Academies Benchmark Report 2024

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Introduction

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Welcome to our 2024 Academies Benchmark Report. This year, the report includes just under 300 Trusts representing over 2,300 schools.

We have included some of the largest MATs that are non-Kreston clients to enhance the data, meaning we have good-quality data for 2023 to compare to last year. Many clients have also provided invaluable insights to help us with the narrative in this report to enrich the commentary, and I would like to put on record our thanks to them.

Whilst the financial year started with significant additional costs with additional pay increases and the energy crisis, additional funding has meant fewer schools reported an in-year deficit than had been expected.

The big picture shows a decline on last year, with all Trusts except primary SATs making, on average, a small revenue surplus for the year ended 31 August 2023. Primary SATs are the only Trusts in a revenue deficit for the second year in a row. This masks the fact that 47% of Trusts now have an in-year revenue deficit, up from 26% in the prior year. This highlights the disparity of financial outcomes; some Trusts are still returning large in-year revenue surpluses, that offset the substantial number that have deficits. The main reasons for this wide set of results are a different mix of schools and contexts as well as unequal funding and different levels of capital investment.

Following the release of Academy Trust reserves guidance issued by the ESFA in November 2023, Trusts have looked closely at their reserves policy, with many designating funds for future use. In total, 6% of revenue reserves have been designated at 31 August 2023. We expect to see this increase in future years as best practice emerges.

The number of Trusts in a cumulative deficit position has unfortunately increased to 1.7% on 31 August 2023. This is to be expected given that the number making an in-year deficit is on the up. This is still a small number but is more than twice the number in the prior year. As expected, energy costs have shown a huge increase of at least 49%. Staff costs, on the other hand, have been kept under control, with increases effectively limited to the pay reviews in the year, meaning staff costs as a percentage of total costs have fallen in absolute terms by between 3.2% and 1.1%.

We are again seeing an increase in the number of MATs pooling income and reserves, with 32% now pooling (2022: 23%) which allows resources to be targeted at the areas of most need. For MATs not pooling, the average top slice contribution to the central function was in the range of 5.4% to 7.4%. In addition, 61% of MATs are now fully centralised (2022: 55%).

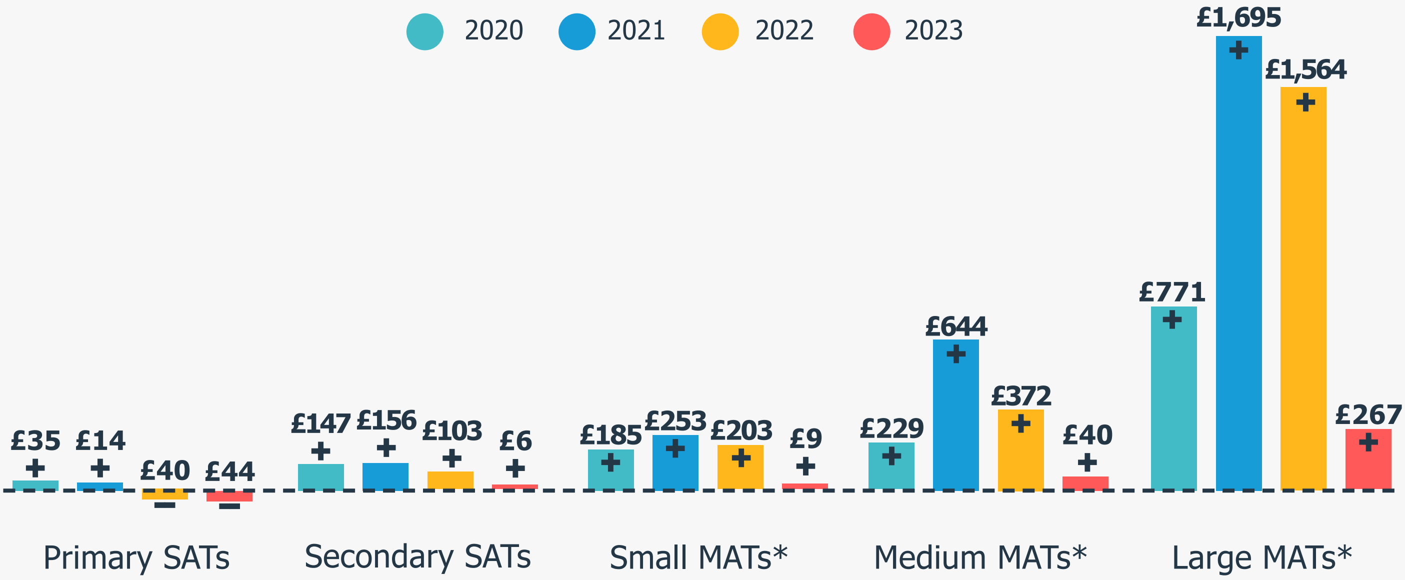
Whilst the number of schools being part of a MAT has increased by 5.4% compared to 2022, the total number of academy schools has only grown by 27% over the last 5 years compared to 100% for the 5 years to 2019. Instead, we see a move to consolidation, with many Trusts slowing their growth whilst they address financial challenges.

There are some tough challenges ahead which are not under the control of the sector. Economic and political factors will continue to provide a difficult operating platform, whilst the fast-changing society means that schools have a crucial part to play in the future success of both their local communities and humanity at large.

Key Highlights

Our 12th annual survey of just under 300 Trusts representing over 2,300 schools has once again reported surpluses for all but primary SATs, but at much lower levels than last year. These small surpluses have benefited from two one-off grants and without most Trusts would have made in year deficits. Trusts continue to look for all cost savings at a time when energy costs and general inflation are still high. Here are the highlights...

Financial performance (£'000)



In-year surpluses have reduced from last year across the board

Although the sector has again performed generally better than expected, with another year of revenue surpluses, this masks a multitude of issues schools continue to face. Our breakdown shows that a Single Academy Trusts (SATs) in the primary sector have reported in-year deficits for the second year in a row, compared to Large MATs* that are faring better financially.

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

61%

Over 60% of Trusts are now fully centralised compared to 55% last year.

MAT Size

MATs have grown to an average of 10.5 schools from 10.3 last year.

Increased income

Average revenue income per pupil has increased across all Trusts by at least 3.8% and up to 11%.

More GAG/ Reserves Pooling

32% of MATs are GAG pooling in 22/23 compared to just 23% last year.

Key Highlights

8.2%
2019

5.4%
2020

3.8%
2021

0.6%
2022

1.7%
2023

Trust deficits

The number of Trusts showing a cumulative deficit position has increased, but is not yet at 2021 levels.

Energy Costs

Energy costs have increased, on average, by a minimum of 49% with a significant disparity across the sector depending when contracts were renewed.

73%

of MATs who responded to our survey expected to grow in the next 2 years, down from 92% last year.

Staff Costs

Staff costs as a percentage of total costs has reduced whilst average non-staff costs have seen a huge increase of 16% whilst staff costs have been kept under control.

Our data shows that all MATs have a similar supply staff cost per pupil, and in all cases this is an increase on last year. However, large MATs have managed this increase better with a 9.7% increase compared to 16% for medium MATs and 20% for small MATs. Both primary and secondary SATs have seen a small decrease, possibly due to budgetary pressures affecting SATs more severely.

6%

of Revenue Reserves

In total, 6% of revenue reserves have been designated at **31 August 2023.**

ONS

The ONS national pupil projections expect the number of pupils in schools to decrease by **802,000** by **2032.**

75%

In the next 3 years, 75% of Trusts surveyed said their reserves would be either lower or they would have entirely run out.

MAT Average free reserves per pupil

Fully centralised £742

Combination £691

Decentralised £434

Central recharge of a large MAT is 5.4% which is 2% less than a small MAT at 7.4%

49%

When we asked our clients how their free reserves compared to their reserves policy, **48.8%** said that their reserves were more than their stated policy, **33.7%** were on track and only **17.5%** were below.

47%

of Trusts now have an in-year revenue deficit, up from 26% in the prior year.

45

Trusts

45 Trusts had cash balances of more than **£10 million**, **65** had balances over **£5 million** and **159** had cash balances more than **£1 million.**

Reflections & Future Trends

What does the future hold for the education sector?

Last year Trust leaders had financial sustainability at the top of their list of risks. Even though the sector has largely broken even in the year, this has remained the biggest risk when we surveyed our clients. Whilst Trusts have made the easy savings, most Trusts have been playing a wait-and-see game, not wanting to be the first Trust to make significant cuts when there has been a trend that additional funding is available to the sector after the budgets have been set.

The Office for National Statistics (ONS) currently shows public sector net debt (excluding public sector banks) of £2,671 billion for November 2023, which is 1.8% higher than November 2022. The last time it was this high was in the early 1960s. Central government spending for November 2023 is £0.7 billion more than November 2022, 0.81% higher. Regardless of which political party is in power after the general election, there is an enormous task ahead to ensure sufficient funding for education when the ONS projects that the number of people aged over 65 in England will increase from 18.2% of the whole population in 2018 to 20.7% in 2028, meaning there will be a huge draw on the public purse for the elderly generation.

The falling pupil roll dilemma

The DfE consolidated accounts for 22/23 show core funding for schools and high needs of £50.8 billion compared to £46.7 billion for 21/22, an increase of 8.78%. However, the funding split is changing as we see fewer pupils coming into primary schools and more into secondary schools in the short term. The priority must still be to fully implement the National Funding Formula (NFF) to ensure fair funding for all pupils.

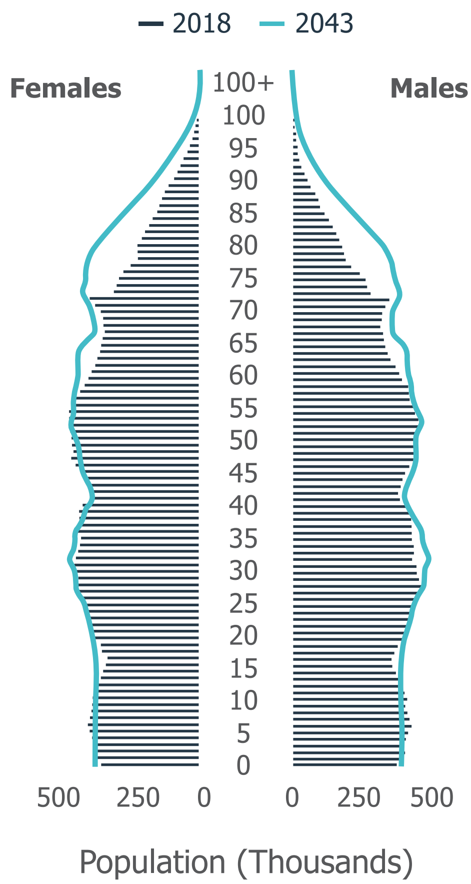
When the NFF was designed back in 18/19, the DfE accounts stated there were 4.7 million pupils in primary schools, in 22/23 there were 4.65 million, and by 2028 the ONS predict a further fall of 412,000 pupils (the primary school peak was in 2019).

The total number of pupils will continue to rise to a peak in 24/25 and will then fall. The national pupil projections expect the number of pupils in schools to decrease in total by 802,000 by 2032, a staggering reduction that will impact many schools.

Secondary schools with a large estate will need to consider how to cover their costs as they mothball classrooms, reduce their pupil admission number and revise their curriculum and class structure. With a lead time of between 12 and 36 months for these structural changes Trusts should be looking at this now.

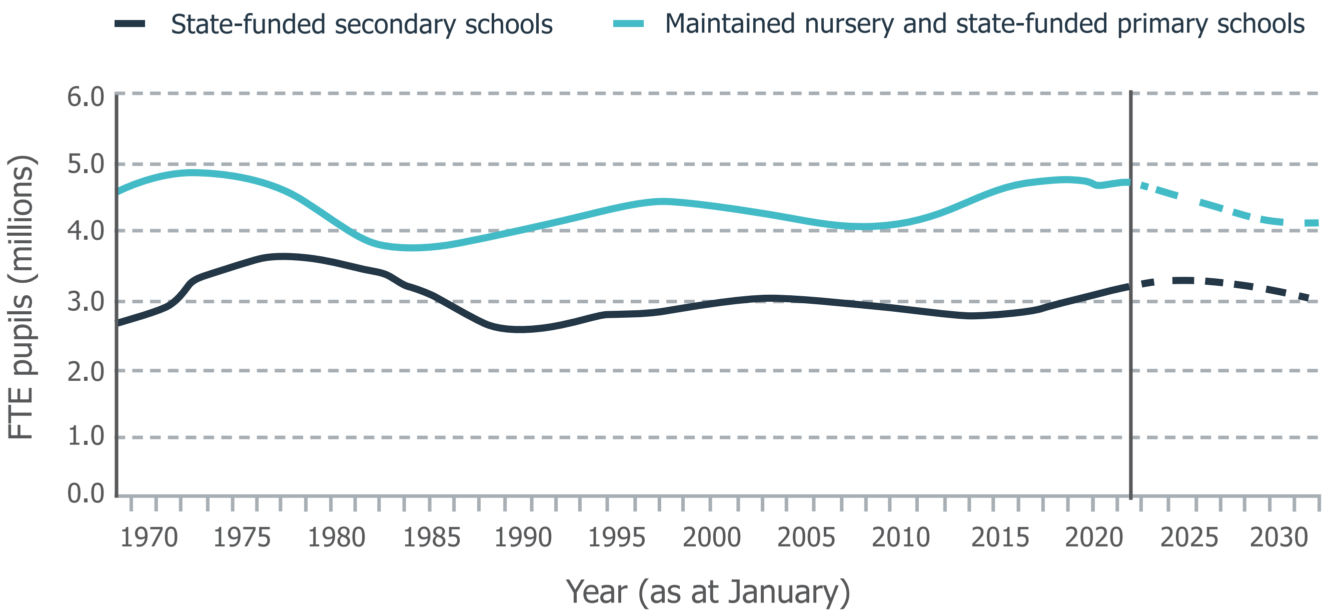
The ONS also predicts that 84% of the growth in the population in England will come from net international migration. This will bring new challenges as the sector will need to further adapt to issues such as increasing numbers of pupils with English as an additional language and pupil mobility will become even more demanding.

This chart* shows the ONS actual population demographic as at 2018 and the predicted demographic for 2043.



*Source: Subnational population projections for England: 2018-based. Available at www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletinssubnationalpopulationprojectionsforengland/2018based

Reflections & Future Trends



The data in the above graphs* highlights the importance of longer-term planning to ensure the continued success of the education sector. As primary schools are going to be impacted by falling pupil numbers, and secondary schools initially by rising pupil numbers, some serious planning will be required, so Trusts should be looking forward as a minimum' 5 years.

The questions all Trusts will be asking is how many school places will be needed in the future and what additional funding will be available to fund the peaks and troughs of pupils on roll in each school. Key strategic decisions such as class sizes, mix of schools in a Trust, curriculum and pooling of reserves/GAG will need to be debated.

Cost control is equally important, and Trusts are reviewing their curriculum and staff deployment as well as their structures, systems and processes to identify further efficiencies. Trusts have done well and were praised last year by Rishi Sunak who stated that state schools are a shining example of delivering excellence. However, there is more to do to ensure that costs are kept as low as possible. Protection of our most vulnerable schools will be dependent on how well the sector can achieve more efficiencies.

*Sources: Actual (2023) and projected pupil numbers by school type, England. Available at https://explore-education-statistics.service.gov.uk/find-statistics/national-pupil-projections

Reflections & Future Trends

The future role of schools

The Confederation of School Trusts, the national sector body for school Trusts, refers to schools as public institutions and urges schools to think in terms that are longer than the short-termism of political cycles. We wholeheartedly agree with this view because short-term planning can encourage the wrong decisions. We know that society is changing rapidly, and the Gen Z population who are leaving school need to be educated to flourish in the fast-moving world.

All schools act as community hubs for their parents and other stakeholders, but arguably this is even more important in rural areas as they are often the lifeblood of a small community. So, reducing the number of schools to address the falling pupil roll in primary schools is not necessarily the answer. Some creative planning will be needed to ensure these important community hubs can remain viable.

Pupils leaving school will eventually enter the world of business, as employees, business owners, volunteers etc. We are seeing enormous levels of innovation and schools will not only need to innovate to keep up but also need to evolve to ensure that pupils leave education with the right skills for their future careers and ambitions. Schools (and nurseries) have a direct impact on the future of society as they are at the front line of a young person's development for the first 18 years of their life. So, strategies adopted by schools influence the rest of a pupil's life, and therefore society. And so do the actions and words of school staff; don't underestimate the impact staff have on the character of all pupils. More than ever, it is crucial that staff lead by example and ensure pupils leave school with British Values at the core of their moral compass that will guide them through their lives. As Bridget Phillipson, the shadow education secretary stated in her speech on 15 January 2024, "schools can't solve society's problems alone".

But school leaders can't teach pupils who are not in school. The attendance crisis is one of the biggest non-financial issues facing society now and there must be a robust plan to address this. It will need to be a cross-service plan that tackles the causes (of which there are many) and not the symptoms. School leaders are well placed to help lead this plan because part of the answer is through community/stakeholder engagement, an area that the sector is fully immersed in already. So, it's a big ask, but Trusts have a hugely important part to play in the future of education and society.

What does this mean for the next few years? The overriding theme is that budgeting correctly is essential to enable good decision-making at all levels. We would like to see a longer notice period for funding decisions, but we also then expect the sector to budget on a most likely scenario, so that decisions can then be made at the right time based on reliable forecasts.

> Trusts have been extremely effective in controlling costs in light of financial uncertainty, managing staff expenditure and putting off large capital projects where necessary, so the reality is a little more positive than we were expecting.

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Authors & Contributors

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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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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.

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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 Multi-Academy Trusts.

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Pam Tuckett

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Section 1
Financial Position

Section 1
Financial Position

It is the extra bits of funding that make the difference between financial stability and rapidly depleting reserves - and it is the uncertainty over this type of funding that makes planning so difficult for the sector.

It has been quite a year. No sooner is the world getting over the impact of the pandemic than it is hit by the economic shocks caused by the war in Ukraine – resulting in surging energy prices, shortages of products and soaring inflation. These global macroeconomic issues impact on the entire economy, and the education sector is no exception. This has coincided with a period of political turmoil in the country and a very difficult fiscal position. This combination of events has created an air of great uncertainty.

It is against this backdrop that we started the 22/23 academic year discussing the future expectations with our Academy Trust clients. It would be fair to say that the consensus view of the Trusts we work with is that the future is likely to be more financially challenging than the recent past has been. In our report last year, we discussed the precarious nature of the Academy sector finances, and the deteriorating financial climate. The trend was clear to see then, and there was little optimism that things would improve. This sense of foreboding has only worsened in the current year.

In the National School Trust Report October 2023 annual survey of 395 accounting officers, conducted by CST in partnership with Edurio, less than half the respondents stated they now feel very or quite confident about their Trust's financial sustainability, down from 77% in last year's survey. So, what was already a negative outlook has got significantly gloomier.

This position is supported by our own survey. We asked our clients, based on their 3 year budgets what will happen to their revenue reserves. Over 75% said that their reserves would either be lower, or they would have entirely run out. This trend would clearly not be sustainable, but is this level of pessimism justified?

Based on your three year budget, are your total revenue reserves at the end of year 3 predicted to be...?	No. of Respondents
Higher	18%
Lower	98%
Negative	17%
Unchanged	13%

There are two factors at play here: on the one hand, the Government is stating that funding for schools is at a record high; whilst on the other hand, Trusts are expecting to be seriously eroding their reserves over the next few years.

On 19 December 2023, Gillian Keegan, the Secretary of State for Education, made a statement that "Schools in England are set to benefit from a cash injection as education funding reaches almost £60 billion in 24/25 - its highest ever level in real terms." The statement went on to say that "school funding for mainstream schools and high needs is increasing by more than £1.8 billion in 24/25 compared to 23/24, taking the total funding to over £59.6 billion – the highest level in history, in real terms."

If this is all taken at face value, then the Academy sector should be heading towards a time of plenty but given that the Budget Forecast Returns (BFRs) are painting a very different picture then something else is going on. Can these two very different positions be reconciled?

Many of the issues come down to the challenge of the budgeting process. We have commented in recent years that the budget forecast return process is flawed because Trusts often don't find out the information they need for critical assumptions until it is too late. The key numbers in the forecast are the main income streams and salary costs. For year 1 of the forecast, these can be estimated reasonably reliably but once you get into year 2 the Trusts don't know what additional income streams they will receive, what funding will be received to cover pay review and pension contributions, and they don't have much visibility over pay rises. This typically results in the Trusts underestimating their future income and being prudent over cost increases due to the information available to them. Consequently, it is very common to see a Trust with a balanced budget in year 1, an in-year deficit in year 2 and financial armageddon in year 3. Is the budgeting process an example of the boy who cried wolf, or does it highlight the gathering storm clouds heading towards the sector?

If we look back over recent year's BFRs and compare the forecasts to actual results then there are significant variances, and these get larger the further into the future Trusts are forecasting. This reduces the value of the 3 year BFR process. This difficulty in accurate forecasting is also having an impact on a Trust's ability to plan. We have spoken with several Trusts that have postponed investment projects in the year because they are worried that their reserves are under threat. In many cases, this could be the wrong decision, but is a consequence of trying to make decisions with uncertain data. And this is all before we have the added unpredictability of a General Election!

So, it has been another year where Trusts have had a lot to deal with, however, the financial performance has not quite been as expected, as discussed below.

At this point, it is worth stating how we measure financial performance.

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 have included designated funds (this is discussed further in this section). 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 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 segmented the MAT category into small, medium and large based on the following pupil numbers to provide a more useful benchmark:

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

In the last report, our expectations for the financial performance of the sector for 22/23 was that it would be a tougher year and it was likely that the sector would be eating into its reserves, however, the reality is a little more positive than we were expecting to see due to additional funding received.

