

# Academies Benchmark Report 2026





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# Introduction

## Welcome to the 2026 Academies Benchmark Report

In our 14th year of reporting, we have reviewed the financial data of almost 250 Trusts (representing in excess of 2,500 schools and almost 1/5th of all children educated in academies in England) to identify sector-wide trends that are critical to the ongoing performance of Academy Trusts.

This year has seen Trusts outperform financial budgets and return improved results when comparing to each of the last two years, with a return to average in-year surpluses last seen in 2022.

Looking at the results, on average, this year has seen a positive free reserves (those reserves without specific restriction) movement and well above the levels forecast over the summer.

As we have reported for a number of years now, the size of a Trust continues to remain a key factor in determining financial performance with SATs and small MATs returning modest surpluses this year, which on average are less than £50,000. Medium and large MATs have fared much better with the average surplus results being £0.4m and £1.1m respectively. Having said that, 37% of Trusts still reported an in-year deficit. However this was a significant improvement on 2023 and 2024 when 49% and 60% respectively reported a deficit.

An important indicator of financial health for Academy Trusts is free reserves held as a percentage of revenue income. When including designated reserves, small MATs have on average reduced to 11.5% of income (down from 13.2%), medium and large MATs are holding 7.7% and 8.1% of income respectively, which is comparable to the position reported in 2024.

In addition, 26% of Trusts in the data set were holding between 0-5% of income in reserve. DfE guidance suggests that Trusts holding reserves of much below 5% might indicate financial vulnerability and therefore a quarter of Trusts fall into this camp. The same guidance defines a high level of reserves as 20% of income or above.

85% of Trusts sampled this year were considered fully centralised in terms of their operations as further efficiency gains continue to be the goal. The number of schools per MAT continues to grow steadily, now standing at 13.6 per MAT (2024:11.7).

Another form of centralisation is GAG or reserve pooling. Whilst small and medium MATs have remained consistent in terms of the percentage in each category adopting this approach, it is in the large MAT category where a significant increase can be seen. Almost half of those in this category of size are now pooling either income or reserves.

The key area of expenditure within a Trust remains its staff costs. The average result this year is around 76% of income being directed towards people costs irrespective of Trust size. This reflects an increased financial burden on Trusts following pay and tax announcements, with the majority of Trust categories having to utilise two additional percentage points of income on staff.



### Kevin Connor

Partner and Head of Academies  
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An often widely reported component of staff costs is CEO pay. This year has seen average pay levels remain consistent with 2024 levels amongst primary SATs, with increases elsewhere and the largest average increase being seen amongst large MAT CEO's with an increase of 8.2% on the average level reported in 2025.

In many cases, school estates are ageing and in need of significant spend. It is therefore perhaps not surprising to see that based on the carbon reporting disclosures in Trustees' reports this year that average CO2 emissions have stalled at a similar level compared to 2024, when considering the data in tonnes per pupil.

Investment income returns have been maintained this year across all categories as Trusts have become far more effective in generating a return on their funds. There is still a generally cautious approach to investment taken which is as we would expect, but returns per pupil have surpassed the levels achieved in 2024 which is a positive outcome given interest rates have been falling.

At first glance, results look stronger than expected, yet Trusts continue to face the same financial pressures as before and confidence levels do not appear to have lifted in line with the improved performance. In the reflections and future trends section, we explore the deeper factors that may be shaping this cautious sentiment. **Is this truly the best financial year since 2022 or does the headline mask a more complex reality?**



# Key highlights

Our 14th annual survey of almost 250 Trusts representing nearly 2,500 schools has revealed Academy Trusts of all sizes have reported their strongest financial performance in three years. However, surpluses have been largely propped up by tighter budgeting and in-year funding, that Trusts were not expecting when they set their budgets, rather than by any easing of underlying financial pressures. Here are the highlights...

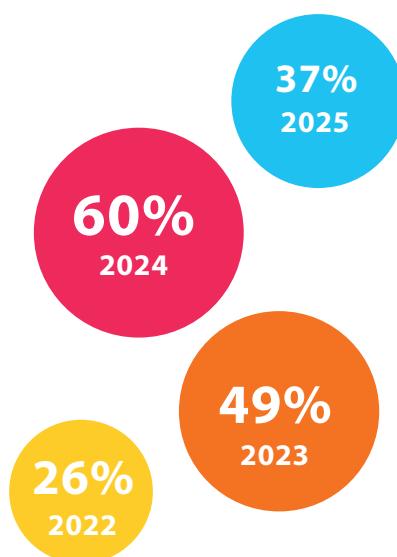
## STRONGEST FINANCIAL PERFORMANCE IN THREE YEARS?

...or is it?

At first glance, results look stronger than expected, yet Trusts continue to face the same financial pressures as before and confidence levels do not appear to have lifted in line with the improved performance.

! **26%**

Only 25% of Trusts overall were holding less than 5% in reserves, the level the Department for Education (DfE) considers may be a sign of financial vulnerability. This is a reduction from last year's high of 31% but still more than in 2022 (17%)



### Trusts with an in-year free reserves deficit

The percentage of Trusts making in-year financial deficits has fallen significantly from nearly 60% in 2023/24 to 37% but still higher than three years ago.



**+8%**

The number of Trusts that are now fully centralised has risen by 8% to 86% from last year.

**89%**

of Trusts said the funding they received for school meals was insufficient to cover the cost of providing them.



Nearly all Academy Trusts generated between 0.1 to 0.3 tonnes of CO<sub>2</sub> per pupil this year, with Trust size having almost no impact on emissions. With little change from last year, the sector's progress on cutting emissions has plateaued, leaving the prospect of meeting the 2050 net zero targets in doubt.



With the average number of schools in a MAT being 13.6, up by 8% from last year (11.4) our findings once again show there is financial strength in numbers.



### More GAG/ Reserves Pooling

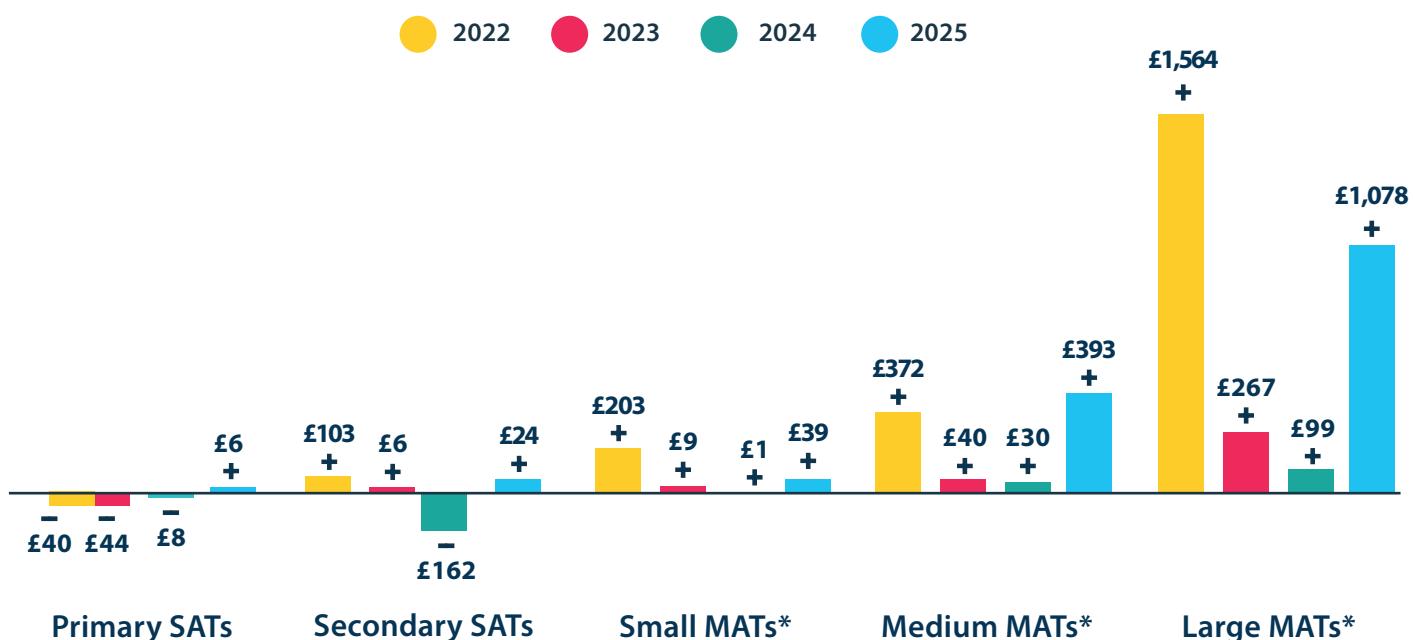
49% of large Trusts (up from 41% in 2024) are now pooling.

