more than 7,500 pupils.

LGPS surplus/deficit per non-teaching staff: The LGPS pension scheme surplus or deficit divided by the number of non-teaching staff.

Non-staff costs: The total of all non-staff costs incurred by a Trust excluding depreciation and pension adjustments.

Medium MAT: A Multi-Academy Trust with between 3,000 and 7,500 pupils.

Net book value: The value that fixed assets are carried at in the financial statements, i.e. cost less depreciation.

Other salary costs: The total gross salary cost of all non-teaching staff, excluding employers' national insurance costs.

Pension cost ratio: Total cost per the Statement of Financial Activities for all pension schemes, primarily the TPS and the LGPS, as a percentage of the total salary costs.

Pension costs: The individual costs of the Teachers' Pension Scheme (TPS) and Local Government Pension Scheme (LGPS).

Premises costs: The total of rates, water, rent and other similar costs, but excluding repairs and maintenance. For PFI schools this includes the charge from the provider.

Property value: The property value as stated in the financial statements before any depreciation. **Pupil to non-teaching staff ratio:** The total number of pupils divided by the total number of non-teaching staff.

Pupil to teacher ratio: The total number of pupils divided by the total number of teachers.

School Condition Allocation (SCA): Funding allocated by the ESFA to MATs with at least 5 Academies and 3,000 pupils to cover capital expenditure and maintenance work.

Small MAT: A Multi-Academy Trust with fewer than 3,000 pupils.

Staff costs: The total of both teaching and nonteaching staff costs, including gross salary, national insurance, and pension contributions.

Surplus/deficit ratio: The surplus or deficit of the Trust, excluding any surpluses or deficits donated upon conversion or transfer and excluding any actuarial gains and losses, as a percentage of the total income of the Trust.

Teacher salary costs: The total gross salary of teaching staff (so excluding employers' national insurance and TPS contributions).

Teaching staff to non-teaching staff ratio: The total number of teachers divided by total number of nonteaching staff.

Top slicing: The charge made by a MAT to its individual schools to cover the group overhead costs and central services.

Total GAG income: The annualised GAG income for the Academy, which includes the School Budget Share (SBS), the Minimum Funding Guarantee (MFG), the Education Services Grant (ESG), rates relief payment and insurance reimbursement.

Total income: The annualised total income of the Academy excluding any surplus donated on conversion to an Academy.

Benchmark Analysis Data:

Primary Single Academy Trusts

	Highest	Lowest	Average	Median
Income Measures				
Total income per pupil	£9,321	£5,609	£6,732	£6,245
Total revenue income per pupil	£9,008	£5,592	£6,682	£6,210
Total GAG income per pupil	£5,857	£3,593	£4,710	£4,559
GAG income ratio (as a % of revenue income)	81.2%	48.3%	71.3%	74.1%
Capital income per pupil	£239	£17	£46	£24
Investment income per pupil	£75	£2	£23	£26
Key Overhead Cost Measures				
Total staff costs per pupil	£7,437	£3,847	£5,067	£4,854
Total non-staff costs per pupil	£2,567	£1,075	£1,853	£1,511
Premises costs per pupil	£488	£22	£173	£120
Heat and light costs per pupil	£228	£86	£139	£135
Repairs and maintenance costs per pupil	£486	£31	£140	£87
Total costs per pupil	£9,093	£5,194	£6,608	£6,212
Staff costs ratio (as a % of total costs)	79.2%	60.0%	72.8%	73.2%
Staff costs ratio (as a % of total revenue income)	83.3%	62.5%	74.8%	75.7%
Estate management costs per pupil	£713	£40	£210	£126
Staff Salary Measures				
Teaching staff salary per pupil	£3,460	£1,299	£2,146	£2,108
Non-teaching staff salary per pupil	£3,610	£734	£1,864	£1,844
Average teaching staff salary	£75,698	£34,076	£48,558	£45,094
Average non-teaching staff salary	£36,547	£14,921	£25,331	£26,065
Key management personnel costs per pupil	£2,111	£693	£1,147	£1,024
LGPS Pension Costs Measures				
LGPS employer contributions per pupil	£696	£135	£322	£297
Pupil/ Teacher Measures				
Pupil to teacher ratio	32.0	16.2	22.9	24.8
Teaching to non-teaching staff ratio	1.3	0.2	0.6	0.6
Surplus/ (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	4.8%	-9.2%	-0.5%	0.4%
Cumulative free reserves (as a % of total revenue income)	37.9%	0.0%	12.4%	10.2%
Free reserves per pupil	£2,270	£63	£967	£674
Balance Sheet Measures				
Cash at bank and in hand per pupil	£2,888	£266	£1,247	£1,074
Fixed Asset Measures				
Capital expenditure per pupil	£760	£22	£173	£87

*This is the lowest amount for Academies which have recorded income or expenditure for this benchmark.