Average free reserves movement (£'000)

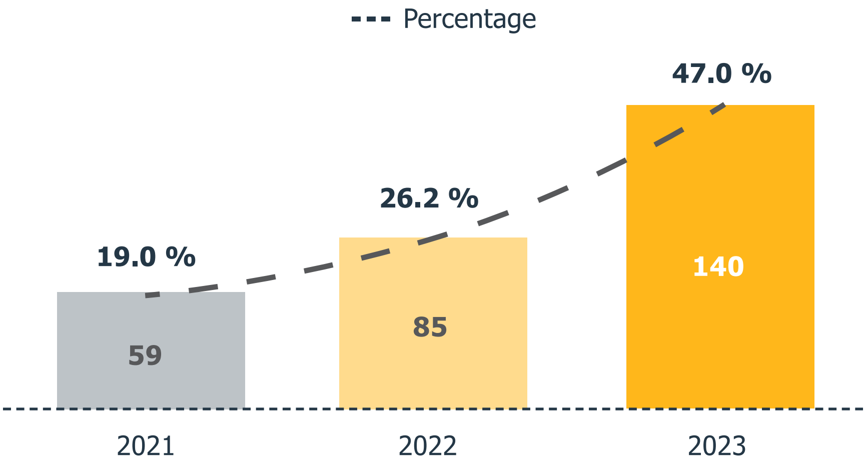
	2021	2022	2023	2023 reduction on 2022 (%)
Primary SAT	15	-40	-44	-10.0%
Secondary SAT	156	103	6	-94.2%
Small MAT	253	203	9	-95.6%
Medium MAT	644	372	40	-89.2%
Large MAT	1,695	1,564	267	-83.1%

Overall, the financial performance has deteriorated, however, almost all Trust types are still making a small surplus on average. It is the primary SATs that are finding things toughest, and they continue to make an average in-year deficit.

All other categories are making surpluses, albeit a lot smaller than in the prior 2 years. The remarkable thing is how consistent the falls are – all being between 83% and 95% lower than the prior year. This is even more fascinating given that Trusts have been dealing with their own challenges. For instance, the date at which an energy contract needs to be renewed has a significant impact. Trusts coming out of deals have seen costs doubling in some cases, whilst others are protected by fixed-price contracts that still have a couple of years to run. However, our data would suggest that these issues have balanced out across the sector.

This is a better set of results than we were expecting to see. In some cases, this has been heavily influenced by effective cost control and financial management, but for many Trusts, in-year deficits have been avoided due to unexpected income streams. The two key additional components of income are the Mainstream Schools Additional Grant (MSAG) and the Schools Supplementary Grant (SSG). This provided an income of about £60,000 for an average primary school and over £200,000 for an average secondary school. Without this funding, almost all Trusts would have made in-year deficits, and even with it, the number of Trusts in deficit has increased significantly – as can be seen in the graph on the next page. In addition, the sector received £447 million of Energy Efficiency Grants. Although these were recognised as capital income, the expenditure could be revenue in nature and so this also gave a boost to the financial results in many cases, especially where Trusts were already budgeting to spend using their own revenue income.

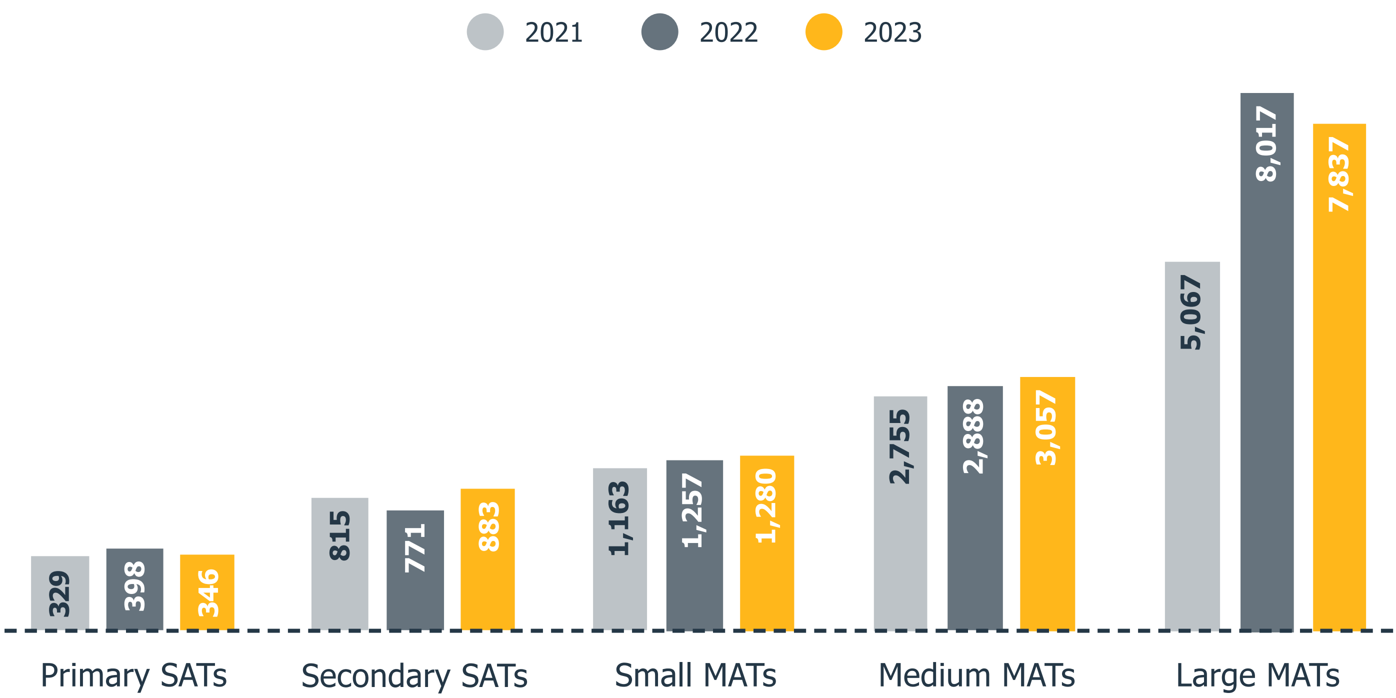
Percentage and number of Trusts with an in-year free reserves deficit



It is the extra bits of funding that make the difference between financial stability and rapidly depleting reserves – and it is the uncertainty over this type of funding that makes planning so difficult for the sector. However, it is much better to have the funding and accept a budget that becomes out of date very quickly, than not have it at all. The overall impact of the financial results can be seen when we look at the average free reserve by Trust type, below.

One point to note is that the in-year movement in free reserves and the year-end free reserve balance do not exactly reconcile due to changes in the population in our data, as SATs join MATs and MATs move from one category to another.

Average Free Reserves (£'000)



What this highlights is that, regardless of how pessimistic the future budgets may be, currently the sector is still holding a significant level of free reserves. This is not the same thing as saying that the reserves are comfortable, as many Trusts are expecting to extensively eat into these. However, there is a risk that taken in isolation, this may give the view that funding levels are reasonable and that there is no impending crisis, and so there is no need for any funding changes in the short term. This is supported by results from our survey. When we asked our clients how their free reserves compared to their reserves policy, 48.8% said that, at 31 August 2023, their reserves were more than their stated policy, 33.7% were on track and only 17.5% were below. So well over 80% of the sector appears to have reserves that Trusts consider adequate – but 17.5% having reserves below their policy still translates to a lot of Trusts. It is these Trusts that are feeling the biggest financial challenges.

This also raises the question of what is a reasonable level of reserves. In November 2023 the ESFA issued its guidance on Academy Trust reserves. Whilst there was nothing new in this, it usefully sets out the principles of reserve setting, identifying many of the factors that Trusts should consider in setting their reserves policy – and making it clear that there is no one-size-fits-all-policy.

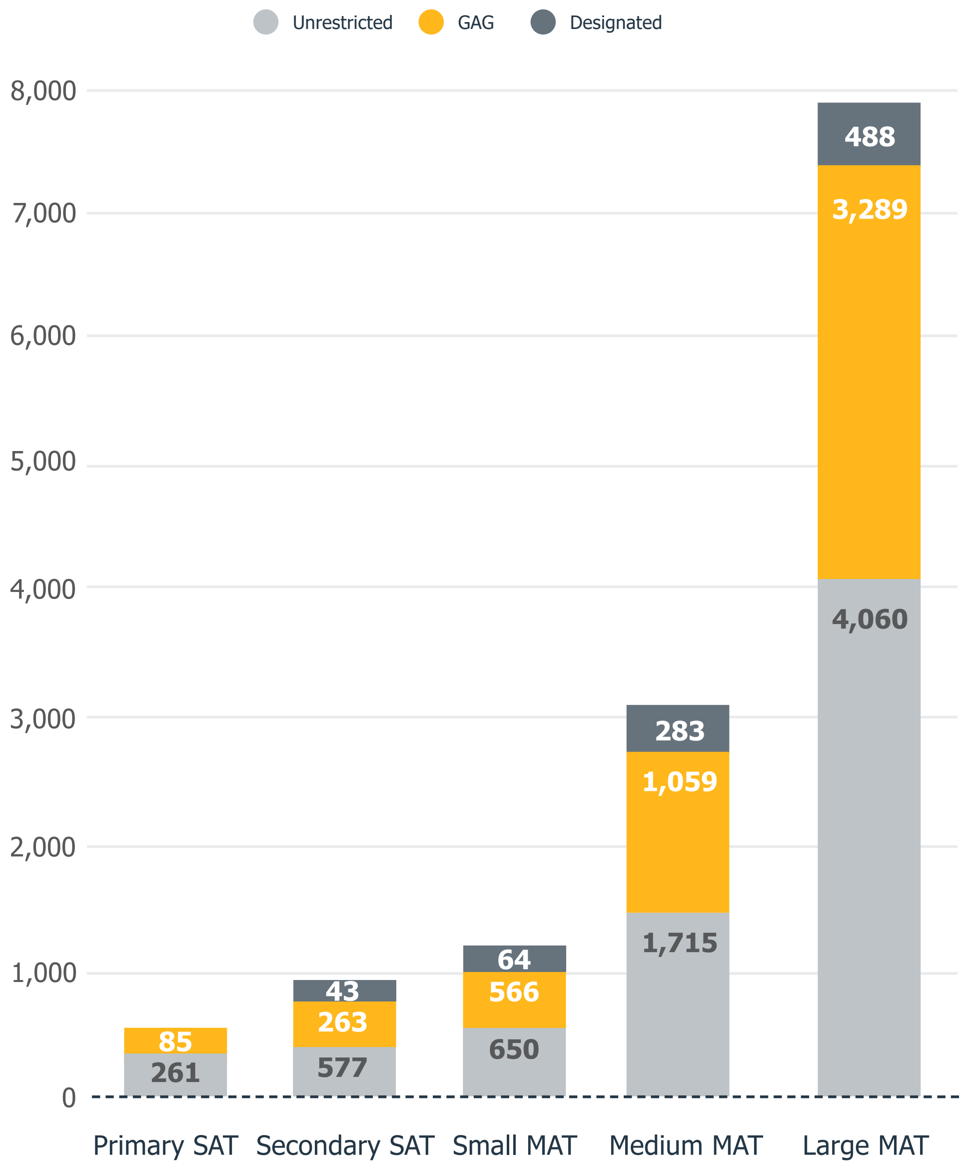
It also confirmed the de facto upper and lower limits for reserve setting. It stated that the ESFA is likely to start making enquiries about Trusts where their reserves are below 5% of total income. It also confirmed that reserves of more than 20% of total income are considered high and at this level, the ESFA are likely to seek information from Trusts regarding their future expenditure plans. The implication is that if your reserve are between these two limits then this is considered acceptable.

However, two further factors need to be considered to fully understand the reserves position; the first is the definition of total income, and the second is the impact of designating funds.

The guidance refers to total income but does not define this. If taken literally then total income would include things like the donation of schools joining a Trust and one-off capital funding, both of which could hugely distort income and therefore the level of reserves held. Our view is that total income could be defined more tightly and should be total revenue income. This removes the potential distortions and gives a more consistent level of reserve – this is the basis on which we analyse reserves below.

The second factor is the designation of funds. A charity can designate a portion of its unrestricted funds. This is essentially ring fencing these funds for specific purposes; however, it does not create any legal obligation to spend the fund and so the Board of Trustees can undesignate funds just as easily. The important point to note is that, per the Charity Statement of Recommended Practice, the definition of free reserves is unrestricted funds, less amounts that are tied up in fixed assets or other liquid assets, and any amounts that have been designated. This makes it possible for a Trust to manage its free reserves using designated funds. So, if a Trust had an income of £10 million, and a free reserve of £2.5 million, or 25%, it would likely receive some scrutiny from the ESFA for having high reserves. If it designated £600,000 of those funds for future projects (that may or may not happen) then its free reserves would fall to £1.9 million and therefore below 20% of income and so would avoid scrutiny. It is noteworthy that the level of designated funds increased by over 20% in the year. This is illustrated in the following graph.

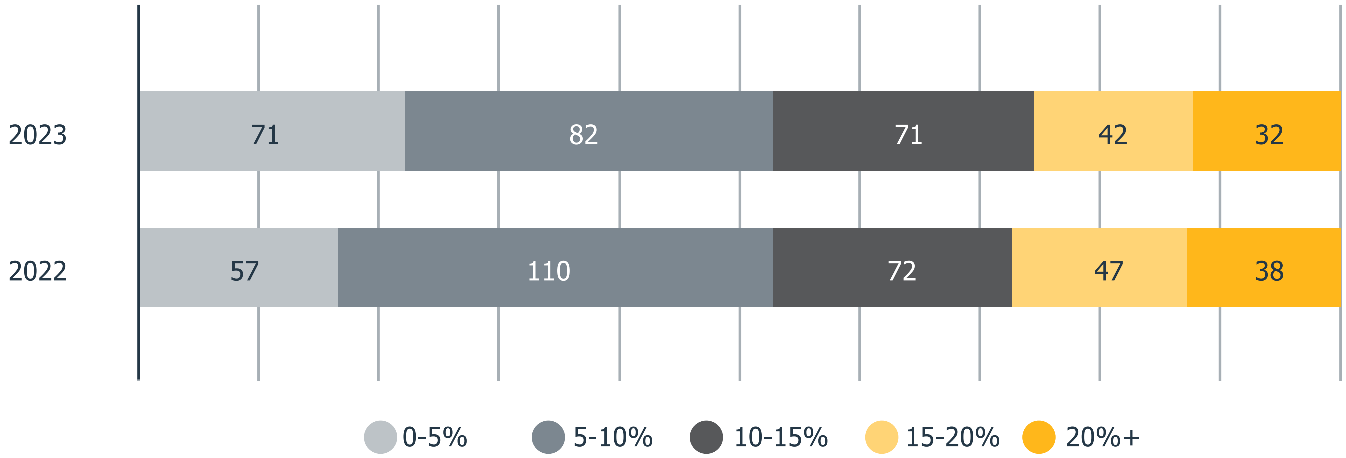
Split of average free reserves per type of Trust (£'000)



Almost all of these designations have likely been made as more is understood about reserve policy setting and Trusts are looking to be open and transparent about their plans – but it highlights that if a Trust does have a very high level of reserves that the ESFA may challenge, then it is possible to manage them. This is supported by the results of our survey where 100 of the 160 respondents said that their Trust has designated funds at the year end. This is clearly an approach to reserves and investment planning that is becoming more widespread – and should be encouraged.

This does make assessing a Trust's level of free reserves under our definition, and comparing it to the ESFA guidance, a little problematic, but including designated funds more accurately reflects the funds that a Trust has available to spend as it sees fit. The graph on page 20 shows the spread of free reserves by Trust, so you can get an idea of the number of Trusts that are either below 5%, or above 20% of free reserves.

Free reserves in bands of 5%



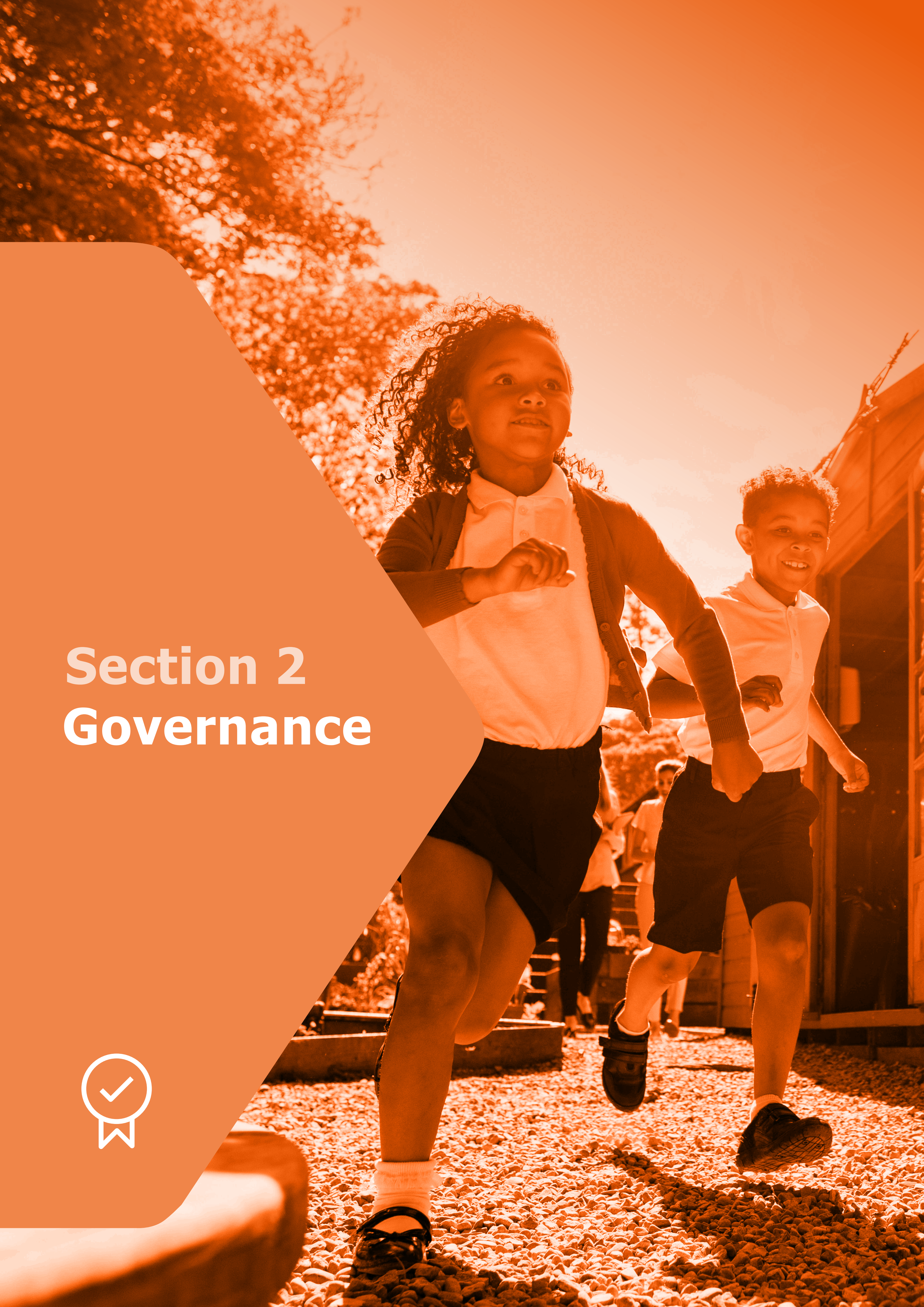
Perhaps unsurprisingly, this graph highlights that there are a lot more Trusts with reserves that are arguably too low than those with reserves that are considered too high. It also highlights that the largest proportion of Trusts have between 5% and 10% of total income as a reserve, which is very broadly about 1 month's worth of income – which is the most common reserves policy. Whilst there are a high number of Trusts with substantial reserves, most are broadly in line with their policy. This would suggest that there are not a lot of surplus funds for most Trusts, even though the aggregate free reserve for the sector as a whole is a very sizeable number.

For most Trusts, they must maintain tight financial discipline as they are only one bad year away from financial difficulties. This is highlighted by one of the interesting statistics that came out of our data. Primary SATs have made an average in-year deficit in the year, but the average free reserve has increased – which is counterintuitive. What it identifies is that many primary SATs have been absorbed by MATs in the year, and so are no longer in our data. The reason why many SATs joined MATs was because their financial position was unsustainable and so they needed to join a MAT for financial protection, so those that are left are more financially robust. This is discussed further in section 3.

So, overall, the year has been much harder than the last few years, but better than expected. Whether leaders think this is a good outcome comes down to whether they are a glass half-full or half-empty person, and of course your reserves starting position. The financial outlook has certainly deteriorated from where the sector was last year, but the sector remains relatively financially robust, but the position is complicated by uncertainty over pupil numbers, lower funding forecasts and an unsustainable high needs system adding further pressures on schools.

The demographic predictions show that there will be fewer children coming through the school system until 2032, which will mean less income. Some observers think that this may be partially offset by children leaving the independent school sector should Labour win the election and add VAT onto school fees – but this may not happen. The sector is treading a very fine line and the next funding decisions will determine which way the sector goes. Given there is an election looming, this is very hard to predict. So, if the sector is looking for some certainty to help it plan more effectively then it is likely to be sorely disappointed.

Section 2
Governance



Section 2
Governance

The task of keeping up to date in a fast-paced environment shows no sign of reducing whilst workloads continue to increase.

The responsibility and role of volunteers in Academy Trusts is enormous. Is the sector now expecting too much?

There is an extraordinary expectation of the volunteers in the sector. Regulation and accountability can feel like a weight of bureaucracy that could have the effect of dampening the pioneering spirit of the Academy sector. The sector could consider a different mindset – one that embraces continued innovation whilst mobilising Trusts as protective structures.

A raft of sector papers issued since early 2023 has included new guidance documents, updates, handbook refreshes and publications from sector groups and Government in a drive to continuously strive for improvement in schools.

The Academy Regulation and Commissioning Review published by the Government in March 2023 set out plans to make the system more "risk-based and proportionate". As systems evolve, mature and embed we will see what this looks like in practical terms. The five Trust Pillars (High Quality and Inclusive Leadership; School Improvement; Workforce; Finance and Operations; Governance and Leadership) seek to be pragmatic and reference consolidating effective practice, focusing on the right risks and the right level of accountability.

Maybe that is the point now then, for each educational organisation to pause, take a breath and review how governance operates. Not replicate what has gone before, but really take a fresh look, keep what has worked well and makes a difference, and change what has not.

Recruitment

It is no secret that the sector is facing a significant resource shortage on many levels including Trust Boards. The NGA School and Trust Annual Governance 2023 survey reported that over 77% of its respondents said this was an issue. Our own survey reveals that 80% of respondents (increased from 68% last year) report that Trusts have governance vacancies at Board and/or local level. One-fifth say that the Chair of the Board has been in post for less than a year. Bearing in mind that the previous year 42% of Chairs had gained the role because no one else would, succession planning does not seem to be a high priority.