**...But confidence To grow is down...**



Fewer Trusts are planning to add new academies in the future. Last year, 61% expected to gain at least one school in 2025/26, rising to 83% by 2026/27. This year, just 36% expect to expand over the next 12 months, a drop of 25 percentage points.

## Financial performance (£'000)



### Academy Trusts have recorded their strongest financial performance in three years

Just 37% of Trusts reported in-year financial deficits in 2024/25, a dramatic reversal of the state of academy finances in the 2023/24 academic year, when 60% of Trusts were in deficit.

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

### But cost pressures are mounting...



Rising salaries for teaching and support staff, along with additional tax burdens, have made budget planning increasingly difficult. This pressure is particularly evident given that staff costs in 2024/25 accounted for more than 75% of income for all Trust types, a commonly used benchmark for financial health and sustainability.



90%

of Trusts indicated that teaching and support staff costs were their biggest financial challenges - up from 81% last year.



£200k

The average large Multi Academy Trust Chief Executive salary crossed £200k for the first time in our survey. However, our data suggests that large MATs are significantly out-performing other Trusts when it comes to the cost of leadership.

## Reflections & Future Trends

“Whilst confidence might be suffering, there is a general optimism as always that with a clear set of policies and a longer-term funding plan the sector can thrive, and education can be the real winner.”

### Positive indicators, fragile confidence: unpacking the paradox

Whilst results have been positive this year and better than expected for most, certain measures appear to point to sector confidence being below the levels that might be expected. In both expected MAT growth and budgeted reserve levels, we are seeing a level of caution which could imply that the current year results have not raised confidence to the levels you might expect given this year's more positive financial outcomes.

In last year's survey, we asked Trusts about their expected growth plans, with 61% of Trusts expecting to grow by at least one academy in the next financial year and 83% expecting to grow in year two. This year, the same question produced significantly different results. 36% of those responding expected to grow in the following year and 59% in year two. This would mark a significant drop off in expected growth plans. The initial response could be that the Government's decision to remove growth funding has played a part. However, based on our survey, respondents considered the impact of this to be quite low. It is uncertainty over the financial position of individual schools, and their impact on Trust finances, that is likely to be the more significant factor.

When examining budget forecast predictions for reserve levels, even with the current year results, Trusts are still predicting a significant reduction in average reserves over 2026 and 2027, in most cases. Medium MATs are the only category reporting an expected improvement over that period and interestingly it is the large MATs who are expecting the largest reduction in reserves, although they also tended to be the most pessimistic last year and actually significantly outperformed those predictions.

The key issues that we have reported in recent years remain: opaque and short-term funding allocations, an ever-increasing Special Educational Needs and Disabilities (SEND) funding gap and record surge in demand for Education, Health and Care Plans (EHCPs), inadequate and uncertain capital funding for ageing estates and people factors including staff costs and retention issues alongside falling pupil numbers.

For anyone who has been involved in the sector, in any capacity over recent years, these are well known and well discussed issues. Whilst the 24/25 financial year has enabled Trusts to outperform budget, this has largely resulted from funding received during the year in the form of the Core Schools Budget Grant that was unknown at the point of budgeting for the year ahead.

Whilst financial performance has improved, it is the lack of clarity and clear plans around these key structural issues for the sector that is likely to be creating continued uncertainty and a potential lack of confidence.

The Government needs to find a way to provide more clarity and longer-term solutions to enable the confidence of many to return. This will better inform Trusts and allow greater emphasis on medium/longer term strategy and move away from the short termism plaguing the sector. If

Trusts are to provide the best possible, inclusive education for children, they must be provided with the tools to plan and make long term decisions. The knock-on effect will also enable more strategic planning and procurement and aid Trusts in obtaining greater value for money without comprising standards.

The current SEND system is a huge cause of concern for many. Funding shortfalls and a system in disarray are identified by Trusts as a key area of risk. The Government's Schools White Paper, due before Christmas has been delayed and is now expected early in 2026. Whilst a delay is absolutely correct if enabling "a further period of co-creation, testing our proposal with the people who matter most in this reform – the families" as stated by the Secretary of State in October, the delay has meant that families have had to wait longer for clarity on the planned reforms for the SEND system.

We understand that additional funding is anticipated for both schools and local authorities, as confirmed by the Schools Minister, when the Schools White Paper is published later this year, but we await confirmation of the detailed approach to reform that will hopefully accompany it.

Another area of interest (that we have been raising with our clients for a number of years), is that of Free School Meals auto enrolment. This year's survey has again confirmed the view that meal funding is insufficient to enable delivery and has to be supplemented by other funding streams. Only 11% of respondents felt the funding was sufficient within their Trust. From September 2026, the Government is expanding free school meal eligibility to include all children in households receiving Universal Credit. Whilst welcome, this does not deal with the separate issue of enrolment.

We believe, at the time of writing, that dozens of local authorities across the country have either now adopted auto enrolment as policy or are trialling it. This issue is clearly far more than just financially motivated and is about doing the right thing and ensuring that children are appropriately fed and that families are not missing out on valuable support. Many miss out due to stigma, complexity or awareness. Many in the sector are advocating for this shift from a 'seek-out to an opt-out model'. The benefits can be huge for family budgets, provide essential meals for children and also ensure that Trusts are receiving the funding they are entitled to.

Estates continue to appear amongst those risks concerning Trusts. Capital funding and the lottery of Condition Improvement Funds (CIF) for those Trusts not in receipt of Schools Condition Allocation (SCA) are found by many to be insufficient for an ageing estate of buildings. A recent property issue linked to this is that of Private Finance Initiative (PFI) schools.

With the first school PFI contracts signed in the late 1990s/early 2000s, many of those initial contracts are now coming to an end. The BBC has recently reported on an issue where PFI contracts are coming to an end before vital repair works are undertaken or completed and, in the instance cited in the article, the PFI company then went into liquidation shortly after the contract ended. Concerns have been raised regarding the speed of necessary work being completed in the final year of the contract and the position has left the building in a condition not fit for pupils. The wider concern is if there are other such contracts and similar issues with other PFI contracts nearing completion. Trusts should be aware of this issue and ensure they are monitoring repair works and managing any handover process to minimise such risks.

Finally, the DfE has released plans to introduce Trust-level academy Ofsted inspections by tabling an amendment to the Children's Wellbeing and Schools Bill. The details are still to be released in full but we understand the inspections will focus on leadership, governance and impact including how effectively Trusts improve schools, provide high quality education, support staff, use resources and promote pupil wellbeing.

As always, the sector continues to face many uncertainties. Significant risks and opportunities are ahead and whilst confidence might be suffering, there is a general optimism as always that with a clear set of policies and a longer-term funding plan the sector can thrive, and education can be the real winner. After all, that is what this is all about!



# Authors & Contributors

## Executive Author

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David is a Partner at Bishop Fleming and is the firm's Head of Charities and Not-for-Profits sector. He is part of a team at Bishop Fleming that advise well over 1,100 schools in around 200 Academy Trusts and undertake more Academy school external audits than any other firm.

With over 15 years' experience in education benchmarking, David has co-authored this report for more than a decade and oversees the team of contributors. He uses benchmarking insights to help Academy Trusts understand their financial performance and shape their strategic planning.

David advises approximately 20 Academy Trusts and independent schools, at all stages of their development - from single unit Academies to large and rapidly growing MATs.

## Authors

### Kevin Connor

Kevin is a Partner and Head of Academies at Bishop Fleming. With 15 years' experience supporting clients in the Academy sector, Kevin has a deep understanding of the issues facing MATs and provides external audit services and technical support to a diverse range of Academy Trusts in the sector. With strong technical accounting and reporting skills and a keen interest in governance, he prides himself on providing practical advice to Trust Boards. Kevin also works closely with the sector regulators providing technical support for their publications.