Benchmark Analysis Data: Secondary Single Academy Trusts

	Highest	Lowest	Average	Median
Income Measures				
Total income per pupil	£9,414	£6,294	£7,873	£7,589
Total revenue income per pupil	£9,353	£6,272	£7,583	£7,209
Total GAG income per pupil	£6,958	£3,965	£5,413	£5,415
GAG income ratio (as a % of revenue income)	87.6%	47.4%	70.8%	73.6%
Capital income per pupil	£971	£20	£270	£26
Investment income per pupil	£56	£1	£18	£13
Key Overhead Cost Measures				
Total staff costs per pupil	£6,930	£4,694	£5,606	£5,401
Total non-staff costs per pupil	£2,892	£1,116	£2,383	£1,617
Premises costs per pupil	£549	£22	£203	£143
Heat and light costs per pupil	£374	£27	£184	£161
Repairs and maintenance costs per pupil	£706	£29	£174	£139
Total costs per pupil	£9,268	£6,254	£6,893	£7,087
Staff costs ratio (as a % of total costs)	78.9%	61.6%	71.7%	72.5%
Staff costs ratio (as a % of total revenue income)	85.2%	63.4%	73.5%	75.4%
Estate management costs per pupil	£1,238	£62	£361	£280
Staff Salary Measures				
Teaching staff salary per pupil	£3,747	£2,044	£2,808	£2,766
Non-teaching staff salary per pupil	£2,198	£730	£1,454	£1,484
Average teaching staff salary	£68,245	£34,205	£48,872	£47,902
Average non-teaching staff salary	£42,385	£20,696	£32,049	£33,792
Key management personnel costs per pupil	£1,230	£342	£701	£645
LGPS Pension Costs Measures				
LGPS employer contributions per pupil	£816	£99	£270	£259
Pupil/ Teacher Measures				
Pupil to teacher ratio	22.2	14.3	17.9	18.5
Teaching to non-teaching staff ratio	2.2	0.7	1.2	1.2
Surplus/ (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	5.6%	-14.7%	-2.3%	-2.5%
Cumulative free reserves (as a % of total revenue income)	21.4%	-4.3%	8.7%	8.9%
Free reserves per pupil	£1,351	-£385	£738	£606
Balance Sheet Measures				
Cash at bank and in hand per pupil	£2,956	£244	£1,067	£966
Fixed Asset Measures				
Capital expenditure per pupil	£1,187	£19	£335	£208

*This is the lowest amount for Academies which have recorded income or expenditure for this benchmark.

Benchmark Analysis Data: Small Multi-Academy Trusts

Fewer than 3,000 pupils

	Highest	Lowest	Average	Median
Income Measures				
Total income per pupil	£13,780	£3,888	£7,655	£7,298
Total revenue income per pupil	£13,747	£5,152	£7,548	£7,208
Total GAG income per pupil	£8,621	£3,706	£4,936	£4,942
GAG income ratio (as a % of revenue income)	85.1%	22.1%	66.9%	69.5%
Capital income per pupil	£2,272	£22	£311	£136
Investment income per pupil	£104	£3	£25	£16
Key Overhead Cost Measures				
Total staff costs per pupil	£8,718	£1,615	£5,357	£5,375
Total non-staff costs per pupil	£7,022	£891	£2,503	£1,585
Premises costs per pupil	£2,005	£20	£230	£127
Heat and light costs per pupil	£312	£27	£142	£129
Repairs and maintenance costs per pupil	£745	£18	£144	£108
Total costs per pupil	£12,562	£3,885	£6,982	£7,005
Staff costs ratio (as a % of total costs)	81.6%	21.5%	70.4%	73.2%
Staff costs ratio (as a % of total revenue income)	86.1%	22.0%	71.0%	75.4%
Estate management costs per pupil	£1,692	£18	£349	£221
Staff Salary Measures				
Teaching staff salary per pupil	£3,991	£1,178	£2,179	£2,260
Non-teaching staff salary per pupil	£3,701	£462	£1,834	£1,786
Average teaching staff salary	£66,079	£22,570	£44,376	£45,303
Average non-teaching staff salary	£45,602	£10,383	£27,589	£26,993
Key management personnel costs per pupil	£1,870	£85	£486	£410
LGPS Pension Costs Measures				
LGPS employer contributions per pupil	£650	£95	£325	£317
Pupil/ Teacher Measures				
Pupil to teacher ratio	30.1	14.4	20.0	20.1
Teaching to non-teaching staff ratio	1.7	0.3	0.8	0.7
Surplus/ (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	9.7%	-10.7%	-0.7%	-0.8%
Cumulative free reserves (as a % of total revenue income)	65.9%	-7.5%	11.8%	10.3%
Free reserves per pupil	£2,567	-£582	£848	£776
Balance Sheet Measures				
Cash at bank and in hand per pupil	£3,643	£117	£1,154	£970
Fixed Asset Measures				
Capital expenditure per pupil	£2,130	£3	£427	£283

*This is the lowest amount for Academies which have recorded income or expenditure for this benchmark.