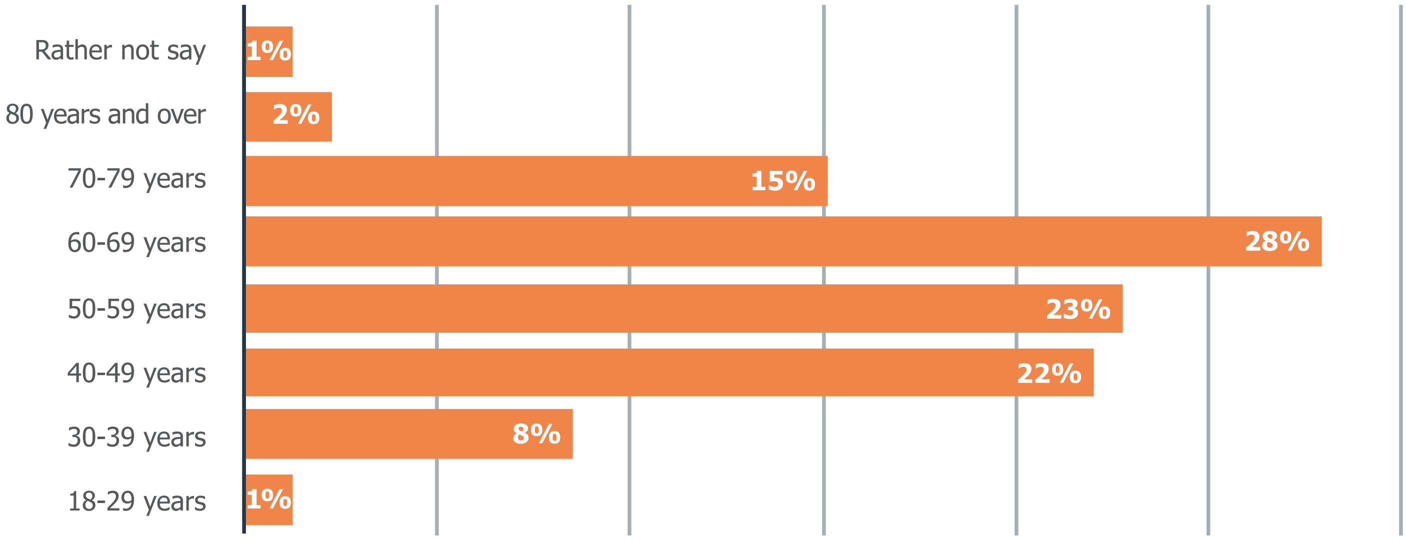
Current recruitment challenges coupled with the ageing demographic of many people in governance roles are issues the sector urgently needs to address. The Charity Commission campaign to support Trustees ran from September to November 2023 and acknowledged the vital role that over 700,000 Trustees play. We estimate that there are approximately 70,000 further Trustees and Local Governors in the Academy sector, who will all need replacing at some point. This demonstrates the scale of the recruitment problem. How do Trusts encourage a new wave of people to a role that is challenging, full of responsibility, time-consuming and voluntary?

Board age demographic

In the NGA survey, 68% of Trustees and Governors are over 50, with 44% being over the age of 60. With only 9% claiming to be under 40, the trend for the whole school sector is troubling. Over a quarter of people in post now indicate they are considering resigning according to the NGA. With potentially fewer volunteers in our school system, the workload on those that remain increases.

Often the Trustees who have the time and capacity are not employed but are either retired, not working generally or are self-employed. They also often have significant experience and knowledge from executive or commercial positions. There seem to be fewer replacements coming through the system and a solution is needed urgently.

Demographics of NGA survey respondents*



Governance Professional

Our clients tell us that the role of the governance professional is highly valued and increasingly a stand-alone position. Training for this role is readily available and our survey shows almost 60% of Trusts now separate the role from clerking, to ensure support across the Trust.

Navigating and coordinating views, herding cats, seeking external advice, overseeing the complex processes that need to be adhered to and working to constant deadlines, these governance professionals are proving to be a resource that Boards cannot do without.

Our survey shows that the term clerk only (not governance professional), still appears in 41% of SATs. Even though the ATH requires a Trust to have a governance professional. Is this a demonstration of SATS not being able to keep pace with developments or simply misunderstanding the requirements of the role?

*Source: National Governance Association - Annual governance survey 2023. Available at: www.nga.org.uk/media/yoejj3qf/nga-annual-report-2023-aw.pdf

"Trust" not just being "a Trust"

Governance, and the integrity of it, plays an important role, as was highlighted by the Chairty Commission report published 19th January 2024. Academy Trusts are also Charities don't forget. Trusts are exempt charities so they are not regulated by the Charity Commission, but they are subject to the same expectations and public scrutiny. Trustees have a responsibility to get it right, be transparent and to make decisions that positively impact the beneficiaries to the highest degree possible.

This is another factor to bear in mind for our Trustees, as potentially high-profile criticism can happen where practice falls short of regulation. Support for Trustees and the right approach by everyone is pivotal. If any stakeholders lose trust in our Trusts, reputational and therefore financial damage is inevitable, not to mention the impact on our volunteer's well-being. With the report stating only around 75% of Trustees could correctly identify what is, and is not, a conflict of interest, Trustees keeping up to date and informed is vital.

Trustee/Governor - A rewarding role or a frustrating one?

How do we make the role more rewarding? Rewarding is not just financial, although the topic of whether a Trustee should be paid is more relevant than ever. We know that many Trustees undertake their role with commitment and dedication, but the workload is becoming unmanageable.

We hear from Trustees who express frustration at late papers, incomplete papers and actions moving from meeting to meeting. Trust executives have incredibly full workloads which we know can affect well-being, both physical and mental health. So, something must give, and it is often governance matters, but this is extremely demoralising for volunteers.

The Academy Trust Handbook (ATH) states that the Accounting Officer (AO) and Chief Financial Officer (CFO) should attend audit and risk committee meetings to provide information and participate in discussions. Our view is that this should include all committee and Board meetings where auditors are present, but we know this is not the case in all Trusts. To support Trustee oversight and the AO personal responsibility to parliament, we believe that AOs should attend these meetings and where this is not the case, an opportunity is missed.

The challenge of discussing matters with incomplete (or the opposite, excessive) information, is not rewarding. With Boards potentially relying on fewer people, the risk of losing key individuals grows. We are seeing the workload of senior leaders directly impacting negatively on the role of Trustees.

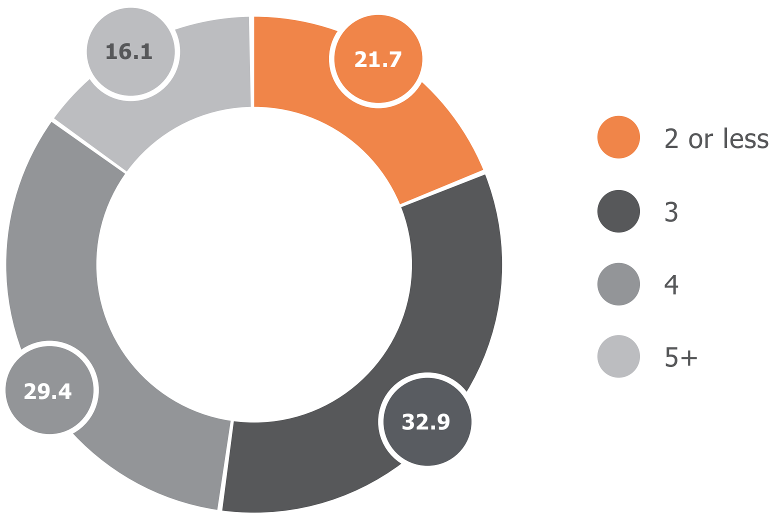
Governance models

We are seeing more Boards undertaking an external review of governance, but many still prefer the self-assessment route. The ever-present risk of marking one's own homework is in play and opportunities to learn from how others operate can be missed. An external review is a powerful exercise and an opportunity to have third-party validation or take a fresh perspective. It can be an opportunity for Boards to benefit from hearing how other Trusts operate and current best practice which can offer valuable insights.

Ofsted, as we know, seeks to evidence the impact of the Board, and explore how well Trustees and Governors carry out their role. Structure and clarity have a significant impact on this, together with effective decision-making, so getting this right is important. Managing challenging Ofsted inspections can be daunting for Trustees, adding to the pressure of the role even further.

We are seeing some Trusts move to governance models with 3 or fewer committees, and over half of those who replied to our own survey, confirmed this.

Number of committees per Trust (%)



This may be due to having fewer Trustees and the resulting time pressures on all parties. Effective meetings with realistic, well-framed agendas can help, so is it time to review your governance model and your agendas?

We often see items on agendas that could be addressed elsewhere, for example, policies. A bugbear, it seems, in almost every Trust. Are the right people approving the right policies? Does the Trust even have the right policies in place? Just because they have been there forever – are they needed and if so, how frequently do they need updating?

The Attendance Crisis

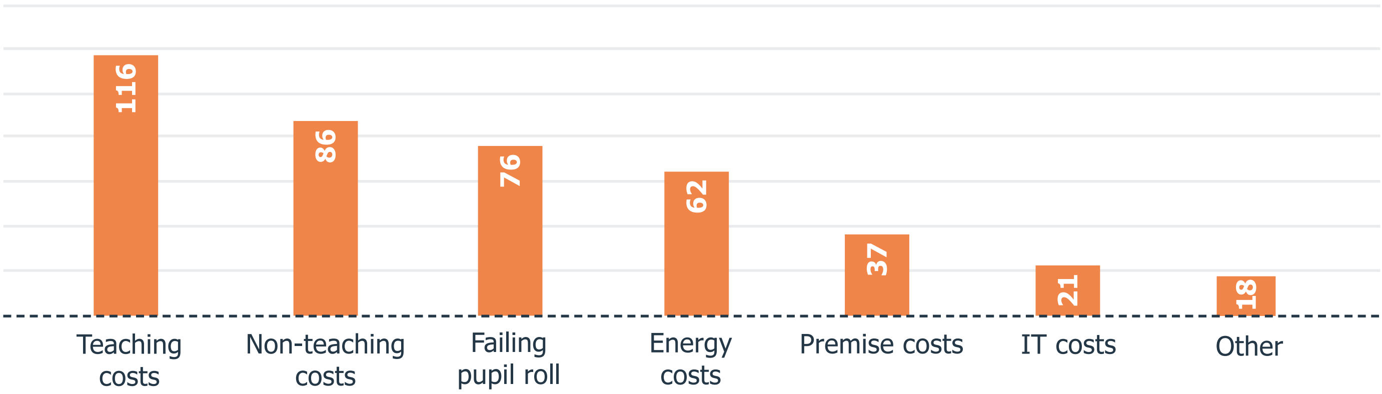
We could not complete this year's report without acknowledging the national concern regarding pupil attendance which all levels of governance are currently grappling with. Sir Hamid Patel's sobering report of September 2023 was tough reading yet resonates with almost everyone we speak to. The simple principle of students needing to be in school to learn is obvious as attendance is essential for well-being, life chances, safeguarding and social and mental health, and yet for many children it has been inconsistent.

Family attitudes to attendance have changed since the pandemic; the prioritisation of sending young people to school has become very complex for families. Connecting with communities, understanding barriers to getting children into school and listening to stakeholders remain a crucial part of governance today.

Many schools are adopting a cohesive and strategic approach to increasing attendance, which is encouraging. Trusts are spending more on admin support to deal with emails, letters and phone calls, and the new education welfare officers go knocking on doors to encourage pupils into school. However, attendance is likely to remain a key strategic priority for the foreseeable future and Trusts will therefore need a robust approach to governance in this matter.

Financial sustainability

The biggest financial challenges facing Trusts



Looking at the results from our own survey, the top three financial challenges are staff costs (both teaching and non-teaching) and pupil numbers. Pupil number projections are crucial to sensible forecasting and looking forward 5-10 years may require Boards to make tough decisions to ensure the Trust is financially sustainable.

In addition to the above, further challenges come along almost daily. Difficulties with the management of estates seem to come from nowhere. Reinforced Autoclaved Aerated Concrete (RAAC) is a good example of this, energy costs and planning for a sustainable future are others, so Boards have many things to focus on.

Conclusion

No wonder the pressure of being a Trustee is so high. Risk management is a fundamental part of effective governance. Without understanding what the risks are (and constantly re-evaluating), and putting the mitigations in place to reduce those risks, how can Trustees prioritise their work in the limited time they have available?

Whatever your Trust's priorities, working together to achieve them remains the goal. The key is to ensure the governance role is rewarding and worthwhile and that both Senior Leadership Teams (SLT) and Trustees/Governors have manageable workloads. The role of being a Trustee or Governor is huge and the sector needs to find a way to make it more manageable and rewarding, so people continue to commit to it.

Section 3
Multi-Academy Trusts

Section 3 Multi-Academy Trusts

“We know that the best Academy Trusts not only deliver great results for children but also share their expertise and develop innovative ideas and resources to improve outcomes across the school system. That is why we want to ensure all schools benefit from being in a high quality Multi-Academy Trust.”

Baroness Barran
Minister for the School System and Student Finance - March 2023

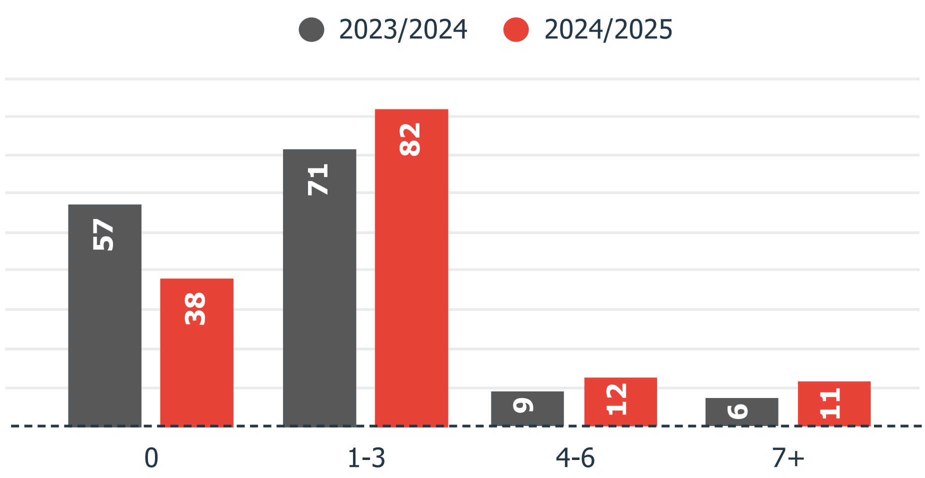
Whilst the Government still wants all schools to be part of a MAT, the focus and pressure on achieving this by 2030 appears to have very much diminished.

Growth

Based on our survey, 73% of Trusts expect to grow over the next two years, with a higher level of growth forecast in 24/25 than in 23/24. This is a decrease based on last year's survey where 92% were expecting to grow in the next two years. How much of this change is due to changes in government policy and messaging, it is difficult to say.

During 22/23 50% of our MATs grew. The average growth based on our dataset was 2 schools and only 7% grew by 4 schools or more.

How many schools Trusts are looking to grow by



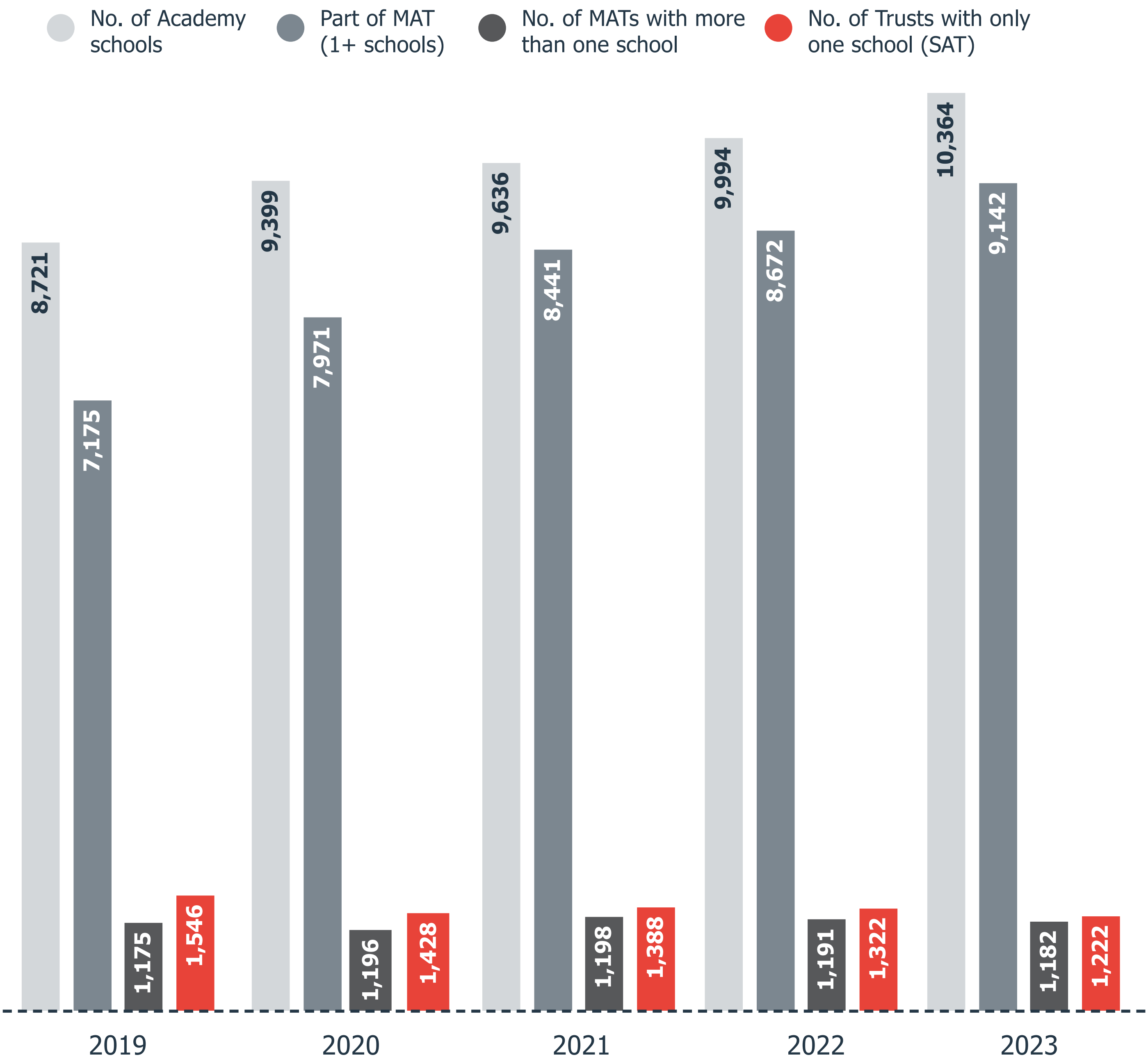
Whilst the Schools' Bill has been dropped, it is clear from the quote by Baroness Barran that the government still believes high quality MATs are the future. However, a general election is imminent, and many Trusts will be concerned about how this will impact the education sector, and what will be included in the manifestos.

Based on government-published data, as of 31 August 2023, there were 9,142 schools in 1,182 MATs (Trusts with more than one school).

The number of schools being part of a MAT has continued to increase and has risen by 5.4% in 2023, a marked increase over 2022 (2.7%). This is a largely positive move as it builds institutional strength and sustainability. Interestingly the number of MATs has remained almost static since 2019 with only a net increase of 7, and a reduction of 9 since last year.

When you consider the wider view of the whole Academy sector over the last 5 years, academisation has slowed with only a 19% increase in the total number of Academy schools compared to a 100% increase in Academies in the 5 years to 2019.

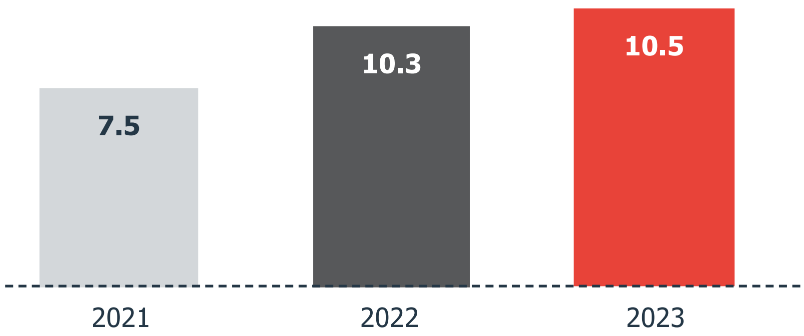
MAT size*



*Source: GOV.UK Get information about schools. Available at: www.get-information-schools.service.gov.uk/Downloads

This year there has been a marginal increase in the average number of schools within our MAT dataset. Based on government data, the national average based on all MATs was 7.7 (2022: 7.3) confirming the national average continues to increase albeit slowly. It also highlights the average size of MAT in our population is much higher than the national average.

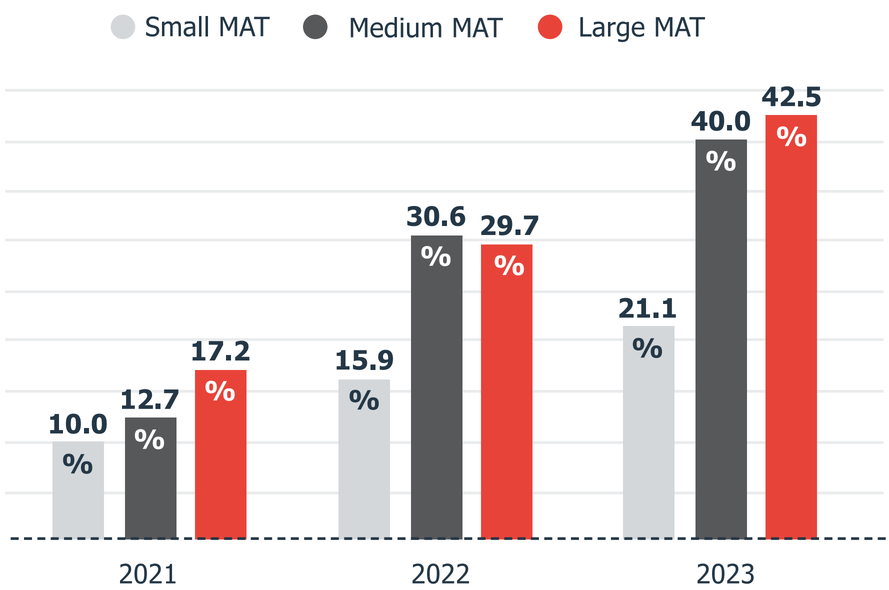
Average number of schools per MAT



GAG & reserves pooling

The trend of MATs deciding to pool either income and/or reserves continues to grow, irrespective of being small medium or large. This year we have 32% of MATs pooling compared to 23% in 2022. The jump in popularity of pooling can be seen in both small and large MATs, with over 40% of large MATs now pooling. The slight decrease in medium MATs will be due to MATs transitioning into this band. Our survey highlighted that 48% are already pooling or are considering it.