### Alastair Campbell

Alastair is Head of Internal Audit & Risk Assurance at Bishop Fleming. He has worked for over 30 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 and support for Trusts to strengthen and evolve their approach to risk management and the expanding role of the audit & risk committee. In the wider education sector, Alastair also works with Further and Higher Education institutions and is a member of an audit committee.

### Andy Wood

Andy is a Partner at Bishop Fleming and an expert in the Academy sector working with education clients since 2010 to provide them with an efficient and robust audit solution. Andy has significant experience supporting education clients on their risk management, governance and internal controls and advising growing MATs including Diocesan MATs. Andy also sits on the finance committee of a 14 school MAT.

### Chris Beaumont

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

## **Chris Trantham**

Chris is an Audit Partner at Bishop Fleming and heads the Academy operations team, responsible for training the Bishop Fleming academy team as well as working to deliver the annual programme of client events. Chris has a particular interest in the development of MATs working with growing Trusts to help shape their journey.

Chris has strong links with the DfE representing Bishop Fleming and wider audit profession in working group 3 (which advises on the Academy Accounts Direction) and also more recently formed DfE counter-fraud working group. Chris has also worked with the DfE on a number of good practice guides and other publications helping shape the direction of sector reporting.

## **Sally Timmins**

Sally is a former National Leader of Governance working within the Internal Audit and Assurance Team at Bishop Fleming. She has extensive experience in school governance of over 29 years and is currently a Trustee and Chair of Audit Committee at a 31-school MAT. She has experience of school evolution from local authority to Academy, and the formation and growth of MATs. Working with Trusts and governance specialism regularly keeps Sally at the forefront of sector developments.

## **Becky Branch**

Becky is a Senior Audit Manager with 8 years of experience specialising in the academy sector, particularly medium and large MATs. She has played a key role in supporting significant organisational growth and change within the academies she works with, bringing a strong understanding of sector-specific challenges and regulatory requirements.

At Bishop Fleming, Becky helps lead academy operations to ensure audits are delivered efficiently and to a high standard. She oversees sector-specific training across the firm and is recognised for her expertise in academy accounts preparation and academy accounts returns (AAR).

## **Data Analysts**

The report data has been compiled by a team of analysts from Bishop Fleming this year with key contributions from Chloe Freeland (Audit Manager), Connor Burn (Audit Executive) and Steve Perkins (Senior Audit Manager).

## **With thanks to GovernorHub for their data insights**

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







# Section 1

# Financial Position

## Section 1 Financial Position

“**More Trusts have made surpluses and these surpluses are larger, the level of overall free reserves has increased and there are fewer Trusts making in-year deficits.**”

We truly are living in extraordinary times. There cannot have been many years where there have been so many huge international events that have occurred with so much regularity. In a year where there has been this much noise it is no wonder that the developments in the academy sector have not hit the headlines as they have done in the past – but that does not mean that it has been a quiet year.

The Labour Government has now been in place for over 18 months and given the size of its majority we may well have expected some radical changes to have been introduced by now. However, its Children's Welfare and Schools Bill has moved through the House of Commons and House of Lords at a rather pedestrian pace, with numerous amendments. In the absence of any other major policy announcements, we therefore have very little information on the Government's education strategy. This has left many Trusts with more freedom than perhaps they had anticipated, with Single-Unit Academy Trusts (SATs) feeling more confident about remaining a SAT, and still no certainty over how the government will try and equalise the opportunities between the academy and maintained sectors – which was one of the stated aims in the Bill.

Where there have been Education headlines has been in the independent sector, which has been presented with a mounting list of challenges – and this is likely to present an opportunity to Academy Trusts. From 1 January 2025 independent schools have had to charge VAT on fees, and then on 1 April 2025 they lost the 80% rates relief, even where they are registered charities. In addition, schools have also been impacted by changes to national insurance and minimum wage at a time when the economy is struggling and the appeal of the UK to foreign students has been declining.

All of these issues have made it harder for the independent sector to recruit pupils at a time when their costs have been increasing, and this has resulted in rising financial pressures. These have been too much for many schools to bear, with the Independent Schools Council (ISC) describing these changes as a 'bridge too far'. Since the VAT change, over 100 schools have either closed or merged and up to 25,000 pupils have left, with the assumption being that the vast majority of this number will have enrolled at state schools.

Although this exodus may mean that the expected income raised by the change in policy may be somewhat less than the Government expected, it may help Trusts that were worried about falling pupil numbers. The Institute for Fiscal Studies predict that there will be 6% less children in the country by the 2030s, and the Department For Education's own numbers show that there are already 60,000 fewer pupils in English Schools in 2025 than 2024 and as most income is calculated based on pupil numbers, then Trusts will lose out. However, for those Trusts that are able to pick up pupils that are leaving the independent sector then this will help to cushion the blow. It also remains to be seen whether the income the Government raised from independent schools will be reinvested back into state education, as this could plug the gap left by falling pupil numbers.

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

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

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

### **Small MAT - Fewer than 3,000 pupils**

### **Medium MAT - 3,000 to 7,500 pupils**

### **Large MAT - More than 7,500 pupils**

When we discussed budgets with our clients back in July 2024 the general consensus was that this would be another tight year. The sector has been little better than break even for the last two years, and there was no reason to expect things to be any better in the 2025 academic year. This was supported by the budget forecast returns which were showing that all Trust types expected to make in-year deficits and therefore see a reduction in their free reserves. However, as can be seen in the table below, this is not the case. For all Trust types their actual free reserves were significantly better than forecast.

#### **Predicted free reserves vs actual for 2025 (£'000)**

	<b>Actual free reserves at year end (£'000)</b>	<b>Forecast reserves predicted per 2024 BFR (£'000)</b>	<b>Improvement over budget (£'000)</b>
Primary SAT	375	317	58
Secondary SAT	932	406	526
Small MAT	1,505	1,366	139
Medium MAT	3,075	1,932	1,140
Large MAT	8,865	5,311	3,554

In the last two years we had reported that the finances of the sector were exceedingly tight and budgets were only balanced due to the receipt of a slew of acronym based income – MSAG, SSG and TPAG. The Mainstream Schools Additional Grant, the Schools Supplementary Grant and the Teachers' Pay Additional Grant were all received to cover additional costs faced by the sector, specifically pay rises and national insurance changes. These extra income streams add to the complexity of academy funding, but it is this extra income that makes the numbers work.

This year we have a new acronym to add to the lexicon, being the Core Schools Budget Grant (CSBG). This is provided to help Trusts to cover their costs, and in particular the teachers' pay rises. As has become traditional, the allocation of this funding was not known by the sector until some time after their Budget Forecast Returns were submitted. This is one of the major reasons why the budget process almost always produces a more pessimistic outlook than the outturn (more on that later) as it is sensible to be prudent in budgeting for unannounced income.

Having said that, most Trusts had assumed that they would receive some funding to cover the teachers' pay rise, but with a significant chunk having to be found from existing budgets. The pleasant surprise for the sector was that a little more of the pay rise was covered than expected, and in a sector where the finances are so finely balanced then this can make all the difference.

#### Average in year surplus/deficit by Trust type

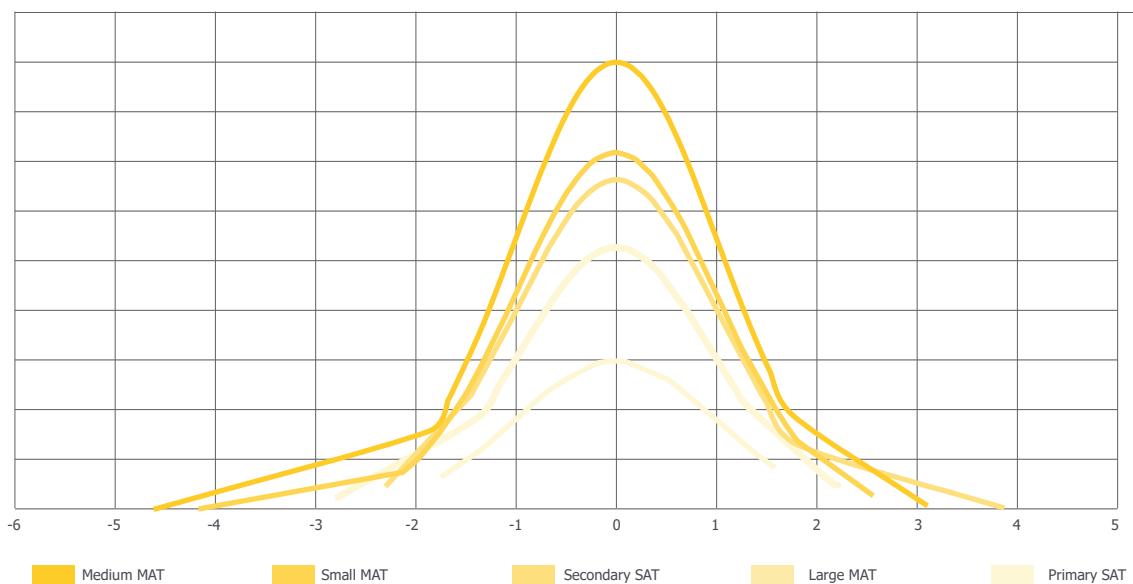
	2022 (£'000)	2023 (£'000)	2024 (£'000)	2025 (£'000)
Primary SAT	- 40	- 64	- 8	6
Secondary SAT	103	- 2	- 216	24
Small MAT	203	11	- 25	39
Medium MAT	372	33	58	393
Large MAT	1,564	428	28	1,078