Benchmark Analysis Data:

Medium Multi-Academy Trusts

3,000 to 7,500 pupils

	Highest	Lowest	Average	Median
Income Measures				
Total income per pupil	£9,821	£5,518	£7,447	£7,264
Total revenue income per pupil	£9,656	£5,149	£7,343	£7,021
Total GAG income per pupil	£6,610	£3,053	£5,013	£5,029
GAG income ratio (as a % of revenue income)	81.7%	38.8%	69.5%	72.1%
Capital income per pupil	£780	£33	£235	£209
Investment income per pupil	£122	£1	£20	£14
Key Overhead Cost Measures				
Total staff costs per pupil	£7,120	£2,576	£5,447	£5,258
Total non-staff costs per pupil	£2,580	£1,000	£2,081	£1,597
Premises costs per pupil	£1,561	£14	£217	£156
Heat and light costs per pupil	£322	£46	£157	£158
Repairs and maintenance costs per pupil	£1,020	£34	£156	£116
Total costs per pupil	£9,141	£4,599	£6,840	£6,937
Staff costs ratio (as a % of total costs)	81.1%	45.6%	71.4%	73.6%
Staff costs ratio (as a % of total revenue income)	84.7%	46.1%	73.8%	76.8%
Estate management costs per pupil	£2,554	£44	£330	£251
Staff Salary Measures				
Teaching staff salary per pupil	£4,330	£1,345	£2,360	£2,220
Non-teaching staff salary per pupil	£3,538	£851	£1,796	£1,793
Average teaching staff salary	£77,459	£29,352	£47,598	£45,953
Average non-teaching staff salary	£50,063	£18,765	£29,815	£29,348
Key management personnel costs per pupil	£1,171	£46	£214	£167
LGPS Pension Costs Measures				
LGPS employer contributions per pupil	£614	£56	£314	£320
Pupil/ Teacher Measures				
Pupil to teacher ratio	36.5	12.9	20.9	20.4
Teaching to non-teaching staff ratio	1.8	0.3	0.9	0.8
Surplus/ (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	20.5%	-5.1%	0.3%	-0.3%
Cumulative free reserves (as a % of total revenue income)	24.7%	-0.3%	7.9%	7.5%
Free reserves per pupil	£1,640	-£21	£564	£512
Balance Sheet Measures				
Cash at bank and in hand per pupil	£2,646	£132	£1,040	£965
Fixed Asset Measures				
Capital expenditure per pupil	£3,930	£36	£369	£272

*This is the lowest amount for Academies which have recorded income or expenditure for this benchmark.

Benchmark Analysis Data: Large Multi-Academy Trusts

More than 7,500 pupils

	Highest	Lowest	Average	Median
Income Measures				
Total income per pupil	£9,229	£6,287	£7,886	£7,819
Total revenue income per pupil	£8,929	£6,153	£7,703	£7,431
Total GAG income per pupil	£6,610	£4,308	£5,414	£5,452
GAG income ratio (as a % of revenue income)	80.5%	56.7%	74.1%	73.3%
Capital income per pupil	£1,039	£16	£342	£273
Investment income per pupil	£106	£5	£35	£27
Key Overhead Cost Measures				
Total staff costs per pupil	£6,656	£4,411	£5,682	£5,698
Total non-staff costs per pupil	£2,662	£736	£2,240	£1,723
Premises costs per pupil	£1,487	£19	£529	£408
Heat and light costs per pupil	£245	£55	£101	£138
Repairs and maintenance costs per pupil	£427	£26	£99	£69
Total costs per pupil	£9,014	£6,014	£7,502	£7,506
Staff costs ratio (as a % of total costs)	85.3%	64.6%	71.7%	72.2%
Staff costs ratio (as a % of total revenue income)	91.1%	65.7%	75.2%	75.5%
Estate management costs per pupil	£1,358	£1	£272	£254
Staff Salary Measures				
Teaching staff salary per pupil	£3,885	£1,401	£1,426	£1,951
Non-teaching staff salary per pupil	£2,409	£1,173	£1,237	£1,616
Average teaching staff salary	£77,846	£37,524	£38,086	£44,904
Average non-teaching staff salary	£51,816	£17,919	£27,176	£32,007
Key management personnel costs per pupil	£749	£50	£144	£96
LGPS Pension Costs Measures				
LGPS employer contributions per pupil	£476	£226	£342	£355
Pupil/ Teacher Measures				
Pupil to teacher ratio	27.7	16.1	20.3	20.2
Teaching to non-teaching staff ratio	1.5	0.4	0.9	0.9
Surplus/ (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	4.4%	-3.8%	0.0%	0.0%
Cumulative free reserves (as a % of total revenue income)	23.4%	2.6%	8.3%	7.4%
Free reserves per pupil	£1,828	£160	£627	£579
Balance Sheet Measures				
Cash at bank and in hand per pupil	£2,628	£430	£1,150	£978
Fixed Asset Measures				
Capital expenditure per pupil	£1,228	£54	£331	£296

*This is the lowest amount for Academies which have recorded income or expenditure for this benchmark.

Kreston UK Academies Group

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