Percentage of MATs GAG or reserves pooling

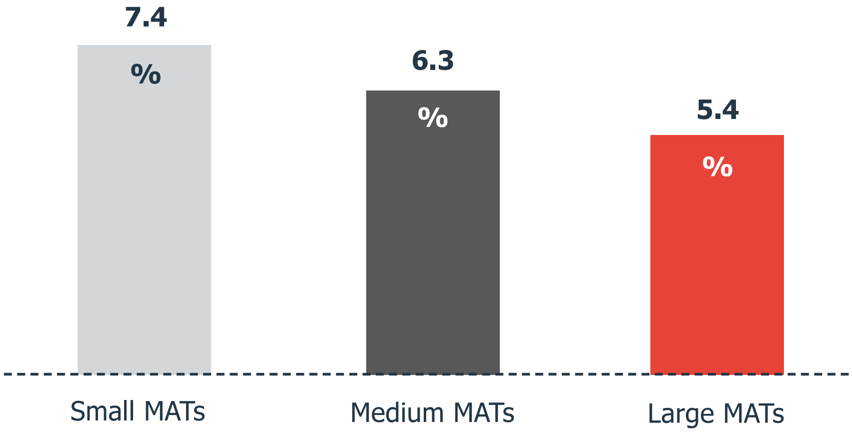


One of the key benefits of pooling is that it allows MATs to deploy income and reserves to the areas of most need across the MAT, where they will improve educational outcomes.

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. Historically, many Trusts decided to apply a flat percentage rate to GAG income, but in more recent years there are increasing variations on this methodology. This year we have calculated the actual top slice charged in the financial statements as a percentage of GAG income to give a more meaningful comparison.

Central recharges as a percentage of GAG income



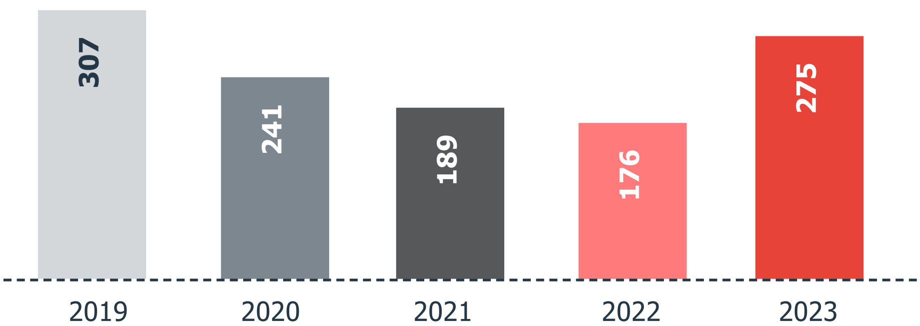
The variation in average rates between small, medium, and large MATs is noticeable, suggesting synergies are being achieved as Trusts grow.

When considering the top slice, it is also important to factor in the overall reserves position of the central fund. Given the increase in central costs as the level of centralisation increases, there are MATs where the central fund is now in deficit, as recharges have not been increased to factor in these extra costs. This may be a factor in MATs deciding to reserve pool to resolve this issue, rather than increase their future top slice.

Rebrokerage

Based on the Government's published data, 275 Academies have moved to a different Trust in 22/23, a significant increase from the 176 in 21/22, and almost back to pre-covid levels. However, only 18 Academies (7%, down from 23% in 21/22), attracted grant funding to deal with the financial challenges of taking them on. The total grant funding was only £1.36 million. This is a huge decrease from the peak in 18/19, where £8.23 million was provided in grant funding across just 84 Academies. This highlights the significant reduction in grants available for those Academies transferring Trust over the past 4 years.

Number of schools that have moved Trust in the year*



*Source: Academy transfers and funding, published July 2023. Available at:
https://explore-education-statistics.service.gov.uk/find-statistics/academy-transfers-and-funding

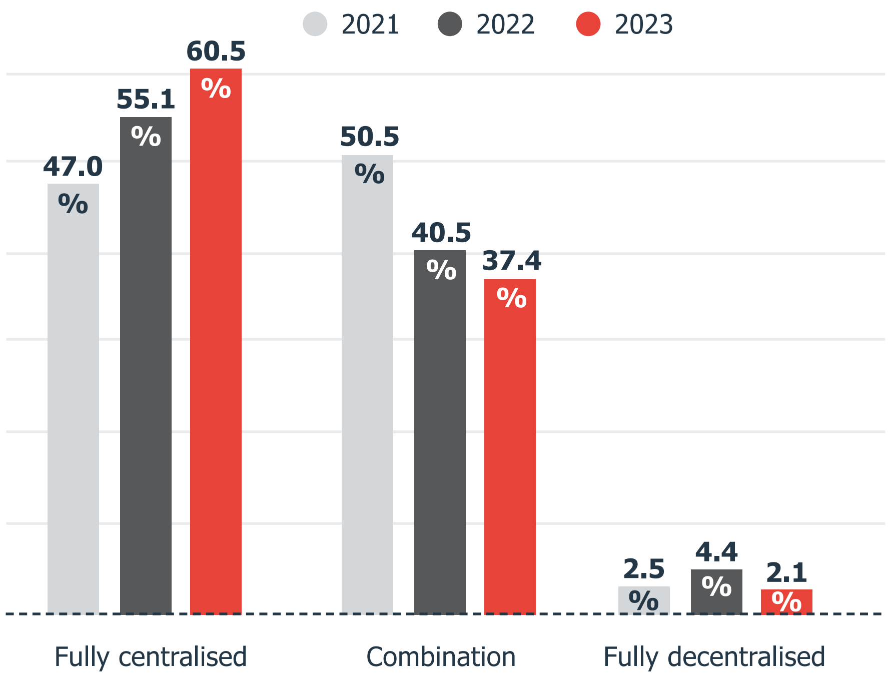
Centralisation

This year we have taken the opportunity to refresh how we consider the different spread of centralisation and have 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.

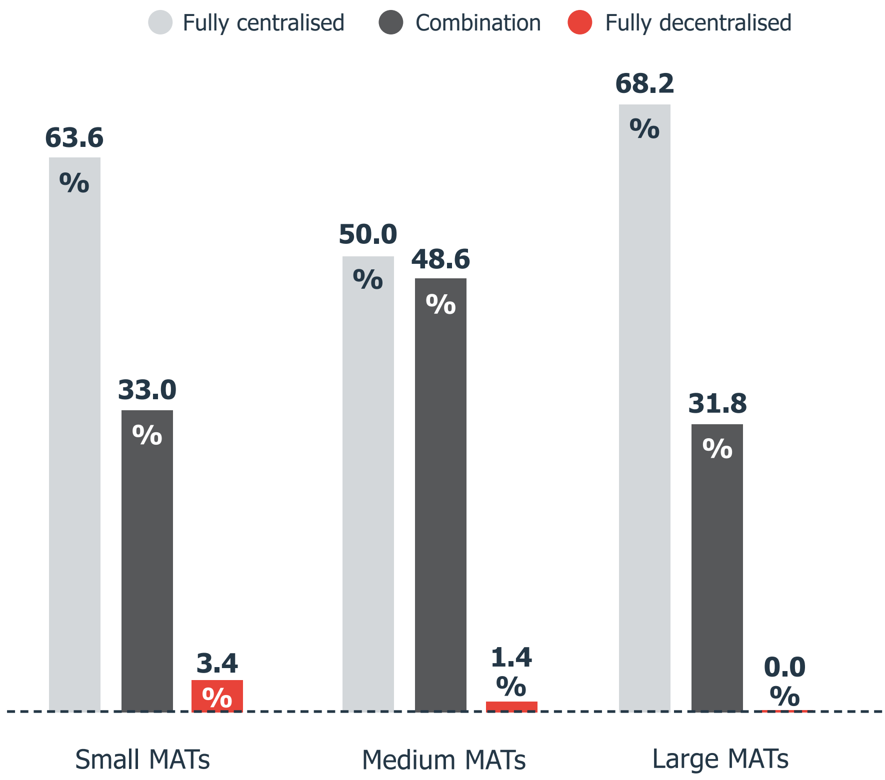
Based on our assessment of our MATs, the majority, 61% (2022: 55%) are fully centralised. This is in line with our expectations given that centralisation is widely considered to aid consistency across schools, should result in synergies and is expected to give opportunities for financial efficiencies within MATs. The feedback from our clients is that many are focused on moving towards a fully centralised position, so it is little surprise only 2% are fully decentralised.

Trust centralisation summary



The different levels of centralisation can be seen in the following graph and the split between large, medium and small is interesting. You may expect that the larger the Trust the more likely it is to be fully centralised - but this is not the case. Small Trusts centralise as it is relatively easy to do so with a smaller team, and large Trusts do this as they have become more sophisticated and centralising is important to maintain control over a big organisation. However, medium trusts appear to struggle more which could be to do with growing pains and the introduction of extra layers of management.

Centralisation structure by MAT size



Free reserves

However, does our data confirm that fully centralised MATs outperform others financially? We already know that the average central recharge for a large MAT of 5.4% is 2% less than a small MAT. We have compared the free reserves of Trusts by category to identify if fully centralised MATs can further evidence stronger financial performance.

Average total free reserves per pupil (£)

	No of MATS	Total free reserves £ per pupil
Fully centralised	66	742
Combination	52	691
Fully decentralised	2	434

The above highlights that fully centralised MATs have higher free reserves per pupil than those which are either partly or fully decentralised, which would suggest that their financial performance is better. The difference between the first two categories is relatively small, but given how finely balanced Trust finances are small gains can have a significant impact. However, only 2 MATs existed in our data which were fully decentralised, so the decentralised stat should be treated with caution.

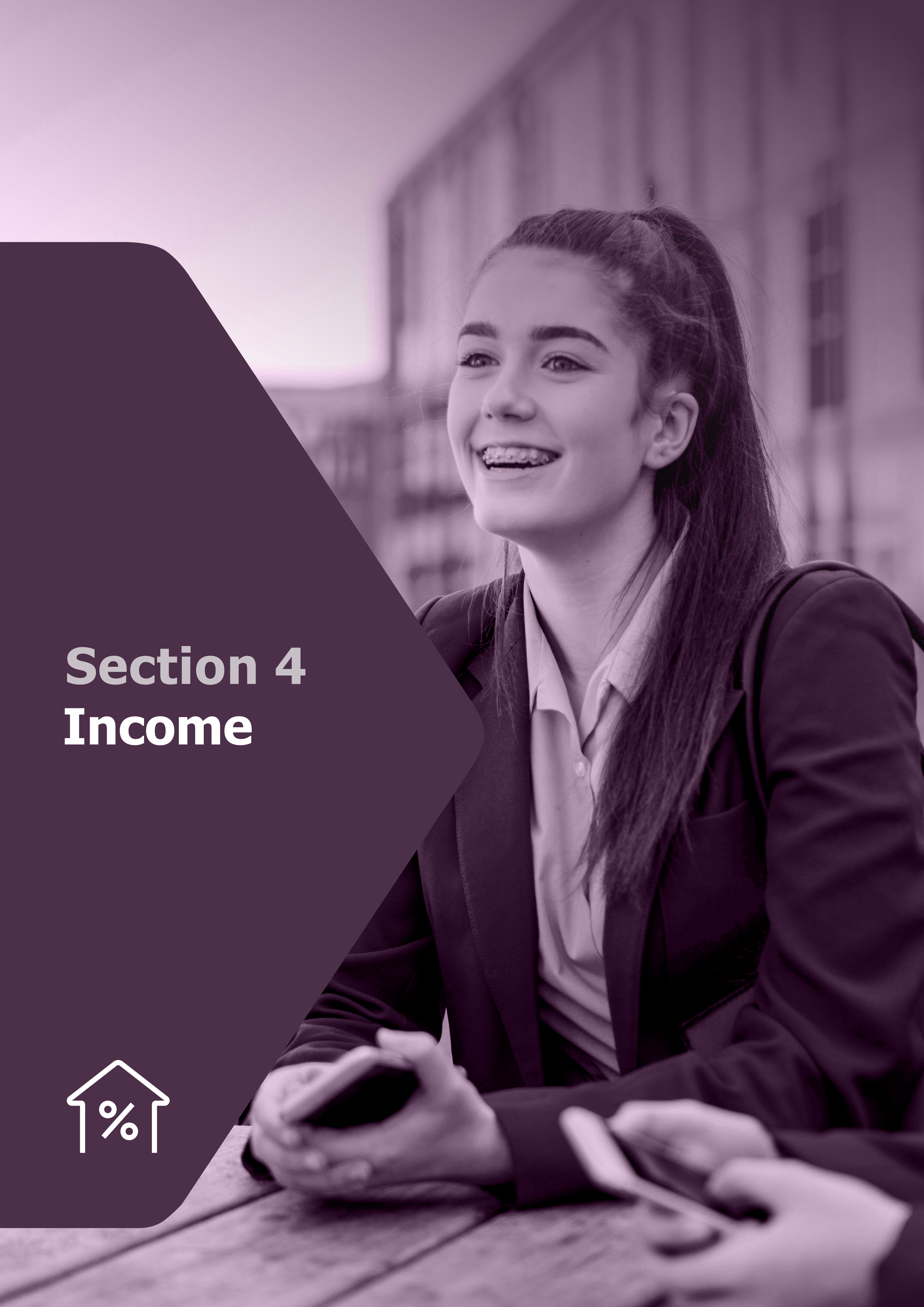
The future of MATs

Whilst there is very little political energy around the White Paper, it is clear the Government still believes high-quality MATs are the future. However, a general election is imminent, and many Trusts will be concerned about how this will impact the education sector, and what will be included in the manifestos. Whilst the impact of this is beyond their control, MATs do have control over the decisions to take on new schools and what Trust growth will look like.

A current hot topic for any MAT is what is the ideal mix of schools? MATs vary from 100% primary to 100% secondary, with every combination in between. A recent example highlighted in the sector press showed the financial vulnerability of a MAT with one secondary in a predominantly primary MAT. In this case, where the secondary school is leaving the MAT it could mean that the whole MAT is not financially viable. This highlights the issue of primary schools, and primary only MATs, being less financiallly secure. For small rural primary schools in particular, the financial pressures are enormous as they have relatively low funding already, and this will be combined with a falling pupil roll meaning balancing the budget will potentially require investment by the MAT.

MATs will need to start looking creatively at the central function recharge where they do not GAG pool. One Trust has charged a flat rate monetary amount for the central charge per primary school to reflect the economic position of primary schools, and another Trust is waiving central charges for some primary schools. Whilst MATs can opt for GAG pooling, this in effect is only 'rearranging the deckchairs' if primary schools are being underfunded, it will not solve the core issue. As they grow, MATs will need to perform robust due diligence on schools joining the MAT to ensure the financial position is fully understood.

We expect to see the number of MATs becoming fully centralised increase in an effort to identify financial efficiencies.



Section 4
Income

Section 4 Income

The section on income in the last two years' benchmarking reports has highlighted quotes from the Chancellors of the day where they have discussed school funding in their Autumn Statements. In contrast, schools were hardly mentioned in the 2023 Autumn Statement. On the face of it, this was disappointing to schools and unions, but multi-year funding increases had been announced in previous years which schools will see the benefit of in 24/25. These were as follows:

- October 2021 - £4.7 billion of core school funding by 24/25
- November 2022 – an additional £2 billion of funding per annum with effect from 24/25

> Overall, school funding for mainstream schools and high needs is increasing by more than £1.8 billion in 24/25 compared to 23/24, taking the total funding to over £59.6 billion – the highest level in history, in real terms.

DfE press release
19 December 2023

There have been a number of other announcements since November 2022, MSAG being one of them which commenced in April 2023.

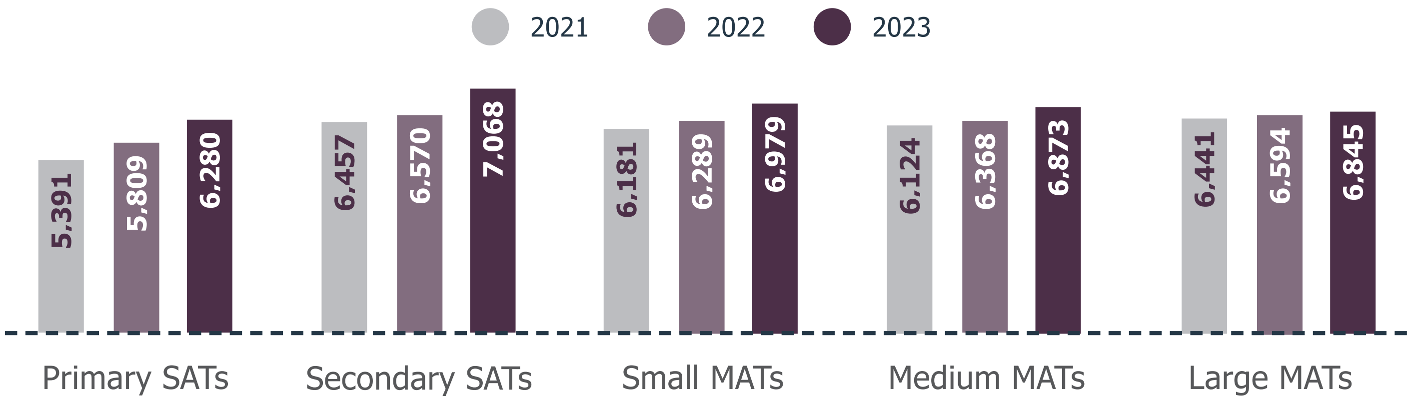
As mentioned in section 1, according to the Government this has resulted in the highest ever level of real terms funding. Furthermore, in July 2023, the DfE announced further funding of around £900 million per annum to support schools with the September 2023 teachers' pay settlement through the Teachers' Pay Additional Grant.

The result is that the schools' budget has increased from £44.4 billion in 19/20 to £59.6 billion in 24/25. This is a 34% increase in cash terms and a real terms increase of nearly 15% over the 5 years according to a report in October 2023 from the Institute of Fiscal studies. It also appears to meet the commitment made by Rishi Sunak in his October 2021 Budget Speech to restore school funding to 2010 levels in real terms within this time frame, thereby reversing the cuts seen up to 2019. However, this is based on standard measures of inflation typically used in the analysis of public spending, and according to the IFS report, this would leave the purchasing power of school spending still about 3% lower than in 09/10. The report has also analysed actual cost increases faced by schools and concluded that the school funding increases from 2021 have only been 'just about enough to keep pace with school costs'. Furthermore, the report states that school inflation has been outstripping that of many other public sector activities.

Revenue income

The graph at the top of page 37 shows that the average total revenue income per pupil has increased in all categories compared with 2022, with the average increase being 8.6%. The increase in large MATs appears to be lower than this but that may be due to anomalies in the 2022 figures because the absolute figures for revenue income in 2023 across the three MAT categories are quite closely aligned at around £6,900 per pupil. 8.6% would appear to be a healthy increase, although it should be borne in mind that general inflation has been above 10% at times during the last year or so. And some of this income is in respect of the one-off grants of MSAG and SSG (refer to section 1).

Average total revenue income per pupil (£)



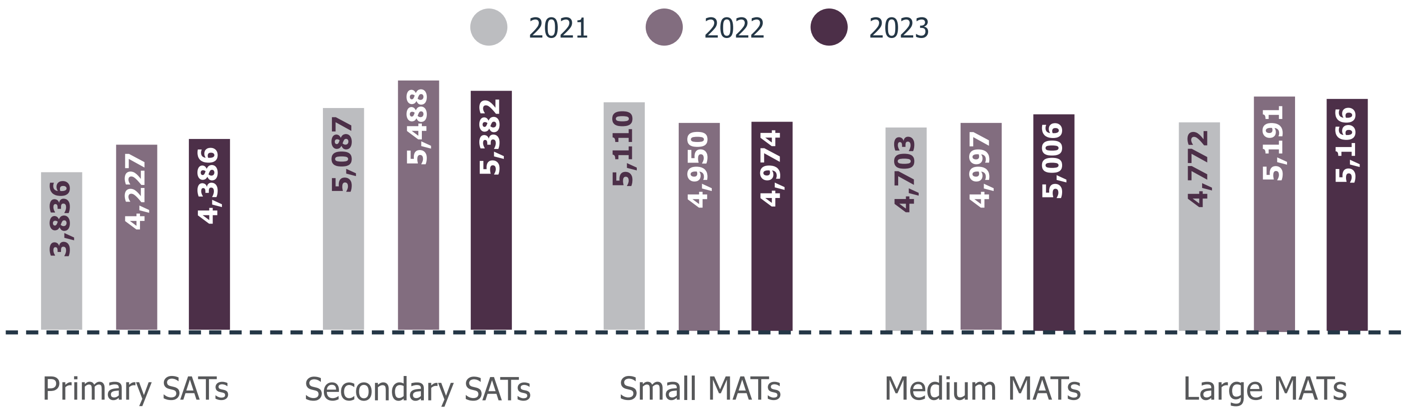
General Annual Grant (GAG)

General Annual Grant (GAG) income is the core income for Academy Trusts but the figures for 22/23 are not directly comparable with prior year figures for two reasons:

- Teachers' Pay and Pension Funding has been included within GAG with effect from September 2021 – increasing the GAG level for all schools.
- 6th form funding was previously included in GAG but this year it has been shown within other DfE and ESFA funding – so reducing the GAG level, although only for Trusts with 6th forms.