The table above shows that, on average, all types of Trust have made an in-year surplus. This is the first time this has happened since 2021 and is an impressive turnaround from 2024. This has been helped by the CSBG funding but also reflects the work the sector has done to control costs and ensure that staffing structures are affordable.



This is not to say that there are not a large number of Trusts that have not made deficits in the current year, as can be seen in the graph below. The bell curve shows the range of financial performance for all Trust types, and it is the small and medium MATs that have the largest negative movements from the average. This highlights that many smaller Trusts have been spending their own reserves on capital assets due to either no, or insufficient CIF funding.

#### Bell curves of reserves movement



Before we pop the champagne corks, it is worth emphasising that for the SATs and small MATs these surpluses are still very modest. They are the right side of break-even, but you would not want to run a multi-million pound business where it only makes £20,000 in a good year.

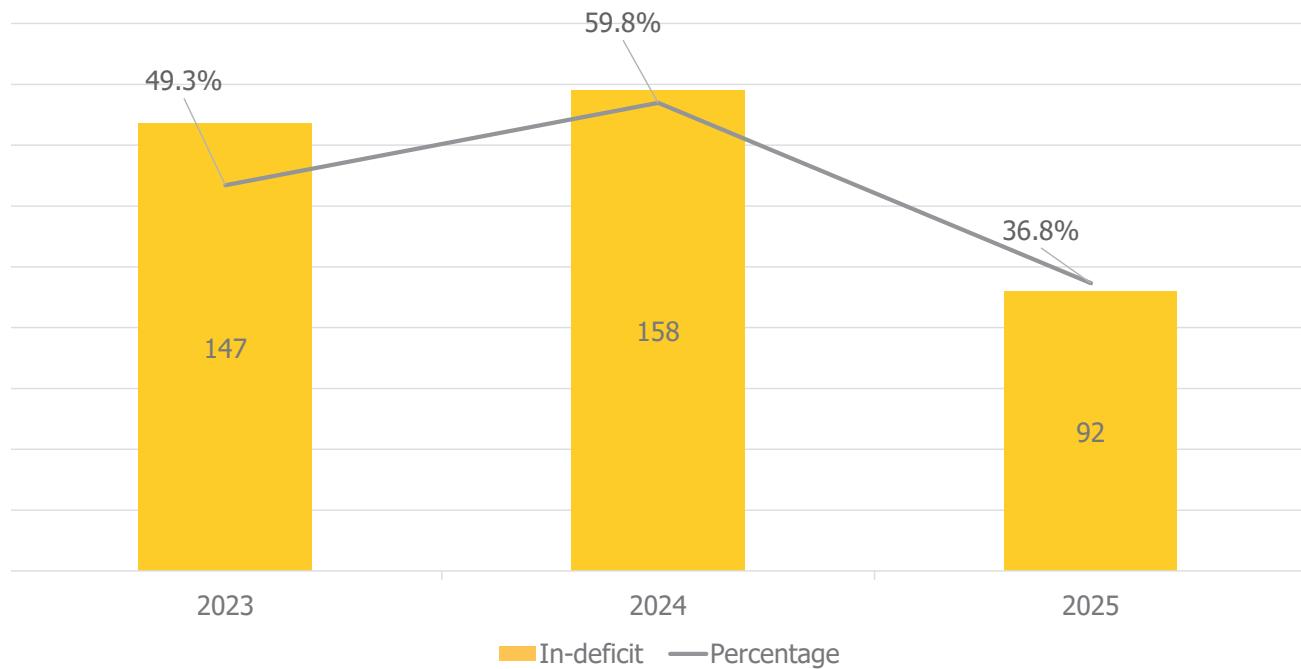
To provide some further context, when we are measuring the financial performance we just look at the movement in free reserves, and this excludes depreciation. Although depreciation has no cash impact on a Trust it is a reasonable estimate of how its assets are being used up. Typically, a business needs to make a profit after charging depreciation to enable it to fund the replacement of the assets as they age. If we applied this same measure to the academy sector then most Trusts would be making a loss, and the losses are a lot bigger than the average capital income for the MATs and the small MATs. This would suggest that although there has been enough income in the sector to cover the day-to-day costs, there is not enough money to allow Trusts to maintain their estates – unless a Trust is in receipt of SCA. This is building up a problem for the future.

#### Free Reserve Movement less depreciation

	2025				
	Average Free Reserves Movement (£'000)	Average Depreciation Charge (£'000)	Adjusted Free Reserves Movement (£'000)	Average capital income per Trust (£'000)	Free reserves movement including capital income (£'000)
Primary SAT	6	126	-120	22	-98
Secondary SAT	24	500	-476	336	-140
Small MAT	39	760	-721	520	-201
Medium MAT	393	1,890	-1,498	2,502	1,005
Large MAT	1,078	4,848	-3,770	4,785	1,015

However, we are not trying to take the gloss of what has been a much better financial year for the sector. More Trusts have made surpluses and these surpluses are larger, the level of overall free reserves has increased and as can be seen below, there are fewer Trusts making in-year deficits. After a number of years of an ever-greater proportion of Trusts making an in-year deficit this trend has sharply reversed, from almost 60% in the prior year to 37% in this year.

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



The good news continues when we consider at the level of free reserves in the sector. When looking at free reserves we would typically consider that less than 5% of total income as a reserve is too low, in line with the DfE guidance, and if a Trust has less than 2% then it is vulnerable. From the chart below we can see that there is now a lower proportion of Trusts with negative reserves, 0-2% and 2-5%. The financial strength of the sector has been improved, but there are still 26% of Trusts with free reserves of less than 5% of total income, and when we look at the average free reserves as a percentage of total revenue income there is very little change at all. Last year the averages range was from 7.9% for a medium MAT up to 14.7% for a primary SAT. This year the range is from 7.7% to 14.8%. So in-year surpluses have provided stability to the sector finances, rather than any transformation.

#### Average free reserves as a % of total income (revenue income)



So, although the financial indicators are all looking more positive as the sector headed into the 2025/26 academic year there is still a great deal of uncertainty. From reviewing the Budget Forecast Returns, the sector does not appear to have a renewed level of optimism, and on average there is an expectation that reserves will fall in the current year.

This can be clearly seen in the table below that shows that for all Trust types, with the exception of Medium MATs, that free reserves are forecast to fall in the next two years, and these falls are pretty significant. The smallest percentage is for the large MATs where reserves are forecast to fall by 11%, with the largest fall being for secondary SATs where the fall is predicted to be 43%. If this actually happened then the reserves for secondary SATs would be less than twice that of primaries, even though based on average pupil numbers they are four to five times larger.

#### Average Budget Forecast Return (BFR) free reserves predicted (£'000)

	2025 Actual C/fwd	2026 BFR C/fwd	2027 BFR C/fwd
Primary SAT	350	325	283
Secondary SAT	932	608	530
Small MAT	1,547	1,142	1,027
Medium MAT	3,019	3,579	3,469
Large MAT	8,865	8,431	7,888

However, these numbers need to be taken with a large pinch of salt. As discussed more in section 6, the accuracy of budgeting by the sector is not particularly reliable. For every Trust type the budget was more pessimistic than the outturn by a significant margin – and this has always been the case. This raises two key points; the first is whether Trusts are making poor decisions based upon these budgets, and; the second is whether there is any real value in the BFR process for either the Trusts or the DfE.