These two contradictory factors should be considered when interpreting the trends shown in this graph. For this reason, the more reliable measure is the total revenue income per pupil in the previous graph.

Average GAG income per pupil (£)



Primary SATs show an increase in GAG of 3.8% in 2023, building on a 10% increase in 2022, per our data. Secondary SATs and all MATs show a small decrease, but this is where both factors mentioned previously are interacting. The re-categorisation has had a compensatory impact on other DfE/ESFA grants and the overall level of income from DfE/ESFA has increased by between 5.4% to 6.2%. This appears to be consistent with the increased funding levels announced by the Government.

Pupil Premium

The level of Pupil Premium received by schools is based on the number of pupils which each school identifies as being entitled to Free School Meals (FSM). This relies on parents/carers registering their child on an online portal. The introduction of Universal Infant Free School Meals (UIFSM) in 2014 reduced this as a priority for parents of early-year pupils because pupils get a meal anyway, but some parents then forget to claim after their child moves into year 3. This is important to schools because once a pupil has registered for FSM, pupil premium will be received for 6 years, worth more than £6,000 per pupil over that period.

In 2019, the Education Committee recommended that the DfE should consider whether it supports the principle of automatic enrolment for FSM (it noted that in 2013, the department estimated that 160,000 children in England were not claiming FSM).

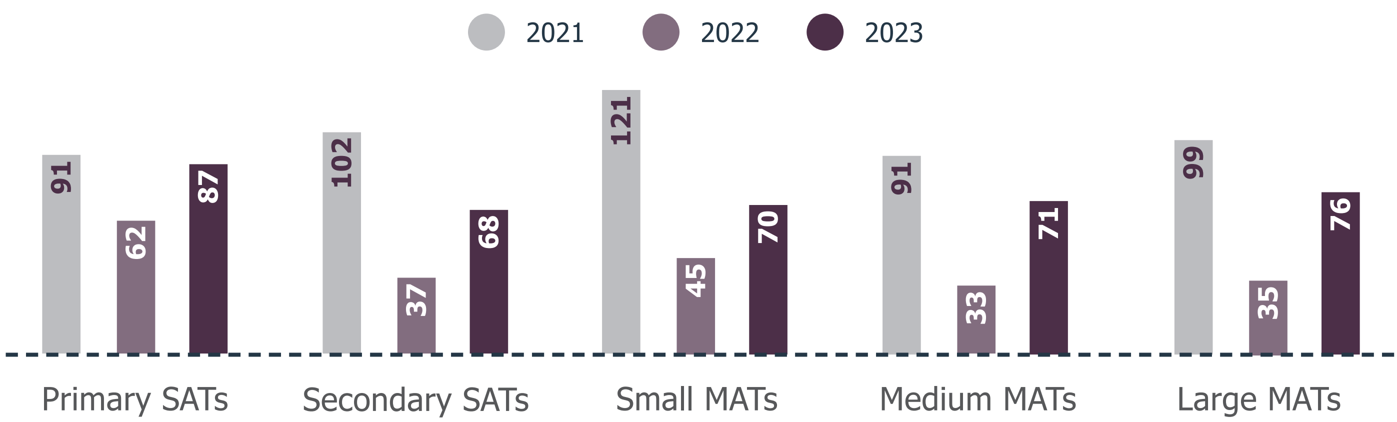
Two local authorities have recently taken proactive steps to use benefit records to identify children who are eligible but not claiming, and then to register the children, with parents being given the option to opt-out. This has the dual benefit of ensuring the children get a meal and that schools receive the additional income. Hopefully, other councils will follow their lead - or the DfE will introduce a nationwide automatic enrolment scheme.

Covid recovery funding

During 22/23, funding to support recovery from the pandemic continued in the form of Recovery Premium and National Tutoring Programme (NTP). Both are time-limited programmes with 23/24 being the final year.

NTP funding is provided to subsidise the cost of tutoring. Any unspent funds are repayable to ESFA, and over one-third of the 21/22 funding was clawed back, with nearly half of schools not using all their allocation. This is a disappointing outcome but one of the problems our clients have mentioned is the difficulty in finding suitable tutors locally.

Average covid recovery income per pupil (£)



The graph shows covid income per pupil increasing in 2023 after a reduction in 2022. A likely explanation is that there has been an acceleration of spending in 2023 because this income is only recognised in the accounts when it is spent.

Covid income contributed an average of £87 per pupil in 2023. This is just under 1.3% of total income which will be lost when the schemes end in March 2024. This will be a big loss to the sector, and unless new grants are forthcoming, Trusts will need to cut their budgets accordingly for this in income.

Capital funding

All schools receive an allocation of Devolved Formula Capital (DFC) funding, and it is the only generally available capital funding which schools can use to fund IT spending and other non-building capital projects. The annual level of DFC is quite low so Trusts generally have to supplement it with spend from their revenue income or existing free reserves to finance large-scale IT refresh projects, for example. This is not ideal because all schools need to keep updating their IT infrastructure so there is a danger that poorly funded Trusts will be unable to keep up, leaving their students compromised when they leave school.

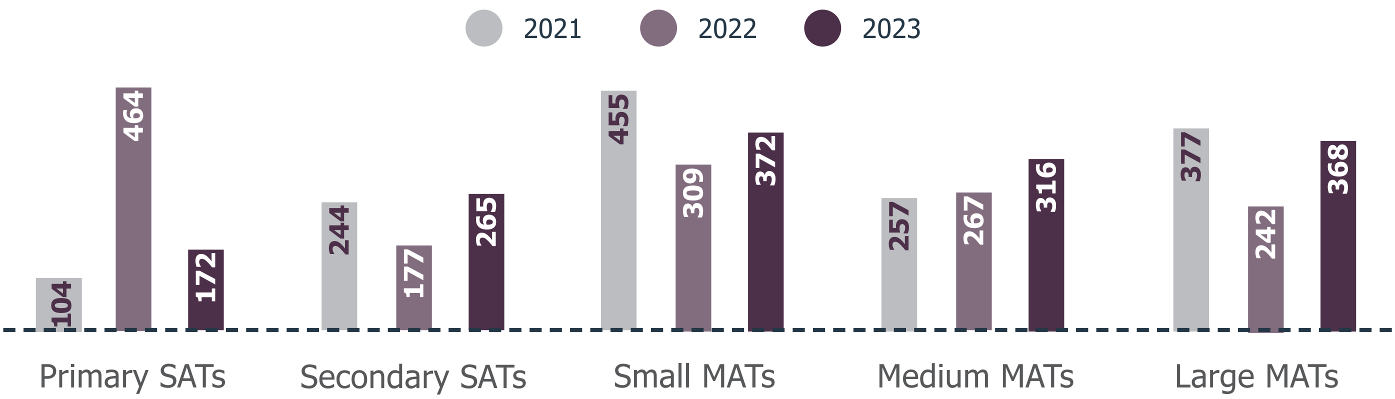
Larger MATs (with 5 or more schools and more than 3,000 pupils) benefit from an automatic grant of School Condition Allocation (SCA) each year. This gives them a relatively predictable level of funding which they can spend to meet key priorities across the Trust's estate, and this provides them with a big advantage, relative to SATs and small MATs, when it comes to planning capital projects. The related funding for SATs and smaller MATs is the Condition Improvement Fund (CIF) but this has several drawbacks in comparison with SCA funding:

- Uncertainty of funding – they are competing with other Trusts for the available funds and so have no certainty over receipt of funding.
- Restrictions on the type of project which can be supported in this way – the funds are focussed by the DfE on types of projects which are set as priorities for each year which may not align with a Trust's estate plan.
- The funding is applied for by individual schools and cannot be used for other schools in the Trust, even if they have urgent building condition requirements.
- Priority is given to applications where the Trust can contribute some of its own funds to the project and this is prejudicial to Trusts with low reserves.
- The funding can be in the form of a loan rather than a grant. Interest is charged at the Public Works Loan Board rates and the repayment term is 2 – 10 years. CIF applications with a loan element are looked upon favourably in the scoring system but Trusts need to recognise that the interest and repayments will need to be funded out of future revenue income.

On 31 August 2021 the Academy sector had outstanding loans of £164 million. This will also include loans under the Salix scheme for energy efficiency projects although, from our experience, they typically have a lower value than CIF loans. The 2021 figure is taken from the latest consolidated accounts for the Academies sector. We expect that the overall value of CIF loans will have increased since 2021 and it is a concern that SATs and small MATs are committing their future revenue income to help fund capital projects in this way.

Capital grant income also includes £447 million of additional funding that was allocated in December 2022 for schools to spend on energy-efficient upgrades. Schools in education investment areas have also benefitted from automatic funding, subject to qualifying criteria, under the £200 million Connect the Classroom programme to improve internet speeds in schools which runs until 2025.

Average capital income per pupil (£)



Primary SATs, secondary SATs and small MATs have to apply for CIF funding and so the pattern of income from year to year depends on how successful the Trusts in our sample have been in their bids. The figures for these Trusts exclude CIF loan funding which is reflected in the balance sheet rather than in income.

Large MATs receive SCA funding which has been relatively consistent so the increase in 2023 arises from one-off capital grants from other sources such as local authorities together with the energy grant. Whilst most medium MATs receive SCA, those at the lower end of the criteria will probably be in transition from CIF to SCA which distorts the data for this category.

Future funding

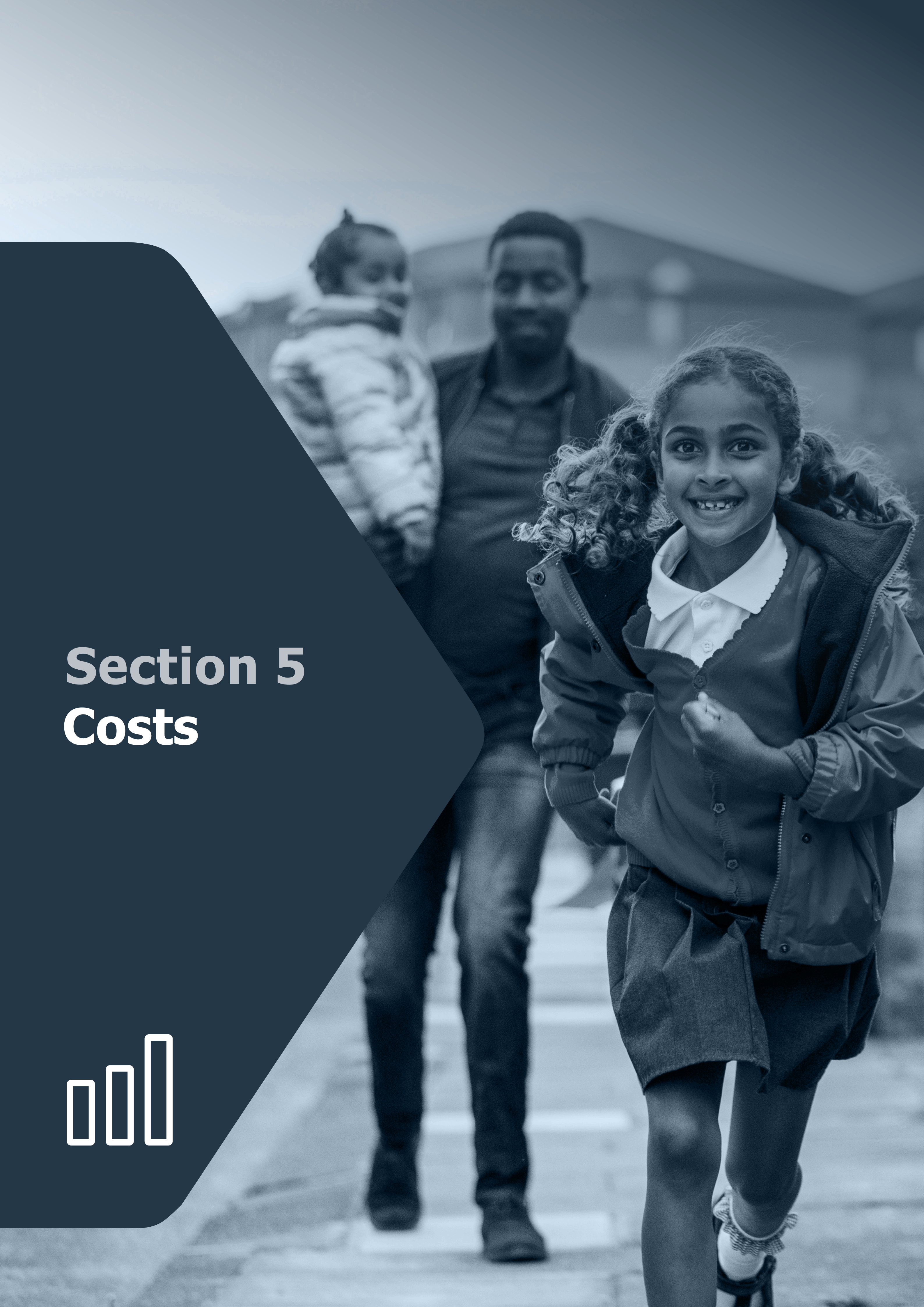
In the introduction to this section, we made some comments on the core funding for 24/25. Underpinning this is the National Funding Formula (NFF), which we have been talking about for years. It would be fair to say that progress towards a full NFF has been a lot slower than originally anticipated. School funding is distributed by DfE to local authorities (LAs) through the Dedicated Schools Grant with the amount being assessed on a NFF basis. Each LA distributes it between individual schools on a basis determined by the local Schools Forum after deducting a proportion of the funding to support LA central services and high needs pupils. Academies are then given ESFA funding on the same basis as the maintained schools in their area.

These local decisions vary and so the amounts received by schools still differ quite significantly from the NFF. 23/24 was the first year of transition to a hard formula, with LAs being required to only use NFF factors in their local formulae and to move those formulae 10% closer to the NFF than they were in 22/23. Another 10% move has been required in 24/25. The minimum funding levels per pupil in 24/25 have also been increased to £4,610 for primary schools and £5,995 for secondary schools. For 24/25 the NFF is increasing by 1.9%.

However, many LAs are struggling to balance their budgets and there are press reports that LAs are considering retaining more funding out of the DSG grant to meet an escalating requirement for high needs funding. This would squeeze the funding which they pass on to their maintained schools, with a consequential reduction in funding for Academy Trusts in their area unless the NFF is implemented fully.

Pupil premium funding rates will increase between 1.4% and 1.7% in 24/25 relative to 23/24. The overall increase since 21/22 has been around 10%, clearly well below the inflation rate during the three years.

Forecasting future income streams remains challenging but is a crucial part of Trust budgets. There are numerous, complex income streams in addition to GAG. But as explained above, even GAG will be different depending on which LA the school is located in. It is possible to predict pupil numbers based on birth rates in the local area, but primary schools in particular will find it challenging to predict more than 4 years away due to unknown birth rates.



Section 5
Costs

Section 5
Costs

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

We have explained in earlier sections that the financial performance of the sector has been better than expected, albeit it is broadly just above a break-even position. Given that income has increased fairly significantly it follows that expenses must have increased by more than income, given the overall decline in the in-year surpluses compared to the prior year. This is hardly a surprise given the high levels of general inflation, and the spike in energy costs – but the largest cost to any Trust is its salary bill.

Therefore, it is good to see that staff costs as a percentage of total costs have remained under control, but it is the non-staff costs where we have seen the largest increases. The inflationary impacts have been clear to see, with increases per pupil of up to 16%, and of course some of these costs are outside the control of schools

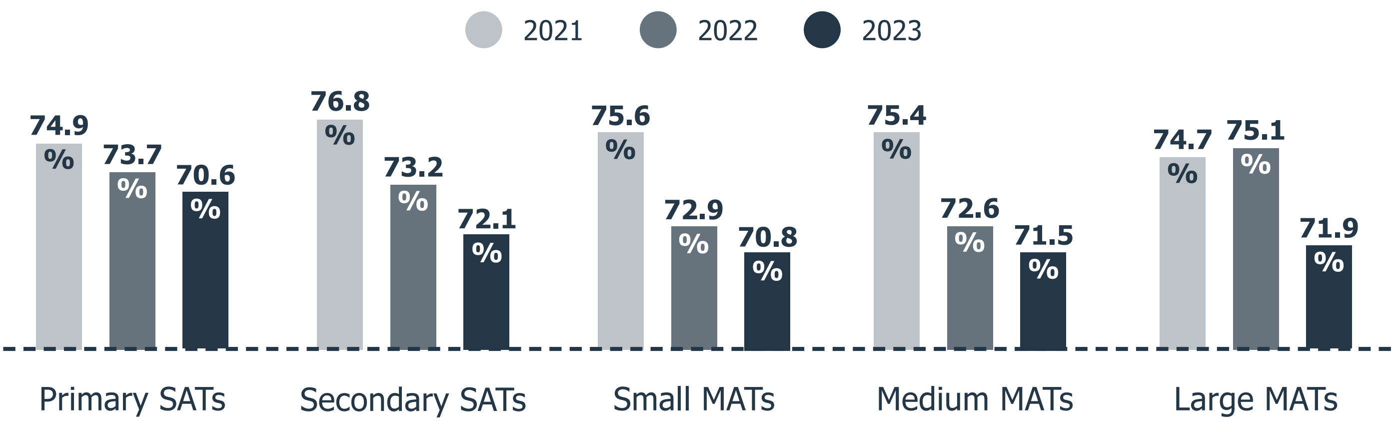
Staff Costs

This year in our survey we asked, 'What are the biggest financial challenges facing your Trust' and the response clearly showed that teaching costs are a key concern for Trusts. Of the 137 responses received, 128 (93%) indicated this is their biggest financial challenge.

This is hardly surprising, after a year of uncertainty including teacher pay disputes not being accepted until July 2023 which resulted in a 6.5% pay offer from September 2023. The School Teachers' Review Body (STRB) has already been asked to recommend the pay review for 24/25. In addition, it has been announced that the teachers' pension (TPS) employer contribution rates will increase by 5.0% from 23.6% to 28.6% in April 2024, but a word of caution here as it was only confirmed as being fully funded for the first year. If this TPS funding does not continue then budgets would look even tougher than they currently do, as discussed in Section 1.

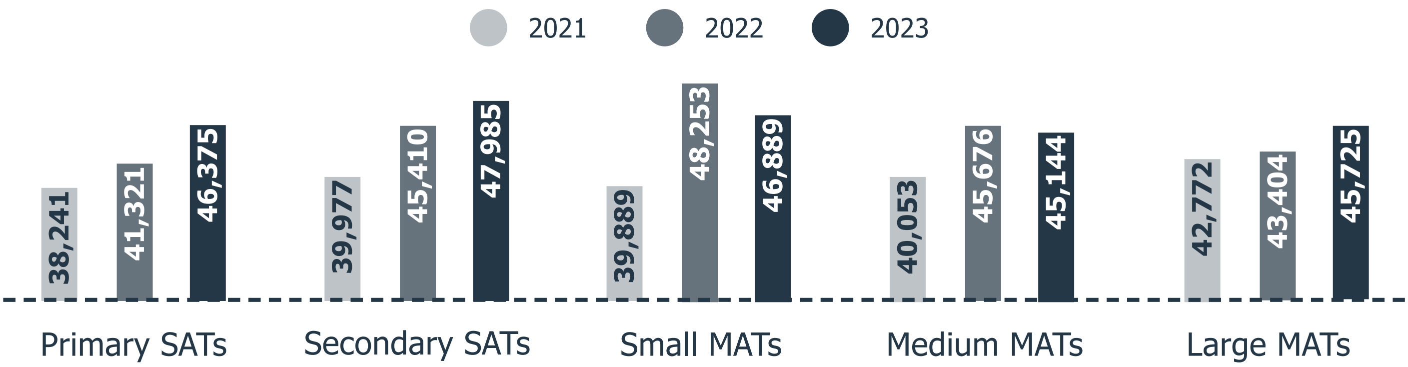
Our data is showing that across all Trusts, staff costs as a percentage of total costs has reduced. This means the increase in other costs has far outstripped the rise in staff costs, with light and heat being one of those costs. Staff costs have been kept under control, with increases effectively limited to the pay reviews in the year meaning staff costs as a percentage of total costs has fallen in absolute terms by between 3.2% and 1.1%. Primary schools have been more impacted as they have higher ratios of support staff.

Average staff costs as a percentage of total costs (%)



Looking at the average gross teaching salary costs below, there is a mixed bag of results: primary SATs have seen a 12.2% increase this year compared to 8% last year, whilst small MATs show a small drop, and all other categories show a small increase.

Average teaching staff salary (£)



But why might we be seeing this general decline or stagnation in the average teacher salary? According to the latest National School Workforce in England census for 2022 there were 4,000 more entrants to the workforce than in 2021 but 7,800 more leavers than 2021. Looking at the age profile of teacher headcount, we are seeing a gradual decline in both the 50-59 and 60 and over age groups, which shows more experienced teachers, typically the higher paid teachers, are exiting the profession driving the average teacher salary down. It will be interesting to see if this has continued into the 2023 census, when it is released in June 2024.

Teacher Retention

Teacher retention is a major issue for the sector. So, this year we are highlighting the additional payments available for those teachers in their first 5 years of teaching which are there to encourage early careers teachers to stay in the profession and could help to increase teacher retention.

From talking to our clients, the levelling up premium payment for teachers has not been well publicised. We encourage senior leaders to review the criteria and, if they are an eligible school, ensure that their chemistry, computing, mathematics and physics teachers who are in their first 5 years of teaching are aware.

Those teachers should then check to see if they are personally eligible to make a claim before 31 March 2024. The payments range from £1,500 to £3,000 for 23/24. For 24/25 and 25/26 this goes up to £6,000 and eligibility criteria will be published in Spring 2024.

There are also early careers payments, but this can only be claimed if the levelling up premium is not claimed. Maths, physics and chemistry are again eligible subjects, but this also applies to foreign languages. This is worth either £2,000 or £5,000 but can increase to £3,000 or £7,500 in an eligible uplift area. So, this might be the more beneficial payment to claim.

Early career teachers may also be eligible to claim back their student loan repayments in addition to either of the other two payments described above. The DfE will pay the income tax at the basic rate and National Insurance for the payment on behalf of the teacher. Care is needed in case this pushes the teacher into the higher rate tax bracket.