The whole point of a budget is to give an organisation, whether it is a company, charity or Academy Trust, as accurate a view as possible of the future to enable it to allocate its resources effectively and manage its cashflow. This will involve key decisions about how many staff it can afford to employ, and therefore whether it can afford to recruit new staff or replace departing ones. If the budget is unreliable then it is very likely that the wrong decision will be made. We have had a number of conversations with our clients where they didn't think they could afford to replace a Teaching Assistant, but then went on to make a surplus for the year. Had they had reliable financial information then, in many cases, these roles could have been replaced. These challenges with budgeting make it very difficult for Trusts to plan longer term, and this has a direct impact on Value for Money.

The main issue with the budgeting process is the uncertainty over income levels. From our experience, Trusts are good at forecasting the things that they can control – salaries and other expenses – but the accuracy of the budget is undermined by the inaccuracy of income forecasts. If the DfE could provide Trusts with a longer-term income plan which was provided on a timely basis then this would have the potential to transform the budgeting process and lead to better decisions that would benefit the Trusts.

Without better visibility then it does raise the question as to whether the BFR process is of any benefit to Trusts or the DfE. If the information provided is significantly overly pessimistic year after year, then it is hard to see what useful information can be gleaned from the BFR. The whole process requires a significant investment of time from the Trusts and there is an argument that this time could be better spent elsewhere.





## Section 2

# Governance

## Section 2 Governance

**The cornerstone to effective governance is having the right people in the right place doing the right thing, with the right information.**

### **The perfect storm or a perfect opportunity? Riding or just surviving the reform wave.**

The last time education went through a period of simultaneous, system-wide upheaval on the scale we're now facing, was more than a decade ago, in 2011–2013. Today, Trusts are contending with a convergence of accountability reform, major legislative changes, and a complete overhaul of curriculum, assessment and qualifications all landing at once. That alone would be enough to keep leaders fully occupied, but it comes on top of mounting financial pressures, ongoing workforce and resource shortages, and persistent gaps in governance capacity. Together, these forces create one of the most challenging operating environments the sector has seen in years.

The very recent tabling of the amendment to the Children's Wellbeing and Schools Bill on 7th January 2026 introduced the statutory inspection of Academy Trusts. Once the detail becomes clearer Trusts will be able to prepare, however the key principles of governance remain unchanged. The basic structure must work, be effective and provide a framework for good decision making. The need for strong evidence-based systems and solid board assurance is nothing new.

With challenge comes opportunity. Opportunity to refocus, define what Trust-strategic priorities are that align to these system reforms and continue to shape our schools for delivering amazing life chances for all our young people.

Our survey shows a wide range of views on growth across the sector, including uncertainty about how quickly that growth is likely to happen. 59% of Trusts who replied to our survey said they expected to grow in 2026/27, down from 83% of Trusts last year who expected to grow in year Two. Declining pupil numbers and increasing financial pressures, both staffing (including escalating agency costs) and non-staffing, underline the need for careful, well-informed decision-making. Trusts must plan strategically within the limits of current resources and make deliberate choices about where investment will have the greatest impact. While generally we see Trusts are coping financially, the future is very uncertain.

### **Structure**

As always, the cornerstone to effective governance is having the right people in the right place doing the right thing, with the right information. As we have said in our previous reports, that is by no means easily achieved. Trust governance hinges on many angles working in harmony, with a shared vision, diversity of expertise, clarity of goals and clarity of what success or great practice looks like. There needs to be aligned respect for open and honest conversations and bravery to challenge when bringing together these things for the best decision making and strategy setting.

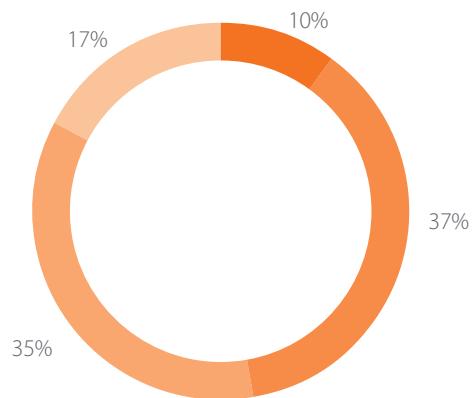
Then of course, we need enough people around the table. With over 91% of Trusts who replied to our survey reporting they have 3 or more committees, there are a lot of people to recruit, up-skill where required and retain.

We see a large range of governance structures in the sector. Each has merit and the trick is to make sure that the structure works for your Trust. The evaluation exercise and regular sense check that the structure is still appropriate for the needs of the Trust is never ending. The old saying of "if it isn't

broken don't fix it" might fit today. However, tweaks in terms of committee numbers, remit, board size and shape all benefit from fresh perspectives, but in moderation. Evaluate your practice and if it works, great. If it could serve better, revisit it.

### How many Board Committees does your Trust have?

Number of Board Committees	Count	%
2 or fewer	9	10%
3	32	37%
4	30	35%
5+	15	17%



### Effective practice

Increasingly, we see boards evaluating their own effectiveness, both as individuals and as a collective. This is in line with good practice and the quest towards being the best Trust Board possible. CSTs Next-gen board leadership framework offers an opportunity to achieve this, among other options.

As we would expect, we have seen a move towards more closely monitoring and evaluating local governance practice by Trusts. We saw an increase in our survey from 91% to 95% of Trusts stating there is now an annual evaluation exercise in play, either formally or informally.

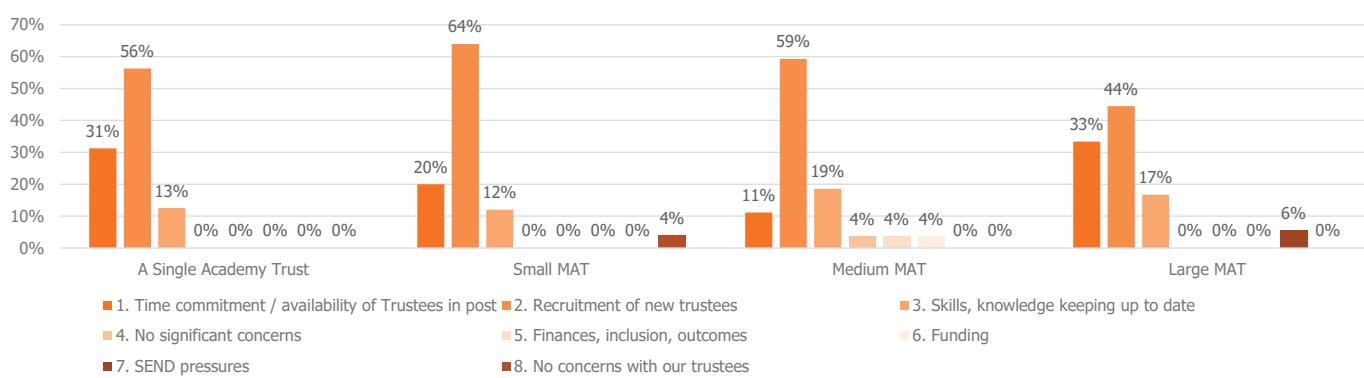
Let's be honest, any board that thinks they have nailed everything is probably missing something. The concept that any board in the land has nothing to improve or be "even better if" is unthinkable. We must strive to be better all the time, and continuing to evaluate practice both at board and local tiers is essential.

We asked Trusts in our survey to express the top three concerns for the Trust Board. Overwhelmingly the top concern was recruitment of new Trustees. Succession planning and recruitment of Trustees is not new. It was interesting to see from our survey that the second concern was the time commitment and availability of Trustees in place, the third was Trustees' skills, knowledge and keeping up to date.

Serving as a board or committee member in an Academy Trust is a significant responsibility that requires real commitment. Trustees are expected to bring a broad range of knowledge and skills while keeping pace with the ever-changing education landscape. This means investing time and not just in meetings, but in staying informed and prepared.

For many volunteers, finding enough time can be challenging, so it's vital that every meeting is purposeful, focused, and adds real value. Trusts play an important role in making sure discussions are efficient and relevant, so Trustees can make the most of the time they dedicate to governance.

### What are your top three concerns for the Trust Board?



## Governance professionals

The Academy Trust Governance Guide says that a high performing governance structure includes a Governance Professional. We agree. They provide an effective way to keep discussions focused and ensure decisions stay on track and in our work, we regularly see the significant value they bring to Academy Trusts by providing expertise, guidance, and practical support that makes a real difference.

It's encouraging to see growing recognition of their role, with frequent references to how Governance Professionals help boards stay compliant, informed, and effective. They contribute far more than administration. They are trusted advisors who strengthen governance and improve practice, and we see the sector embracing the benefit of this role on an increasing scale.

Our recent survey highlights this positive trend: almost all Trusts now benefit from the skills of a Governance Professional, and over two-thirds have a dedicated role focused solely on governance, rather than combining it with other responsibilities like PA duties. This commitment reflects the importance of governance expertise in driving strong, sustainable leadership.

## Governance vacancies

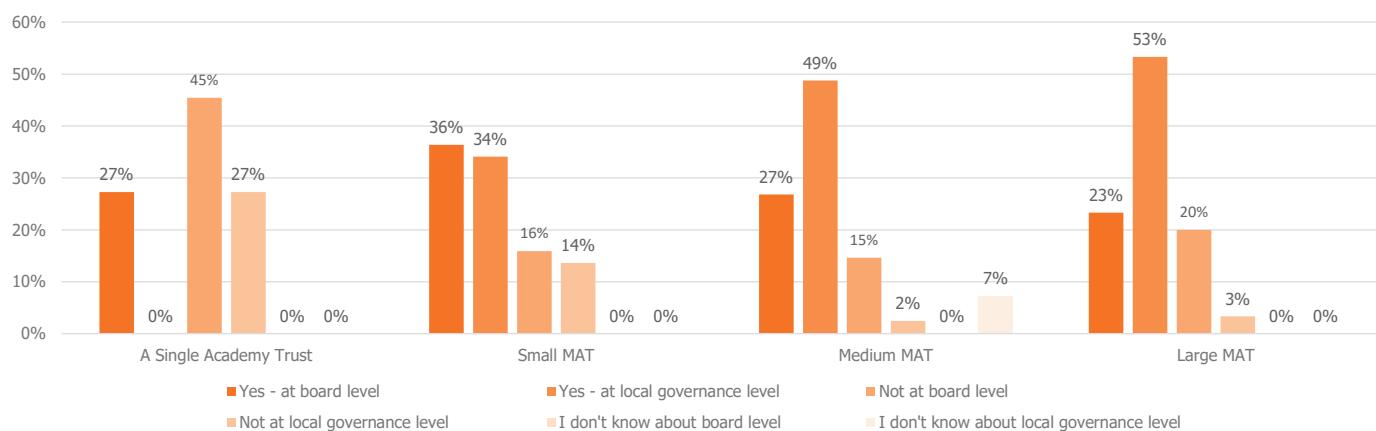
Recruiting Trustees remains a well-known challenge, and our recent survey confirms that most Trusts have vacancies—whether at board level or within local committees. The local tier is proving difficult to fill.

As Multi-Academy Trusts grow, maintaining strong links with the communities their schools serve becomes even more important. Local committees play a vital role in providing insight, stakeholder engagement, and local knowledge, ensuring decisions reflect the needs of families and communities the school serves.

We're seeing a positive shift. As the value of local committees becomes clearer, Trusts are refining their structures, delegated authority, and approach to make these committees more effective. But this progress depends on having committed people in those seats.

Looking ahead, we expect continued focus on strengthening local governance through recruitment, training, and empowering these voices as an integral part of Trust governance. For local committees to succeed, they also need clear guidance and strong support from the Trust Board. Together, they form the foundation of effective governance, rooted in the community it serves.

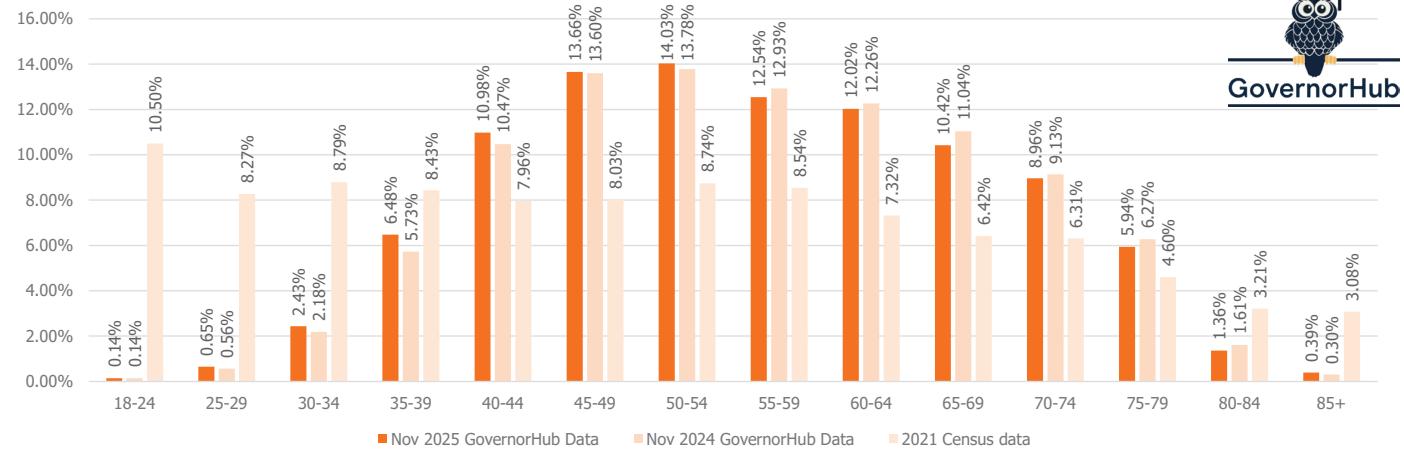
## Vacancies in government arrangement



## Trustee demographics

The national picture is irrelevant to individual Trusts looking to fill these seats and recruitment continues to be a significant concern. However, the trend still reflects that in the main, the age of our volunteer army in school governance remains without a good representation of youth. There is a marginal uptick though, with the data shared with us by GovernorHub reflecting the last two years largely unchanged.

### Ages of Governance Boards



If the recruitment and succession challenge is not tackled, the risk to the foundations of schools' governance is clear.

We must attract youth and diversity; the question is how? Perhaps the answer lies in making governance roles accessible, appealing, and meaningful. We find that younger volunteers are drawn to opportunities that develop leadership and strategic skills, enhance their careers, and allow them to make a tangible impact. Clear messaging about flexible time commitments and the fact that no prior education experience is required helps break down barriers. Creating peer networks and mentoring programmes offers support and a sense of community, while highlighting the role's influence on shaping education connects with their desire for purpose. Targeted outreach through professional platforms and inclusive recruitment practices ensures we reach a broader demographic, bringing fresh perspectives and diverse voices into governance.

Recruitment tactics such as forging strategic partnerships with local business, community organisations, universities and teaching alliances can all be thoughts to tap into talent pools. Supporting inclusivity and recognition of the contribution the volunteers make is key.

### Assurance – not re-assurance

We find that managing risk is second nature in education at an operational level. However, developing the ability to identify and mitigate risk effectively at a strategic, Trust-wide level is still evolving. The heart of strong risk management is securing assurance, not reassurance, that the controls and mitigations in place are effective, and that contingency plans are ready to activate if things don't go as expected. Assurance can take many forms, but it must remain a central focus if Trusts are to make confident, informed decisions.

### Risk management

Risk management is a responsibility that spans the entire Trust, and strategic risks need active oversight from the board. To do this well, Trusts should have strong, evidence-based systems that give board's confidence in their decisions. Building consistent processes for assessment, progress tracking, and reporting will help boards scrutinise performance, monitor strategic goals, manage finances, and ensure compliance effectively. With risks from cyber-attacks ever increasing, technology and AI moving fast, effective risk management is an area that needs constant attention. Not only from the perspective of risk mitigation, but from the opportunities presented and the need to prepare our young people for a world that is fast paced. Further detail on how these systems link to internal audit and assurance can be found in section 7 on Internal Audit and Risk Management.

In a time of change and challenge, strong governance remains central to the success of Academy Trusts. While new requirements, statutory inspections, and evolving risks demand greater accountability, they also present opportunities to strengthen systems and improve outcomes. Boards and governance professionals play a vital role in steering Trusts through this landscape and ensuring decisions are evidence-based, inclusive, and focused on what matters most: delivering high-quality education for every child in every school. By embracing innovation, diversity, and robust assurance, governance can be a driving force for positive change and a cornerstone of Trust-wide success.