Teachers' pension

Readers may recall that the employer rate increased from 16.48% to 23.6% in September 2019, an increase of 43%. In October 2023 the 2020 TPS valuation was finally published. Unfortunately, the impact of that report is that from April 2024 the employer contribution rate will increase to 28.6%, a further 21% increase. Effective employer contribution has increased from 16.48% to 28.6% in under five years, an increase of over 73%. The Government has announced funding for this in the short term. Given that this will be a set amount per pupil there will be winners and losers. In due course, it is likely that this extra funding will form part of GAG. The bigger question for the sector is what does this all mean for the future of teachers' pensions? At what point does it become too expensive, and will the pension for teachers be changed?

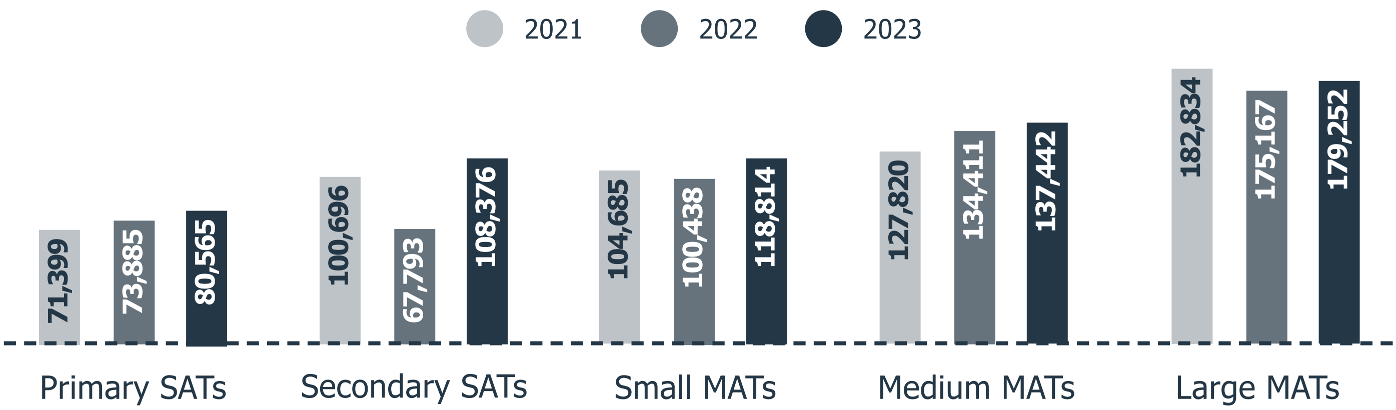
CEO Salary

Last year we reported that there had only been very modest increases or stagnation in CEO and Headteacher salaries. This year we can provide further breakdown based on the size of the MAT to give us a better understanding of the trends.

We are not seeing the increase we would expect in line with the increase in the cost of living. Small MATs have seen the greatest increase of 18% from 2022 to 2023 compared to a 4% decline last year. Where we saw very small increases in average secondary SAT and primary SAT CEO salary last year, we are seeing an increase of 8% and 9% respectively, which would appear to be a bit of a catch up on last year's percentage. It is now at the medium and large MAT level that we are seeing stagnation with only a 2% increase. We know that in previous years there has been a spotlight on the highest paid CEOs, so it is no surprise that for the highest paid CEOs the rate is increasing very slowly.

Guidance on executive pay was updated in November 2023. This gives examples of evidence Boards should consider when setting executive pay and the questions that should be asked. Trust Boards, who are responsible for setting executive pay must ensure pay is transparent, proportionate, and justifiable. This may be a challenge where it is difficult to recruit, but it is important that the Trust board ensures that pay is in line with the size and type of Trust they are recruiting for.

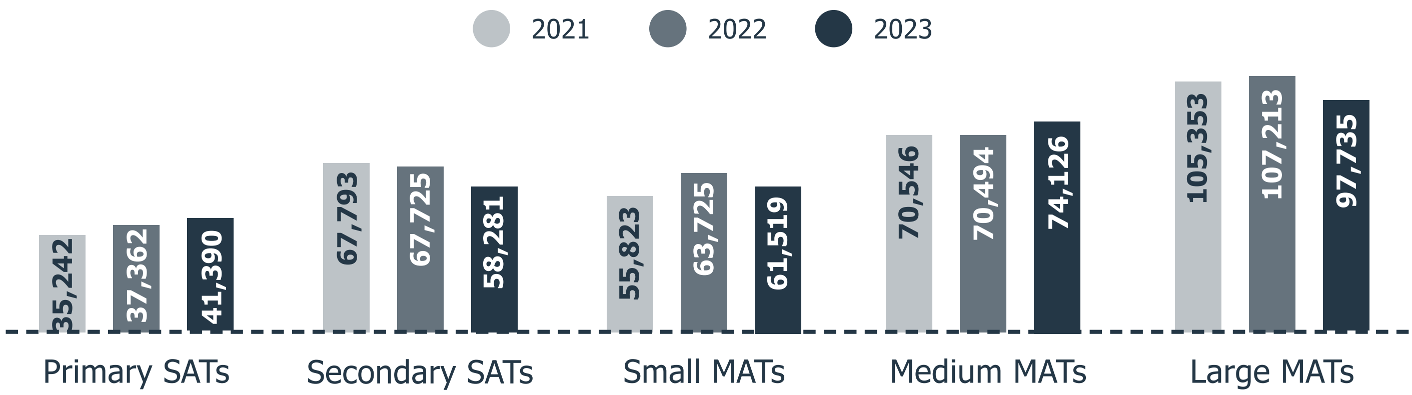
Average CEO salary (£)



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; primary SATs and medium MATs have increased whilst secondary SATs and small and large MATs have fallen. The biggest fall is in the average CFO salary for secondary schools of £9,512 being a 14% fall. It is hard to tell whether the falls are due to budget pressures or market conditions. We still hear that Trusts have vacancies they are unable to fill but perhaps the salaries are now more in line with the commercial sector with similar professional qualifications.

Average CFO salary (£)



Supply Costs

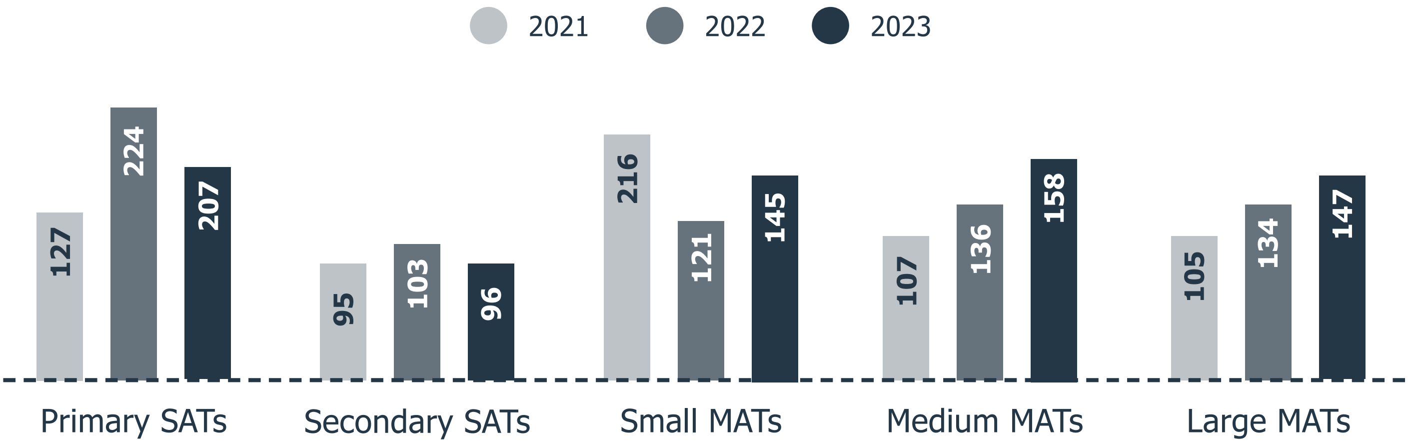
Supply costs have been an area of concern for many of our clients with the challenges of managing this effectively as they emerge from a period of high sickness levels due to Covid. Our clients tell us this is also partly due to the recruitment difficulties they have, as well as staffing for the National Tutoring Grant.

According to the DfE's School workforce in England latest report for the 2022 year, 67.5% of teachers took sickness absence, up from 45.3% in the previous year to August 2021, with the average number of sick days taken by each teacher increasing from 8.6 to 9.3 and the number of days taken in sickness absence for all teachers increasing from 3.9 to 6.3 days. In addition, there have been numerous strikes that have required careful management.

Trusts need to be flexible and consider other options for covering absence and vacant posts, other than supply agencies. MATs may be able to manage this to suit their own needs by employing their own supply staff, often at a lower cost. The added benefit of this is that staff will know the pupils and the school's policies and ethos, which means that lessons will be much more effective. This approach is of course more challenging where the schools are geographically widespread making it harder for staff to move between schools.

Our data shows that all MATs have a similar supply cost per pupil, and in all cases, this is an increase on last year. However, large MATs have managed this increase better with a 9.7% increase compared to 16% for medium MATs and 20% for small MATs. Both primary and secondary SATs have seen a small decrease, possibly due to budgetary pressures affecting SATs more severely. If you don't have the money then you are more likely to save the supply cost and make do with the staff that you have – even if they are not ideally suited to provide the cover needed.

Average supply costs per pupil (£)

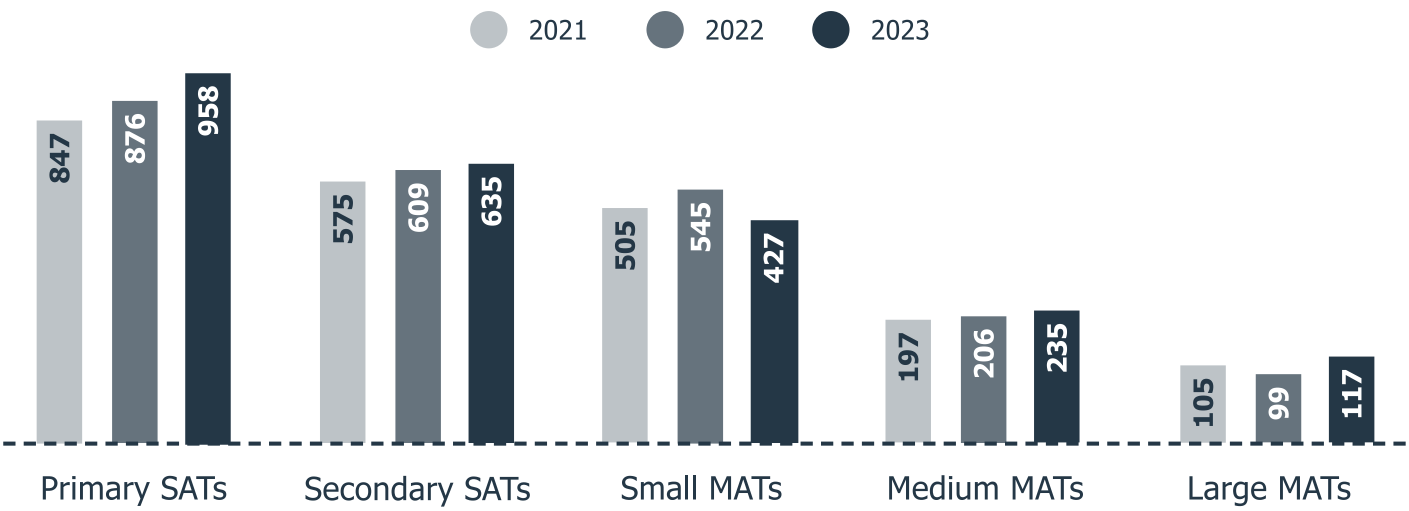


Key Management Personnel

When looking at average key management personnel (KMP) costs per pupil it is not so much the year-on-year comparison that is of note but rather the comparison between the types of Trust. For the last three years, the primary SATs have seen consistently high costs of between £847 and £958 per pupil. Secondary SATs are not quite as high being between £575 and £635 per pupil since 2021, a 10% increase over two years. The small MATs have brought their averages right down and are now below 2021 levels, but these are still significantly higher than the medium and large MATs.

Of course, one explanation for this is that the smaller MATS may have included Headteachers in their average KMP figures whereas the larger Trusts typically exclude Headteachers and only included CEOs, CFOs, HR Directors etc., but there is no getting away from the fact that costs per pupil for large MATs is significantly lower than for any other type of Trust.

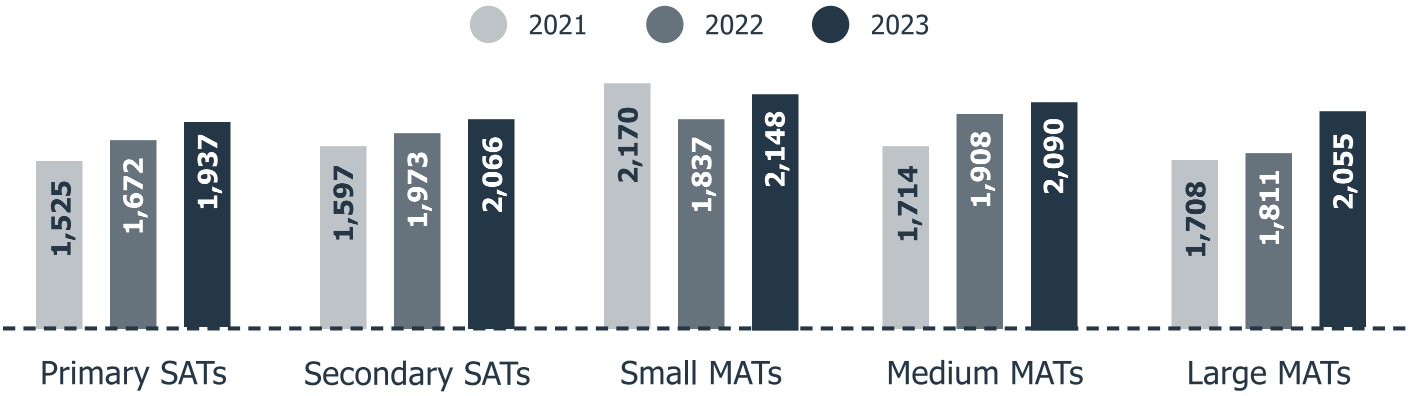
Average key management personnel costs per pupil (£)



Non-Staff Costs

What we can see from our data below is that the average non staff cost per pupil does not appear to vary much between types of Trust, but has increased significantly over last year – which is what we had predicted. Primary SATs have the lowest cost per pupil at £1,937 and small MATs the highest at £2,148, just a 10% difference between the highest and lowest. What is of note though is that primary SATs, small MATs and large MATs average non-staff costs have seen quite large increases since 2022 of between 13% and 16%, bringing them all more in line with each other.

Average non-staff costs per pupil (£)



Heat and light

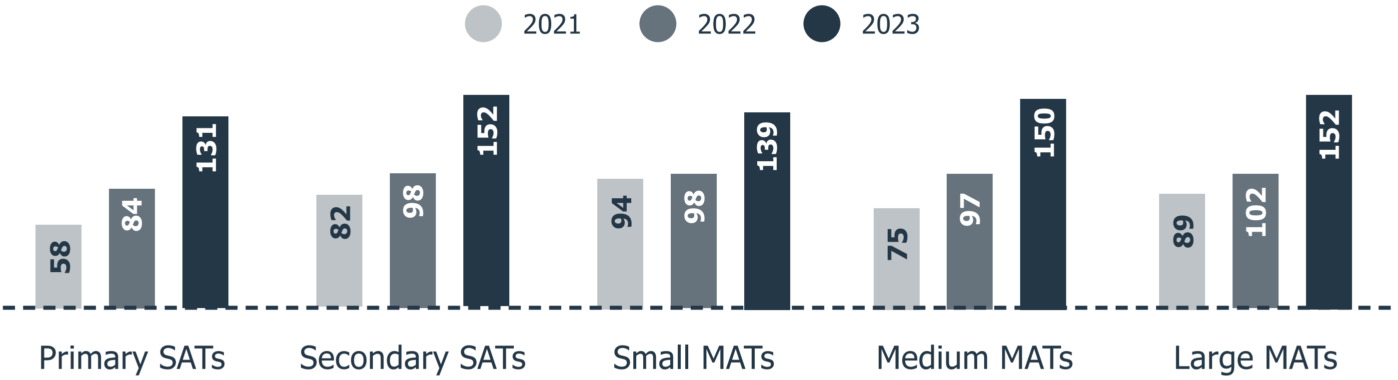
In our survey, the second largest financial challenge facing our Trusts is non staff costs, and specifically heat and light, with over half of the respondents indicating this as a challenge. Our data clearly backs this up with average heat and light costs per pupil increasing by a minimum of 49% against the prior year, despite the extra income from the Energy Bills Relief Scheme until March 2023.

When we produced last year's report, we were aware that many Trusts were coming to the end of their energy contracts, and it was this current year where we would see the main impact of the higher energy costs.

Again, it is the primary SATs that have been hit worse by this with average heat and light cost per pupil increasing by 56%, compared to small and large MAT increases of 49%. Medium MATs have seen the largest increase year on year at 58%, but these are now more in line with other Trusts.

Generally, we see that light and heat costs per pupil are consistent for all types of Trust, but this is little comfort to those Trusts that have seen their heat and light costs more than double over the last two years.

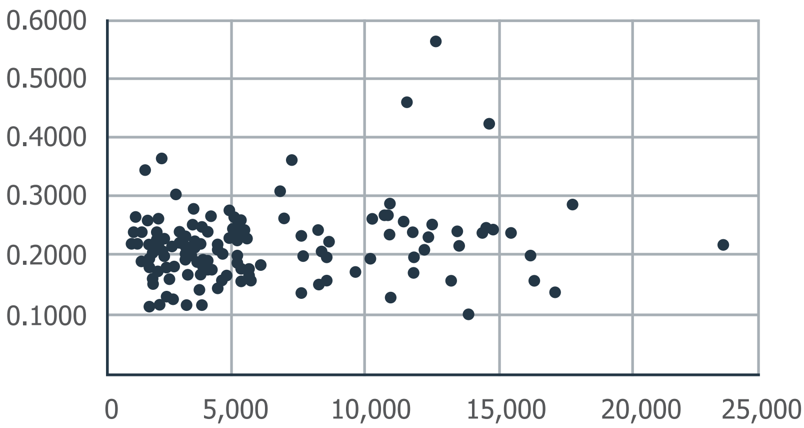
Average heat & light costs per pupil (£)



Trusts that meet two or more of the following criteria are required to make certain disclosures in relation to their carbon emission in their financial statements:

- Turnover (or gross income) of £36 million or more,
- Balance sheet assets of £18 million or more,
- 250 employees or more.

Average CO2 emissions per pupil (tonnes)

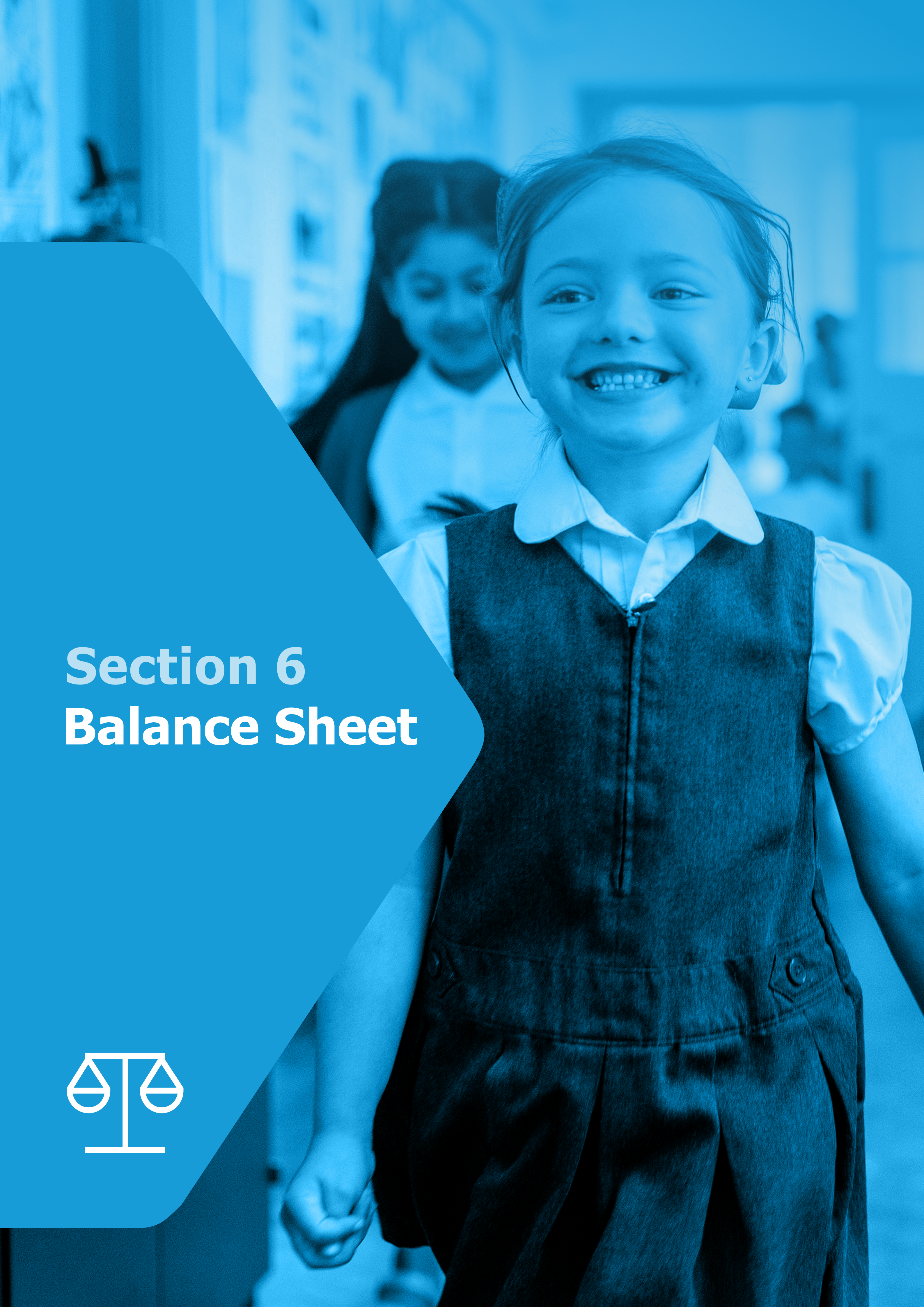


This year we have looked at the range of CO2 emissions per pupil as well as the average. From the data we have gathered it is clear there is a long way to go before Trusts reach net zero. In December 2023 the DfE released a policy paper setting out a strategy for the education and children's services sector. Trusts have a vital role to play in not only educating our young people about environmental concerns but also leading by example. Sustainability should be at the forefront of Trust Board decision making and should be part of the standard procurement process, in particular for maintenance and building work.