## Section 3 **Multi-Academy Trusts**

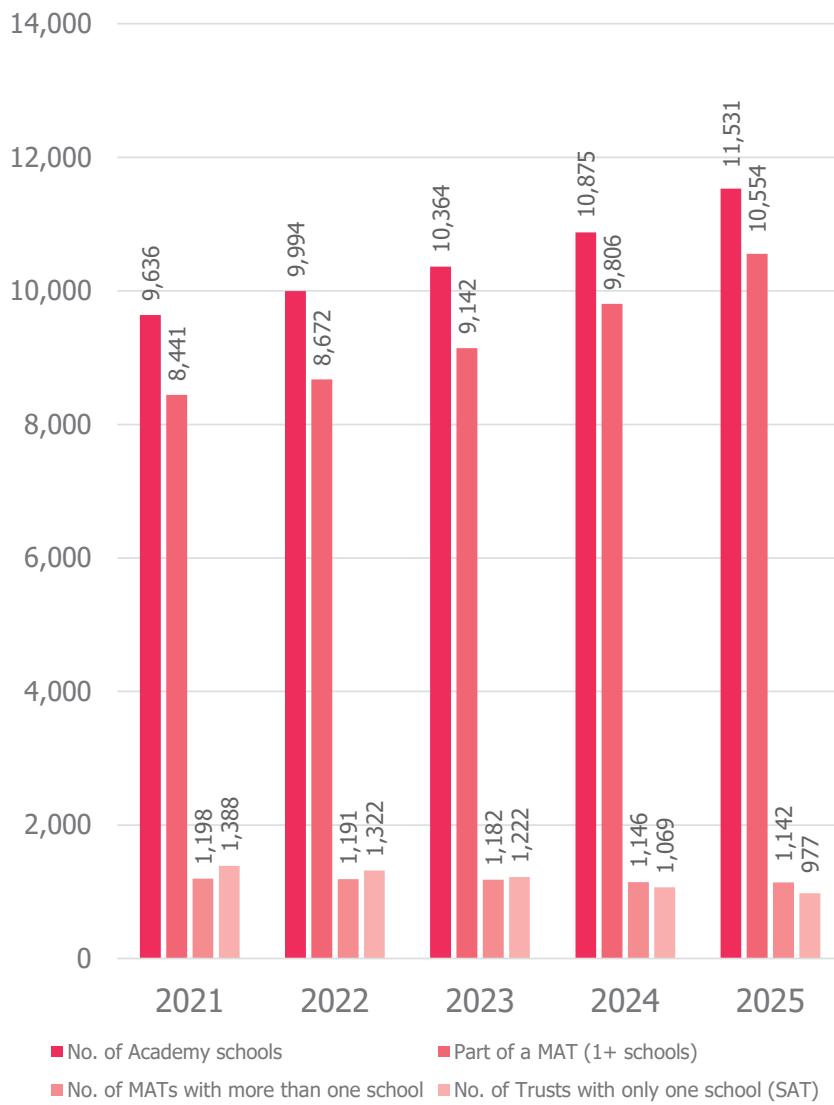


## Section 3 Multi-Academy Trusts

We are now 18 months into the term of the current Government and there have been very few mentions of MATs in any of the public statements made. As we write this report in mid-January, we are eagerly awaiting the imminent 'white paper' which will hopefully shed light on whether the future strategy for MATs will change. The sector really needs a clear MAT strategy which will help Trusts to develop their own plans.

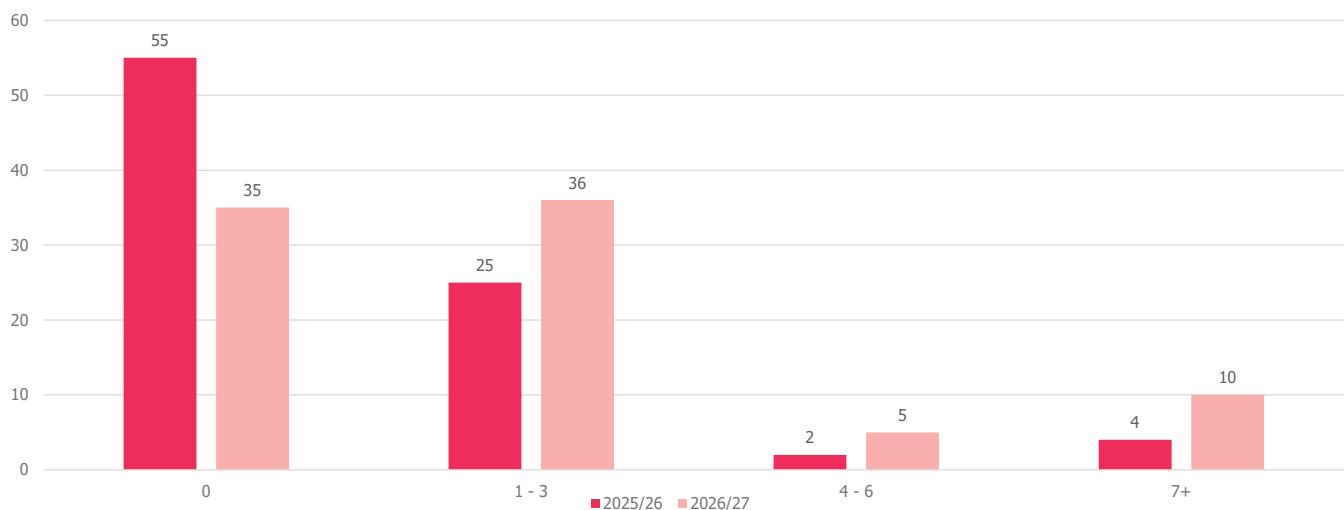
The main financial change for MATs has been the withdrawal of both the TCaF grant and the £25k conversion support grant from 1 January 2025, disappointing many MATs seeking growth.

**MAT size data (as per DfE website)**



Despite the removal of the growth funding noted above another 748 schools joined MATs this year, representing a 7.6% increase in the number of schools within a MAT. 92% of all academy schools now sit within a MAT. However, it is probable that the full impact of the removal of the growth funding will not be felt until the 2026 academic year, given the typical timescales involved in between approval and joining a MAT.

#### Growth survey - Expected MAT expansion



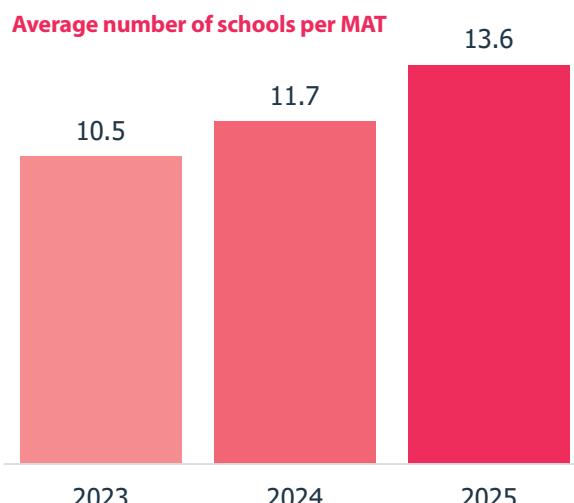
Whilst growth expectations are down compared to last years survey, many are still expecting to grow, with 38% of Trusts predicting growth of more than 3 schools over the next 2 years. How much of this growth is due to academy conversions, or the impact of mergers of existing Trusts, remains to be seen. The growth our respondents are predicting appears to contradict the funding changes, although many smaller Trusts are striving to qualify for SCA funding (usually a minimum of 5 schools and 3,000 pupils), which offers guaranteed capital funding, avoiding the lottery of CIF funding.

However, since August 2025 there have been some exciting developments within the Catholic MAT sector. One Catholic MAT has expanded from 16 schools to 63 schools, within the space of a few months, with further similar sized MATs proposed within that Archdiocese. It is widely reported that other Archdiocese are planning to adopt similar models too. Whilst this bold move gives significant opportunity for synergies and consistency across a large number of schools, assuming these MATs embrace centralisation, these will require strong management and governance to ensure the MAT performs both educationally and financially. This is sure to fuel the ongoing debate on what is considered the optimum MAT size, and what should the mix of school types be within a Trust.