Average CO2 emissions per pupil (tonnes)

	2021	2022	2023
Average CO2 emissions per pupil (tonnes)	0.256	0.220	0.214

Section 6
Balance Sheet



Section 6 Balance Sheet

With the growth of MATs and the increased professionalisation of the sector, we have seen an increased focus on the balance sheet.

Trust balance sheets remain relatively strong, after small movements in average free reserves per pupil. This is supported by steady cash balances which now require a more focused attention on investment strategy than in prior years.

Historically Academy Trusts have focussed on income and expenditure with the balance sheet only given the occasional glance by some Trusts. Sometimes this is to their detriment e.g. when trade debtors have turned bad because no one has chased them, or when expenditure codes that should have been in revenue costs are included in the balance sheet in error. This can be easily identified by checking that the surplus or deficit in the income and expenditure account matches the change in the relevant reserves.

There is much more focus on the balance sheet now, be that through undertaking estate reviews and putting in place short, medium, and longterm investment plans, or a better understanding of cashflow and treasury management to enable the Trusts to benefit from the increase in deposit account interest rates. Given the increase in interest rates, this focus has reaped rewards, with some Trusts generating hundreds of thousands of pounds of income through chasing the best return, whilst others have received very little. So, a focus on the balance sheet items is very important for good financial management.

Reserves

We say it every year, cash and reserves are not the same! Although this is well understood by finance teams, many Trustees still like the ease of using cash as the best measure for financial health. Typically, the cash balance is between 150% higher in a SAT and 175% higher in a MAT than the free reserves balance (defined as unrestricted funds, designated funds, plus GAG), often due to unspent capital grants.

Average free reserves per pupil (£)

	2022	2023
Primary SATs	944	896
Secondary SATs	835	801
Small MATs	871	839
Medium MATs	674	683
Large MATs	692	654

All but the medium MATs are showing a fall in average free reserves per pupil. Apart from primary SATs, all movements are small, (as a result of the almost break-even average in-year position for all Trusts) and are probably due to the change in number of pupils or schools in a Trust. As a reminder, a further explanation is the fact that the in-year movement in free reserves and the year-end free reserve balance do not exactly reconcile due to changes in the population in our data, as SATs join MATs and MATs move from one category to another.

On average, our data shows that free reserves as a percentage of total revenue income does not exceed 15% across all categories of Trust. However, within the data, individually there are some Trusts with significant levels of free reserves, up to 38%, but most of the Trusts are in the 5% to 15% range (see section 1).

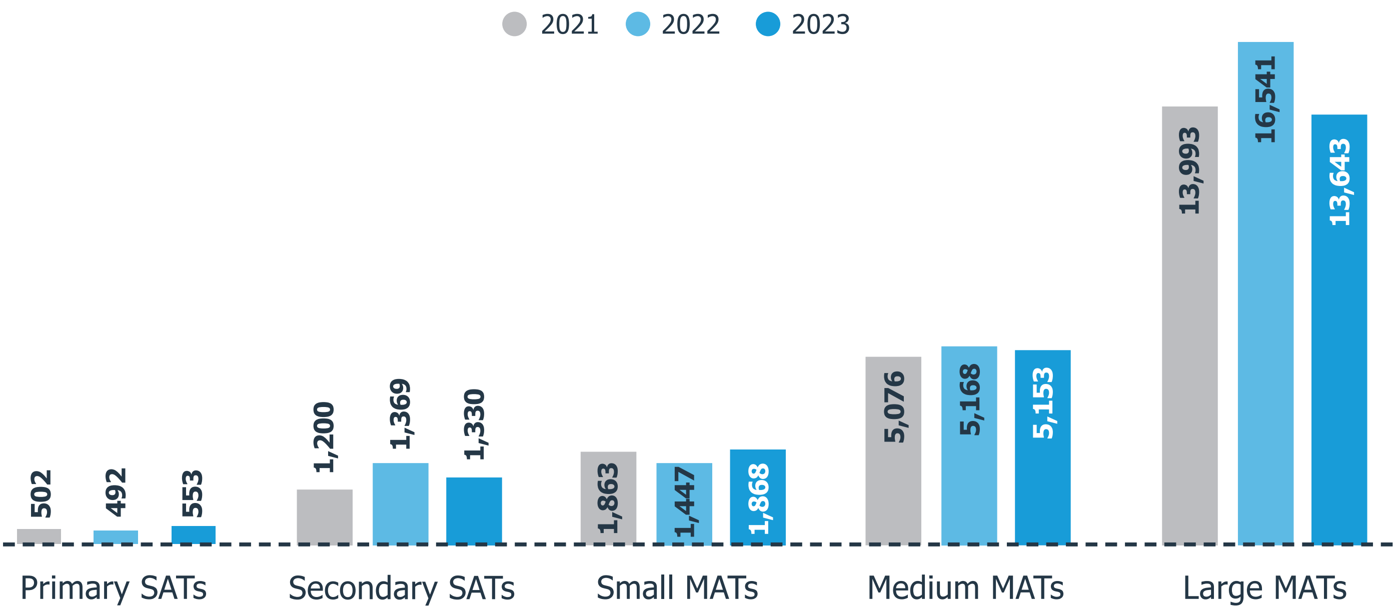
The National Audit Office (NAO) 'financial sustainability of schools in England' report which was released in November 2021 stated that in the year to 31 August 2020 22% of Trusts had reserves which represented more than 20% of income. The report recommended that the ESFA should 'seek assurance that the level of reserves are acceptable and take action where it has concerns that this is not the case'. This report, in addition to the recently published 'Academy Trust reserves' guidance has encouraged Trusts to more closely scrutinise their reserves and make any planned investments where these are necessary and can be afforded.

Helpfully the ESFA document clearly states that fixed assets, programme-related investments, other restricted funds, designated funds, and commitments that have not been provided for in the accounts should be excluded from the calculation of the level of free reserves. This has helped to encourage best practice over investment planning and communication.

Cash

Average cash at bank (£'000)

Interestingly, the cash at bank per pupil now ranges from £1,526 in a primary SAT to £1,151 in a large MAT. However, the primary SAT data includes 5 Trusts with more than £2.5 million total cash at bank for a variety of different reasons which is distorting this number. Excluding these 5 SATs the number reduces to £1,171 which is much more comparable.



Within the data set used for this report, 45 Trusts had cash balances of more than £10 million, 65 had balances over £5m and over and 159 had cash balances more than £1 million. With banks now offering interest of four to five percent, cash properly invested can provide additional income for those Trusts of circa £40,000/£50,000 per £1 million invested which will go some way to offsetting some of the cost increases discussed elsewhere in this report.

It is important when seeking to maximise interest that Trusts have an appropriate and robust treasury management policy in place which complies with the latest Charity Commission guidance issued in August 2023. Several of our readers will recall the Icelandic banking crisis in 2008 which led to councils and charities losing substantial sums. Local authorities had just over £1 billion deposited with those banks in 2008 and not all has been recovered. Remember the Government guarantee is only for £85,000 per relevant bank.

A treasury management policy should set out the framework - which funds can be invested, the financial status of the banks that can be used, who at the Trust can authorise what amount and type of bank deposits etc. Ideally, a register of these deposits should be kept so that it can be reviewed by the relevant committee at their meetings.

Some Trusts are put off by the paperwork to open an account with a new bank, especially the money laundering checks. For sizeable deposits, some of the banks such have dedicated managers who can help with this process.

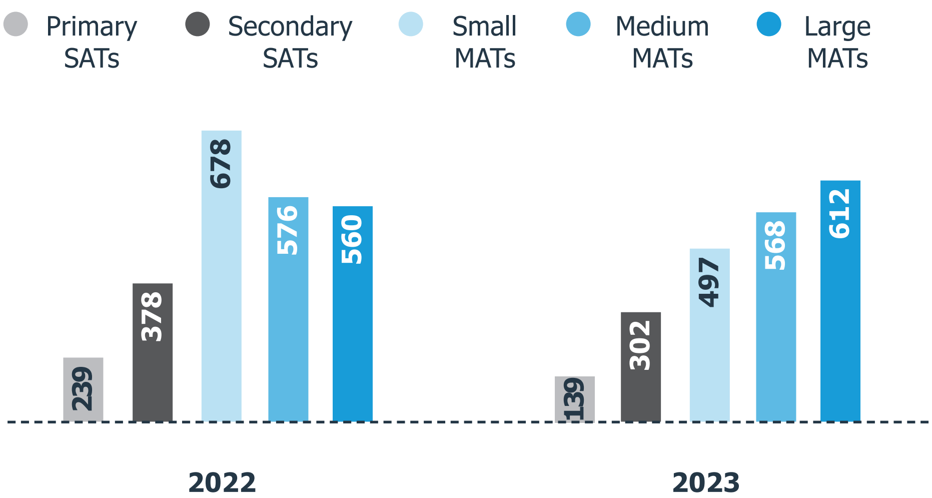
For those that want to look at the wider market, without the hassle of opening numerous bank accounts there are banking platforms that make this simpler. For these platforms Trusts go through the money laundering process once. Once on the platform, the Trust can then set criteria for how the funds are invested, for example, financial strength of the institutions, length of deposits and maximum with any one institution. The platform then advises on the best mix of deposits. The Trust can then choose to accept the proposal or request alternatives. The platform then opens the accounts using its money laundering verification process. As monies come off deposit the platform suggests the 'best' place to re-deposit the funds. The Trust can accept that recommendation or request that the monies be credited to their main bank account. Platforms tend to charge a fee, so Trusts need to ensure that the extra interest earned is not offset by the fees.

Fixed Assets

The amount invested in fixed assets, premises, and maintenance during 2023 was significant as Trusts have been playing catchup after covid with significant investments in their estate and IT. Some Trusts have been spending upwards of £5 million on fixed asset investments in the year. Primary SATs spending on capital was up, reflecting the additional funding via the Connect the classroom grant. Whilst capital additions at secondary SATs and small and medium MATs was down there was a significant increase at larger MATs with average spending increasing from £411 per pupil to £509 per pupil reflecting the implementation of estate improvement plans that have been developed over the last 12 to 18 months. Most of this has been proactively managed, with a number of these Trusts seeking professional advice to help identify issues with the estate and prioritise them.

Of course not all capital spend is included in the balance sheet, in fact a large amount is expensed in the year. When we add the total cost of this together, we can see the estate management cost per pupil is highest this year in the large MATs.

Average estate management cost per pupil (£)



The fluctuations can be explained by the transfer of MATs from CIF to SCA, and by the one off SCA/energy grants awarded by the DfE over the last 3 years. But the trend does indicate that the large and medium MATs have been able to spend more on the estate per pupil than the other Trusts.

In June 2023 the NAO issued a report called Condition of school buildings – value for money. In the report, it states that as of January 2023, there were 21,600 state schools in England educating 8.4 million pupils and that they operated from circa 64,000 buildings of varying ages and designs. The conclusion of the report, especially given the subsequent reinforced autoclaved aerated concrete (RAAC) issue will not surprise anyone in the sector: 'The estate's overall condition is declining and around 700,000 pupils are learning in a school that the responsible body of DfE believes need major rebuilding or refurbishment.' That equates to just over 8% of pupils. If that 8% was equated to schools that would be 1,800 schools or over 5,300 buildings.

The school estate is a very mixed bag as we know, ranging from Victorian buildings to brand new schools. All have their problems ranging from basic health and safety compliance, energy inefficiency, classrooms that are now too small through to brand new buildings that are not fit for purpose and are being rebuilt. These challenges simply make the job of educating pupils much harder for Trusts.

The state of school buildings is a current hot topic with the BBC publishing an article stating that schools have contacted Panorama regarding the state of their buildings. Within the article it states that according to the Governments' own figures the average primary school needs £300,000 worth of maintenance or upgrades whilst the average secondary needs an estimated £1.5 million. We have not been able to validate these numbers but no doubt there will be plenty more debate on how much needs to be spent on the ageing school estate.

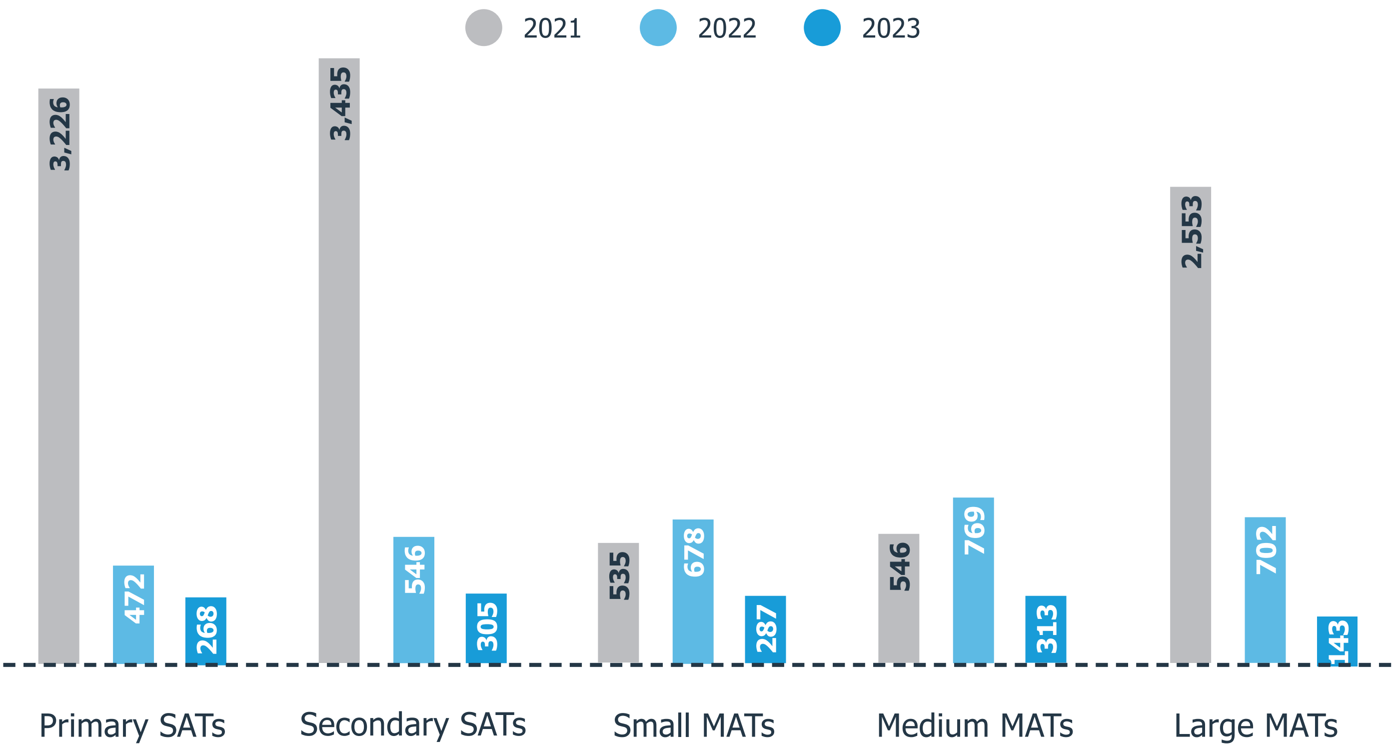
The current School Rebuilding Programme (SRP) plans to deliver just 50 schools per year so this will not solve the immediate problem of the wider estate that is falling into disrepair.

The impact of RAAC on the timeline for building/refurbishing new schools will be interesting to see. We are aware that some schools were already acting before the summer holiday by arranging for contractors to undertake work. In one case they had put up scaffolding within the school building so they could continue to use the facilities. That school has subsequently had to close about a third of one of the main buildings and with the agreement/agreed reimbursement from the ESFA signed a three-year lease at a cost of over £1 million per year for a portacabin village on their school site. They also have additional costs to transport pupils to another site for lessons. They do not know whether they will get a new school or a refurbishment. This makes planning the education of its pupils extremely difficult. Unfortunately, this is not an isolated incident and there are numerous schools that are having to make alternative plans for the next 24 to 36 months. It also shows the importance of having a 'business continuity plan'.

Pensions

The LGPS liabilities have continued to reduce given the changes in the actuarial assumptions. In some cases, pension liabilities have now become assets which has caused a lot of discussion within the sector about whether these assets should be recognised in the financial statements. The firms within Kreston network have adopted an approach which is not to recognise the asset. We are aware that other firms have adopted different approaches which recognise the asset in full. This will make comparisons across the sector more difficult.

Average LGPS pension deficit per pupil (£)

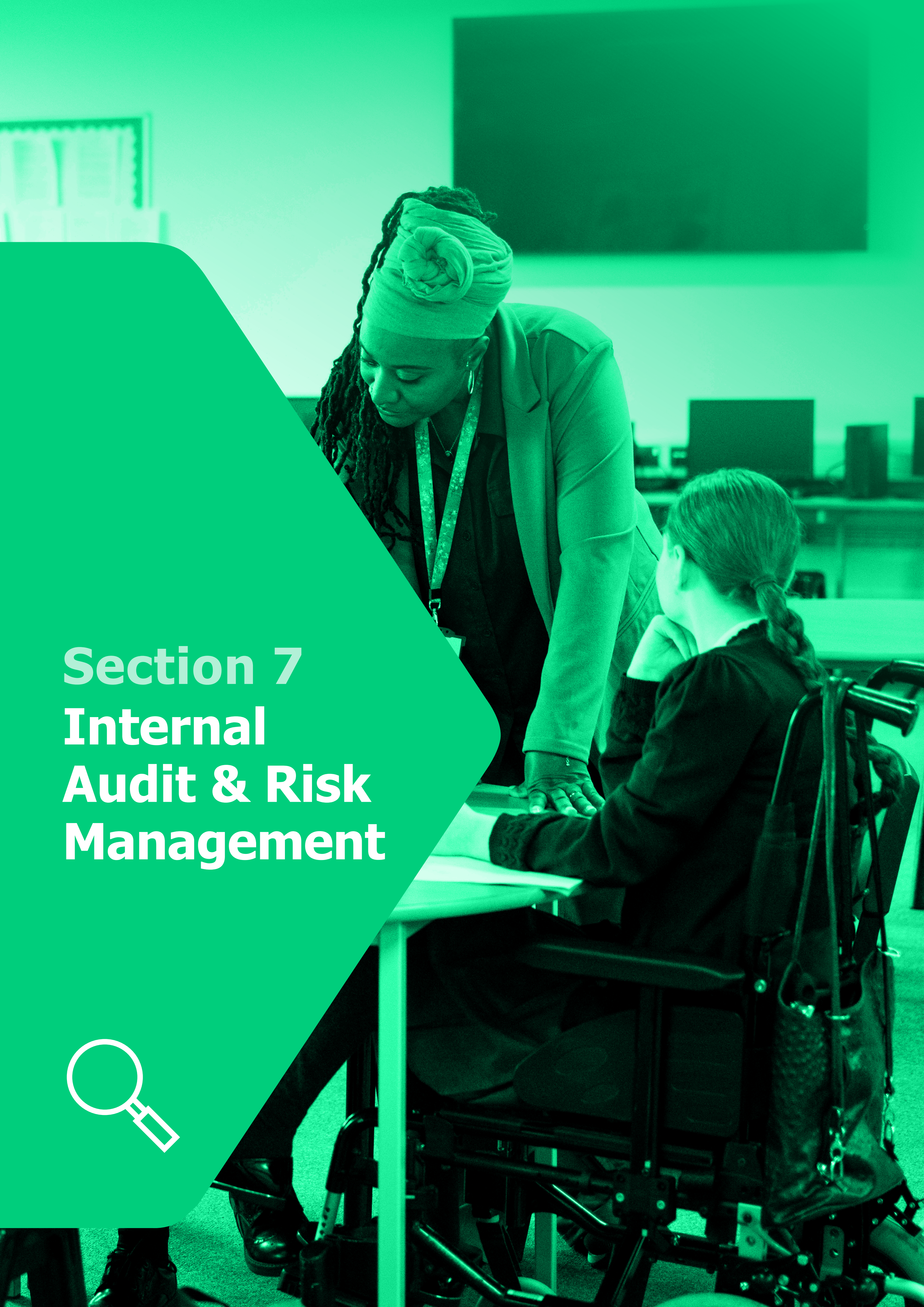


Rather than focusing on the LGPS liability/asset per pupil, Trustees should focus on the actual payment – the LGPS employer rate. The rate changed on 1 April 2023 and is effective for three years.

Percentage of Trusts paying LGPS employer pension contribution rates (%)

	2022	2023
Less than 15%	19.0%	18.7%
15.1% to 17.5%	23.2%	29.2%
17.6% to 20.0%	18.5%	16.4%
20.1% to 22.5%	22.6%	16.9%
Greater than 22.6%	16.7%	18.8%

Comparisons between Trusts regarding the effective rate can be difficult where a Trust is making deficit payments as some schemes include these in the employer contribution rate whilst other actuaries request lump sum payments. As can be seen in the table the changes for some have been significant. The percentage of Trusts now paying above 22.6% has increased. For those that have seen an increase, given the lack of additional funding, this will cause yet more cost pressures. You will note the significant variation in rates between Trusts which we discussed in more detail last year.



Section 7

Internal Audit & Risk Management

Section 7 Internal Audit & Risk Management

The last year has again reinforced the importance of Trusts maintaining visibility and clarity over both the (new and existing) challenges they face AND how effectively they are actually overcoming these challenges in practice.

It's certainly been another challenging year from a risk and control perspective for Academies. As well as dealing with the usual "back to school" fun, as 22/23 turned into 23/24 the new school year brought with it fresh challenges including the prospect that many school buildings across the country might be unsafe. This, coupled with the continuing impact of the cost-of-living crisis the country is experiencing, has meant that Trusts have had their hands ever fuller over the last year.

However, from a risk and assurance point of view, this also reinforces the need to balance these new challenges with existing risks, as key assurance is still needed on the standing primary risks for any Trust – keeping children safe and providing them with a high-quality education. Can you clearly articulate how you know your Trust achieves both, rather than just assuming you do? Areas such as the quality of teaching and learning, safeguarding, health and safety and of course financial control and resilience must be monitored alongside the new risks on the block.

Management teams, audit committees and Boards as a whole need to know that everything posing a threat is being dealt with effectively. Audit committees and Boards should be more aware than ever that all of the above represents an ever-increasing workload for a finite senior management team. A linked plea therefore – reach out and use your internal auditors to help provide this much-needed assurance that everything is in hand. Internal audit can provide assurance on most risks facing Trusts – both financial and non-financial – so let us help.

Risk management

Academy Trusts continue to experience an ever-increasing level of risk, and therefore uncertainty, then ever before (the pandemic aside). Macroeconomic and geo-political volatility continues to pose a new set of challenges, with inflation pressures causing both uncertainty over expenditure forecasts for schools and additional pressures for pupils and parents. We highlighted last year that one of the risks most often quoted by Trusts was the ability to recruit and retain staff at all levels, and this has again proved a real trial this year as schools find they are competing with other local employers, particularly for lower paid support staff. (We discuss this more in our Governance chapter).

Other risks featured in Trust discussions and risk registers include:

- Political instability and uncertainty, in part exacerbated by the looming election. Filtering the bold election promises to determine what the future beyond the election might look like is a feature of the contingency planning being undertaken.
- Continuing higher cost pressures fuelled by elevated inflation levels, causing pressure on pay and non-pay costs alike.
- The related concern regarding the ability of suppliers to continue to support the Trust given the above pressures on the supply chain as a whole.

- Falling pupil numbers over the next few years, with the associated reduction in core funding.
- Geo-political volatility affects several other risks (contributing to the above increases in costs generally for example) but also more direct threats to fuel and energy supplies in the future.
- Cyber security/attacks – these continue to evolve in their intricacy, reinforcing the need for Trusts to update/patch networks promptly, as well as continuing to raise staff awareness and vigilance through training and associated regular briefings/reminders.
- Climate change and sustainability, including the need for the Trust to invest further in its built environment as well as affecting changes to behaviour to limit adverse climate effects.
- The safety of buildings has been an increased risk this year, with RAAC (Reinforced Autoclaved Aerated Concrete) and other similar property issues causing significant challenges for many Trusts this Autumn, with several schools still utilising temporary accommodation. Interestingly (or perhaps worryingly would be a better word), our survey this year found that more than a quarter of Trusts reported that they have not had a professional estates survey that considered RAAC.
- Mental health and well-being of both students and staff alike - post-pandemic mental health deterioration continues to present increasing numbers of cases for schools to deal with, both directly for pupils themselves and indirectly from parents, meaning additional considerations are required to support these pupils in (and out of) class. Staff workloads and stress levels continue to mean that the mental health and well-being of staff has come more to the fore and Trusts are appointing mental health first aiders as support. Higher staff absence levels due to mental health is leading to many reconsidering their future within the sector.
- Many Trusts have also retained the risk of a further pandemic or related disruption on the risk register as a heightened concern.

To ensure that a clear path is sailed to navigate safely through these risks and challenges, Trusts need strong leadership more than ever. Getting the balance right between identifying, assessing, and addressing these risks, being prudent with expenditure and ensuring that the Trust can continue to deliver on its strategic aims and charitable purpose is not a simple task.

As a result, effective, agile risk management is increasingly recognised as an essential component of Academy leadership. Making sure that risks are identified, reviewed frequently, and addressed with appropriate mitigations and getting assurance over those mitigations continues to be as important and urgent as it was during the pandemic, albeit with a different focus. How do we know that we have captured all the emerging risks? Have we assessed our risk appetite? Do we know if the mitigations we have put in place are effective?
What assurance do we have that what we think is happening actually is? And what about the areas where we are not sure? This is where risk management comes in to make sure your Trust is best placed to proactively address the challenges it faces.

We asked Trusts this year in our survey how often the risk register is reviewed. Although a high proportion confirmed that the register is reviewed at least termly by management and Audit Committee, there are still several Trusts that answered "No" to this question. 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 was somewhat surprising.

Trusts overall reported a lower percentage of management teams reviewing the register at least termly compared to Audit Committees, which suggests at best that some Trust management teams are not reviewing the register outside Committee meetings, and at worst that they are not even reviewing the register to send it to the meeting!

Our survey responses highlighted that Trusts indicated that the likelihood of their Boards reviewing the register at least on a termly basis was lower than both that of the likelihood that management and the Audit Committee would, not unexpectedly as the ATH still only mandates that the Board formally review the register once a year (although does add the Board should review the register regularly). The ATH aside, only carrying out a full review of the register properly once a year makes it difficult to ensure that the Board remain focused on the right risks and related actions. In practice, we evidence Boards reviewing risk items far more frequently than this – for example, most if not all of each Board meeting agenda/papers pack is rooted in risk, just not necessarily always in name.

Internal Audit continues to expand

The ESFA has rightly continued to encourage Trusts to adopt a risk-based approach to internal audit, widening the sector's "traditional" view of an internal auditor based solely in the finance office.

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 again increased last year both in terms of number of days used for internal audit and the nature of areas reviewed.

The ATH's continued focus on the need to obtain assurance on all risks and not "just financial" areas mean Trusts of all sizes should ensure that the scrutiny scope is broad enough to provide this wider assurance. Trusts need to be clear where these assurances are to be obtained from – a combination of internal audit and perhaps other external reviewers – Health and Safety visits, Safeguarding visits, IT/Cyber testing, mock or actual Ofsted, Governance reviews etc.

Most Trusts, excluding perhaps the smallest, now plan for internal audit coverage of at least 5 days. For larger decentralised MATs, the absolute minimum should probably be more like 10 days. Larger Trusts frequently look for 30+ days to ensure appropriate coverage over the year and across the Trust. There is no one-size-fits-all model, as the risks faced by each Trust will vary depending on the specific circumstances and structure. Talk to your internal auditors ahead of the start of the year to ensure your audit plan provides all of those "missing pieces of your assurance jigsaw" you feel you need.

Our survey shows that internal audit plans, in general, had a good balance of projects for core financial (for example, income, expenditure, cash/bank, payroll), wider financial (for example, budgeting, forecasting, capital, census, funding streams) and non-financial (for example, risk management, human resources, health and safety, cyber, safeguarding) areas, which is a very positive change compared to the sector's approach to internal audit 5 years ago.

Thinking about the common risks identified above, some examples of how to use internal audit to address these wider areas could include:

Risk	Suggested Response/Use of Internal Audit
Macro-economic risk Uncertainty over funding, wages, and other cost pressures Changing pupil numbers, characteristics, and funding impacts funding Inflationary pressures impact	Review budget process – gain assurance over completeness and accuracy of underlying data and historical accuracy. Review forecasting – ability of the Trust to respond to changing assumptions on funding and costs to reprioritise/refocus. Review of census arrangements to ensure accuracy regarding pupil numbers and key characteristics. Review contracts registers to understand how much of the Trust's costs are in contracts, identify timeframes for contract windows and explore opportunities for cost saving.
People risk Ability of the Trust to recruit and retain the right staff.	Review of recruitment processes. Review of HR data reporting to pick up early warning signs. Staff wellbeing surveys. Analysis of job vacancies, times to fill vacancies.
Estates and sustainability Future costs to address estate condition surveys and transition to net zero are not quantified / included in plans. Climate change causes emergency spend on estates	Capacity for proactive estate management Review of estate management plan and link to strategy and budget Capital allocation process – effectiveness of SCA planning.
Fraud and Cyber security Trust/schools are targeted by hackers causing operational disruption, and potential financial and reputational impacts through data breach	Review of cyber security arrangements Surveys to establish staff attitudes, understanding and practice. Checks on training undertaken.

Internal Audit thematic points arising from reviews

The results of internal audits conducted across our clients over the last year indicate that once again Trusts are working hard to strengthen and improve their core control framework. That said, there were still several common recommendations to address control weaknesses and also opportunities to strengthen controls. These included:

- Ensuring staff attend/receive cyber and other related IT/data protection training, with learning from incidents and near misses shared proactively with staff.
- Clarity regarding what documentation should be retained in staff personnel files, and making sure this is met/complied with in practice.

- Registers of interests not held or not regularly updated for all senior staff (or those with budget responsibility). Furthermore, the Finance team not having access to/using the register when setting up new suppliers, a disconnect that could result in potential conflicts being less likely to be proactively identified.
- The MUSTs self-assessment was either not done at all or done informally/not evidence-based or presented/discussed at Committee.
- Appointment and resignation dates not being updated on the Trust website/Get Information About Schools/ Companies House in a timely manner.
- Trust finance and other policies having out-of-date references, or not being aligned.
- Fixed asset registers not being maintained by the Trust.
- Management accounts not containing elements of the required documents.
- Employment contracts have not been signed by either the Trust or the employee.
- Invoices not being authorised in line with Trust finance manuals.
- Purchase orders not being raised for transactions that require them.
- Data being lost because backups had only been done on a monthly basis.
- Visibility at Trust level of the occurrence and the outcome plus any resulting action (to be) taken of school-level external inspections – for example, health and safety, safeguarding or VAT.

To reflect one of the risks on the horizon from the section above, this last point may be impacted should we have a change of Government, as Labour has indicated that they may wish to rethink Ofsted's role in safeguarding inspections, with the suggestion of a new annual review of safeguarding, health and safety, attendance and off-rolling.

This would provide another opportunity for internal audit to help you review your own assurances that everyone knows and understands their safeguarding responsibilities and are discharging them properly and effectively in practice. In addition, Ofsted's incoming new Chief Executive has gone on record to state that there will be a revision to Ofsted's approach (and related guidance for the inspectors' own conduct). Whilst almost certainly welcomed by the sector, how this might translate into tangible differences in the way inspections are carried out, the related "preparation" required, and the post-inspection reporting process will only become clearer once these inspections start to roll out.

In conclusion, therefore, the sector's risk profile continues to increase and widen, presenting further 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, will be ever more important this year.

Apendices

Definitions

Benchmark Analysis Data

Kreston UK Academies Group

Definitions

Academic year: The data used in the report is based on the 22/23 academic year with comparative data given for the 20/21 and 21/22 academic years. For ease of reference the academic years are referred to as 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.

Adjusted restricted reserves: Restricted reserves adjusted to exclude defined benefit pension balances.

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.

Current assets ratio: The total of current assets divided by current liabilities. A figure of less than 1 may be an indication that an Academy has cash flow difficulties.

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 carry forward ratio: The percentage of GAG income received that is unspent at the end of the academic and financial year.

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.

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

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.

Management, administration, and governance costs: The total of all other costs, excluding those identified above, plus technology costs, heat and light costs, catering costs, and depreciation, and including governance costs.

Definitions

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.

Net current assets/income ratio: The net current assets on 31 August as a percentage of annualised total income.

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	£9,173	£5,303	£6,452	£6,027
Total revenue income per pupil	£9,091	£5,252	£6,280	£5,957
Total GAG income per pupil	£5,420	£3,667	£4,386	£4,257
GAG income ratio (as a % of revenue income)	81.8%	56.3%	70.7%	71.9%
Capital income per pupil	£2,058	£18	£172	£68
Key Overhead Cost Measures				
Total staff costs per pupil	£7,187	£3,171	£4,718	£4,674
Total non-staff costs per pupil	£3,202	£1,370	£1,937	£1,895
Premises costs per pupil	£723	£12	£206	£94
Heat and light costs per pupil	£239	£40	£131	£111
Repairs and maintenance costs per pupil	£221	£23	£106	£89
Catering costs per pupil	£718	£49	£290	£276
Total costs per pupil	£9,257	£4,820	£6,655	£6,223
Staff costs ratio (as a % of total costs)	80.7%	48.4%	70.6%	71.2%
Staff costs ratio (as a % of total revenue income)	87.1%	51.6%	74.8%	77.8%
Estate management costs per pupil	£302	£12	£139	£90
Staff Salary Measures				
Teaching staff salary per pupil	£3,187	£1,289	£1,907	£1,931
Non-teaching staff salary per pupil	£3,482	£835	£1,895	£1,805
Average teaching staff salary	£63,642	£29,574	£46,375	£44,186
Average non-teaching staff salary	£39,267	£17,962	£27,670	£28,917
Key management personnel costs per pupil	£1,923	£400	£958	£864
LGPS Pension Cost Measure				
LGPS employer contibutions per pupil	£750	£132	£292	£272
Pupil / Teacher Measures				
Pupil to teacher ratio	32.5	16.7	25.1	24.8
Teaching to non-teaching staff ratio	1.2	0.2	0.7	0.6
Surplus / (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	2.3%	-5.5%	-2.3%	-2.5%
Cumulative free reserves (as a % of total revenue income)	26.3%	5.4%	15.1%	13.1%
Designated funds (as a % of total free reserves)	68.5%	0.0%	6.2%	0.0%
Balance Sheet Measure				
Cash at bank and in hand per pupil	£3,853	£672	£1,526	£1,196
Fixed Assets Measure				
Capital expenditure per pupil	£1,836	£11	£511	£105

*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	£8,983	£7,188	£7,333	£7,210
Total revenue income per pupil	£8,836	£6,007	£7,068	£6,899
Total GAG income per pupil	£7,106	£4,106	£5,382	£5,554
GAG income ratio (as a % of revenue income)	91.9%	61.2%	76.5%	79.1%
Capital income per pupil	£1,475	£36	£265	£92
Key Overhead Cost Measures				
Total staff costs per pupil	£6,829	£3,955	£5,271	£5,118
Total non-staff costs per pupil	£4,440	£1,316	£2,066	£1,954
Premises costs per pupil	£730	£30	£309	£218
Heat and light costs per pupil	£338	£64	£152	£135
Repairs and maintenance costs per pupil	£525	£30	£142	£115
Catering costs per pupil	£345	£18	£161	£123
Total costs per pupil	£9,234	£6,055	£7,338	£6,997
Staff costs ratio (as a % of total costs)	79.9%	66.4%	72.1%	74.0%
Staff costs ratio (as a % of total revenue income)	83.6%	65.6%	74.7%	75.2%
Estate management costs per pupil	£1,651	£31	£302	£192
Staff Salary Measures				
Teaching staff salary per pupil	£3,548	£2,076	£2,679	£2,611
Non-teaching staff salary per pupil	£2,287	£540	£1,315	£1,263
Average teaching staff salary	£61,707	£36,817	£47,985	£47,906
Average non-teaching staff salary	£45,412	£11,626	£19,973	£19,008
Key management personnel costs per pupil	£1,175	£170	£635	£547
LGPS Pension Cost Measure				
LGPS employer contibutions per pupil	£531	£70	£243	£240
Pupil / Teacher Measures				
Pupil to teacher ratio	22.5	13.2	18.1	18.3
Teaching to non-teaching staff ratio	2.2	0.6	1.2	1.2
Surplus / (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	7.2%	-7.4%	0.1%	-0.2%
Cumulative free reserves (as a % of total revenue income)	23.8%	2.0%	11.5%	11.8%
Designated funds (as a % of total free reserves)	41.1%	0.0%	4.0%	0.0%
Balance Sheet Measure				
Cash at bank and in hand per pupil	£2,108	£383	£1,240	£1,134
Fixed Assets Measure				
Capital expenditure per pupil	£1,677	£6	£394	£210

*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	£11,972	£5,196	£7,351	£7,017
Total revenue income per pupil	£10,016	£5,152	£6,979	£6,697
Total GAG income per pupil	£6,776	£3,706	£4,974	£4,908
GAG income ratio (as a % of revenue income)	85.7%	52.4%	72.4%	72.8%
Capital income per pupil	£2,941	£22	£372	£199
Key Overhead Cost Measures				
Total staff costs per pupil	£7,571	£3,493	£5,163	£5,132
Total non-staff costs per pupil	£6,225	£1,163	£2,148	£1,944
Premises costs per pupil	£2,453	£10	£303	£158
Heat and light costs per pupil	£322	£44	£139	£129
Repairs and maintenance costs per pupil	£678	£11	£162	£115
Catering costs per pupil	£502	£39	£202	£182
Total costs per pupil	£12,075	£5,211	£7,311	£7,080
Staff costs ratio (as a % of total costs)	80.8%	57.8%	70.8%	73.4%
Staff costs ratio (as a % of total revenue income)	86.6%	60.5%	74.6%	77.4%
Estate management costs per pupil	£2,137	£50	£497	£338
Staff Salary Measures				
Teaching staff salary per pupil	£4,532	£1,178	£2,334	£2,231
Non-teaching staff salary per pupil	£3,463	£462	£1,702	£1,706
Average teaching staff salary	£80,522	£30,240	£46,889	£45,551
Average non-teaching staff salary	£45,748	£10,230	£17,196	£16,202
Key management personnel costs per pupil	£1,133	£85	£427	£389
LGPS Pension Cost Measure				
LGPS employer contibutions per pupil	£642	£81	£296	£289
Pupil / Teacher Measures				
Pupil to teacher ratio	36.5	12.4	20.7	19.6
Teaching to non-teaching staff ratio	1.5	0.5	0.8	0.7
Surplus / (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	6.3%	-4.7%	0.2%	0.2%
Cumulative free reserves (as a % of total revenue income)	38.2%	0.6%	12.4%	11.8%
Designated funds (as a % of total free reserves)	61.4%	0.0%	9.3%	0.0%
Balance Sheet Measure				
Cash at bank and in hand per pupil	£3,130	£8	£1,178	£1,126
Fixed Assets Measure				
Capital expenditure per pupil	£2,154	£2	£512	£354

*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	£11,038	£5,591	£7,188	£6,935
Total revenue income per pupil	£10,613	£5,375	£6,873	£6,662
Total GAG income per pupil	£6,490	£4,038	£5,006	£4,926
GAG income ratio (as a % of revenue income)	82.3%	56.2%	73.1%	74.7%
Capital income per pupil	£2,531	£139	£316	£246
Key Overhead Cost Measures				
Total staff costs per pupil	£7,495	£3,326	£5,203	£5,133
Total non-staff costs per pupil	£4,119	£1,272	£2,090	£2,070
Premises costs per pupil	£1,309	£22	£320	£244
Heat and light costs per pupil	£492	£50	£150	£132
Repairs and maintenance costs per pupil	£508	£19	£127	£110
Catering costs per pupil	£375	£19	£180	£177
Total costs per pupil	£10,955	£5,517	£7,293	£7,117
Staff costs ratio (as a % of total costs)	80.4%	53.1%	71.5%	71.9%
Staff costs ratio (as a % of total revenue income)	84.1%	54.0%	75.8%	75.8%
Estate management costs per pupil	£1,872	£108	£568	£461
Staff Salary Measures				
Teaching staff salary per pupil	£3,373	£1,218	£2,304	£2,283
Non-teaching staff salary per pupil	£2,740	£463	£1,636	£1,577
Average teaching staff salary	£65,452	£30,510	£45,144	£43,363
Average non-teaching staff salary	£45,083	£17,042	£21,373	£20,982
Key management personnel costs per pupil	£1,042	£42	£235	£188
LGPS Pension Cost Measure				
LGPS employer contibutions per pupil	£554	£182	£291	£265
Pupil / Teacher Measures				
Pupil to teacher ratio	28.4	11.9	20.0	20.0
Teaching to non-teaching staff ratio	1.6	0.4	0.9	0.9
Surplus / (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	10.7%	-5.2%	0.2%	0.4%
Cumulative free reserves (as a % of total revenue income)	33.5%	0.3%	9.8%	9.0%
Designated funds (as a % of total free reserves)	62.9%	0.0%	7.7%	0.0%
Balance Sheet Measure				
Cash at bank and in hand per pupil	£2,318	£312	£1,211	£1,146
Fixed Assets Measure				
Capital expenditure per pupil	£1,824	£37	£376	£275

*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	£8,862	£5,723	£7,213	£7,241
Total revenue income per pupil	£7,837	£5,486	£6,845	£6,854
Total GAG income per pupil	£6,192	£3,977	£5,176	£5,166
GAG income ratio (as a % of revenue income)	84.2%	64.0%	71.9%	76.3%
Capital income per pupil	£2,129	£116	£368	£294
Key Overhead Cost Measures				
Total staff costs per pupil	£6,176	£4,259	£5,225	£5,200
Total non-staff costs per pupil	£2,784	£1,480	£2,055	£2,023
Premises costs per pupil	£1,214	£27	£393	£340
Heat and light costs per pupil	£238	£53	£152	£174
Repairs and maintenance costs per pupil	£636	£49	£205	£121
Catering costs per pupil	£260	£21	£163	£178
Total costs per pupil	£8,562	£5,739	£7,280	£7,245
Staff costs ratio (as a % of total costs)	77.6%	64.9%	71.9%	72.1%
Staff costs ratio (as a % of total revenue income)	83.5%	68.6%	76.4%	76.7%
Estate management costs per pupil	£2,259	£58	£612	£571
Staff Salary Measures				
Teaching staff salary per pupil	£3,568	£1,518	£2,259	£2,358
Non-teaching staff salary per pupil	£2,240	£749	£1,670	£1,776
Average teaching staff salary	£70,122	£33,608	£45,725	£42,639
Average non-teaching staff salary	£39,938	£14,098	£20,401	£18,713
Key management personnel costs per pupil	£349	£42	£117	£92
LGPS Pension Cost Measure				
LGPS employer contibutions per pupil	£376	£114	£263	£267
Pupil / Teacher Measures				
Pupil to teacher ratio	28.8	15.2	21.0	20.2
Teaching to non-teaching staff ratio	1.6	0.5	1.0	0.8
Surplus / (Deficit) Measures				
Free reserves movements (as a % of total revenue income)	8.0%	-2.5%	0.5%	0.1%
Cumulative free reserves (as a % of total revenue income)	22.4%	0.3%	9.4%	9.3%
Designated funds (as a % of total free reserves)	84.6%	0.0%	7.7%	0.0%
Balance Sheet Measure				
Cash at bank and in hand per pupil	£3,060	£370	£1,151	£990
Fixed Assets Measure				
Capital expenditure per pupil	£1,055	£11	£509	£330

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

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The Kreston UK Academies Group is a network of independent accounting and business advisory firms in the UK that share a common interest and specialisation in the charity and education sector. The group advises just under 300 Academy Trusts representing over 2,300 schools and numerous other charity and not-for-profit organisations.

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