A number of MATs are reviewing their portfolio of schools, and whether their schools remain a good fit. There are a small number of cases where the board have decided certain schools would be better off in other Trusts either due to the specialist knowledge required for special schools or local factors.

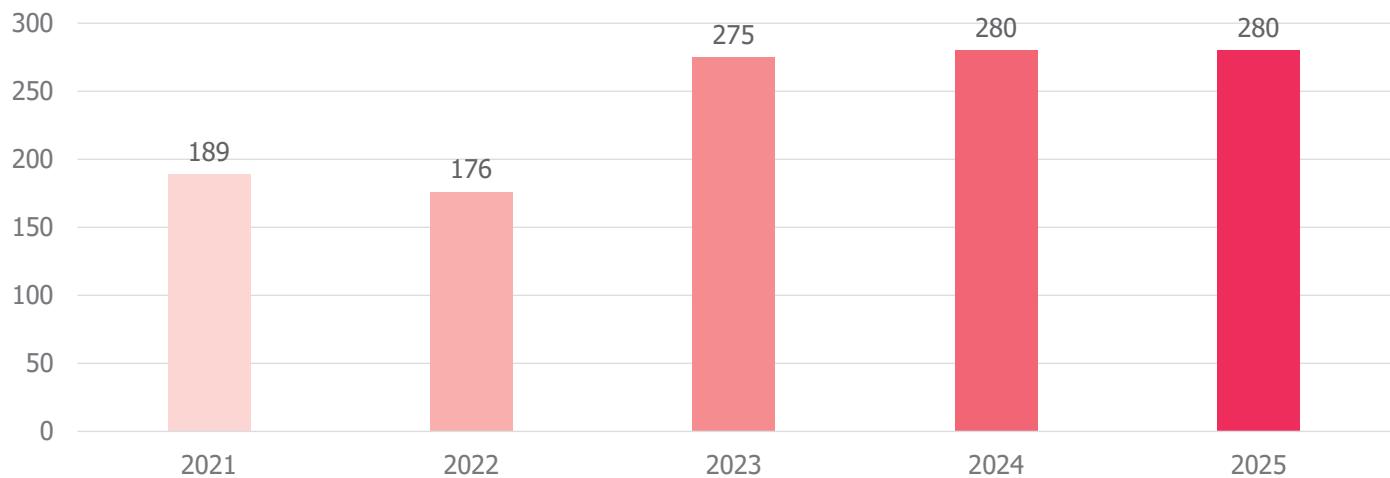
Where these changes are made for the benefit of the children then this should be applauded, but there is a risk that Trusts may be accused of shedding financially challenging schools. This type of change is relatively uncommon, and mostly we are seeing Trusts continue to grow.

The number of schools per MAT within our dataset continues to grow, with the average now up to 13.6. It is worth noting this is greater than the national average of only 9.2 schools in 2025.



## Re-brokerage

Number of schools that have moved Trust in year (as per DfE website)



Post COVID, the total number of academies that have moved Trust has been remarkably consistent. It is important to highlight, of the 280 in both 2024 and 2025, only 43 in each year were due to intervention. The Government expect this to change and in September announced "the Department will continue to convert the worst performing schools to academies, and expect that combined with RISE, there will be twice as many mandatory interventions on average than in the two years before the policy change"

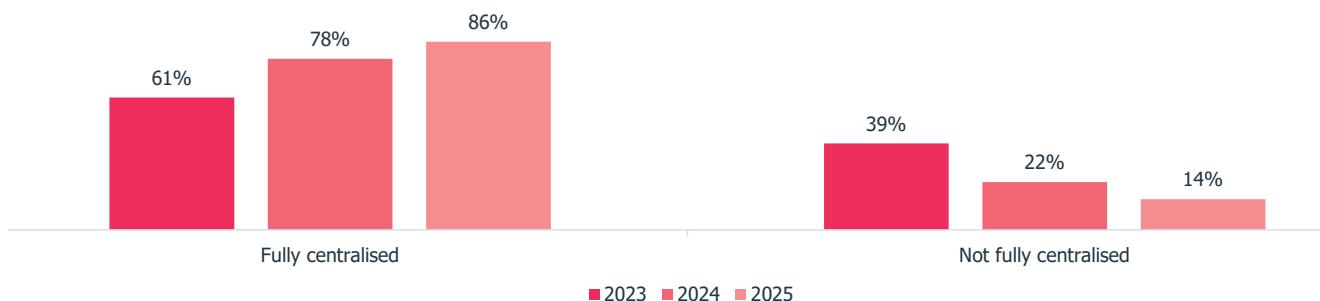
In 2025, 44 Trusts were awarded re-brokering funding by the DfE totalling £3.1m (2024 – 37 Trusts, £3.7m). This highlights just how difficult it is to attract funding when taking on existing academies with financial issues.

## Centralisation

This year, given there are now so few fully decentralised MATs, we 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.
- Not fully centralised - Only certain of the functions are centralised across all schools.

### Trust centralisation summary - combined

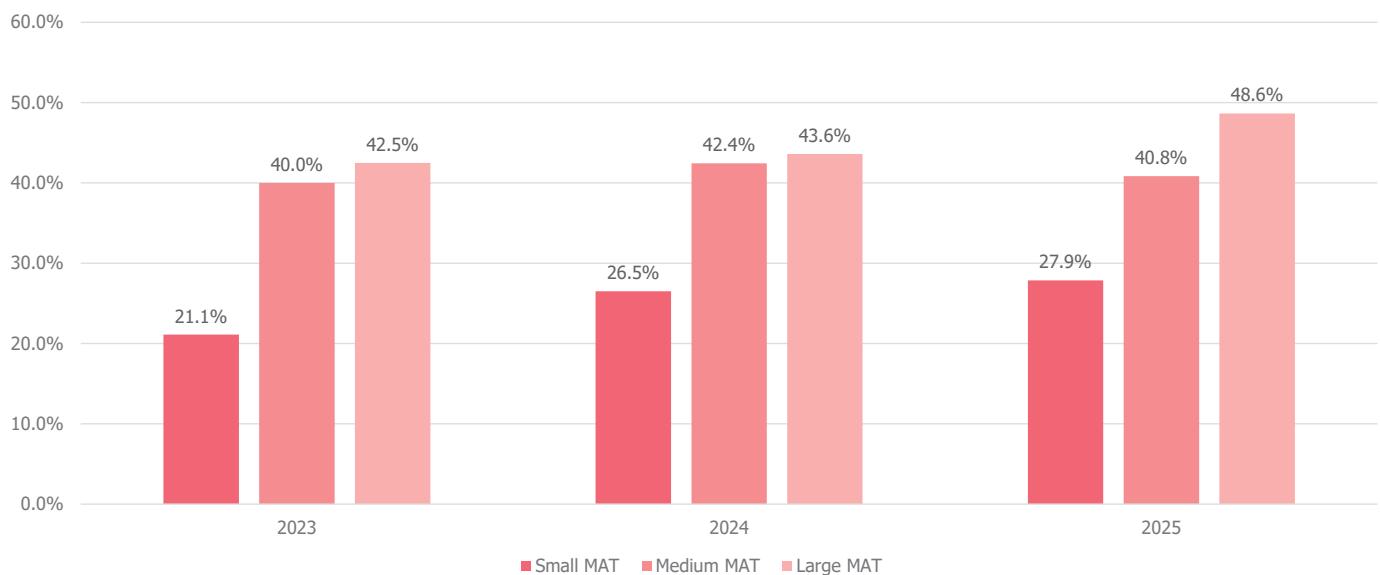


The sector's push for centralisation shows no sign of decreasing with 86% considered to be fully centralised, and most others working towards this goal.

## GAG & reserves pooling

Unsurprisingly, with increased centralisation, more Trusts have decided to either pool income or reserves. However, compared with centralisation, the popularity of this is less clear cut given the transparency of the performance of each school is reduced. It is worth highlighting that reserves pooling has become far more common than pooling income, which is to be expected given the sensitivity of moving away from the DfE formula. It would also appear to be easier to convince Head Teachers of the merits of reserve pooling than it is to get their agreement to change their income budget. In 2025, the number of large MATs pooling has jumped, as larger Trusts focus on their overall Trust reserves rather than the reserves of each school.

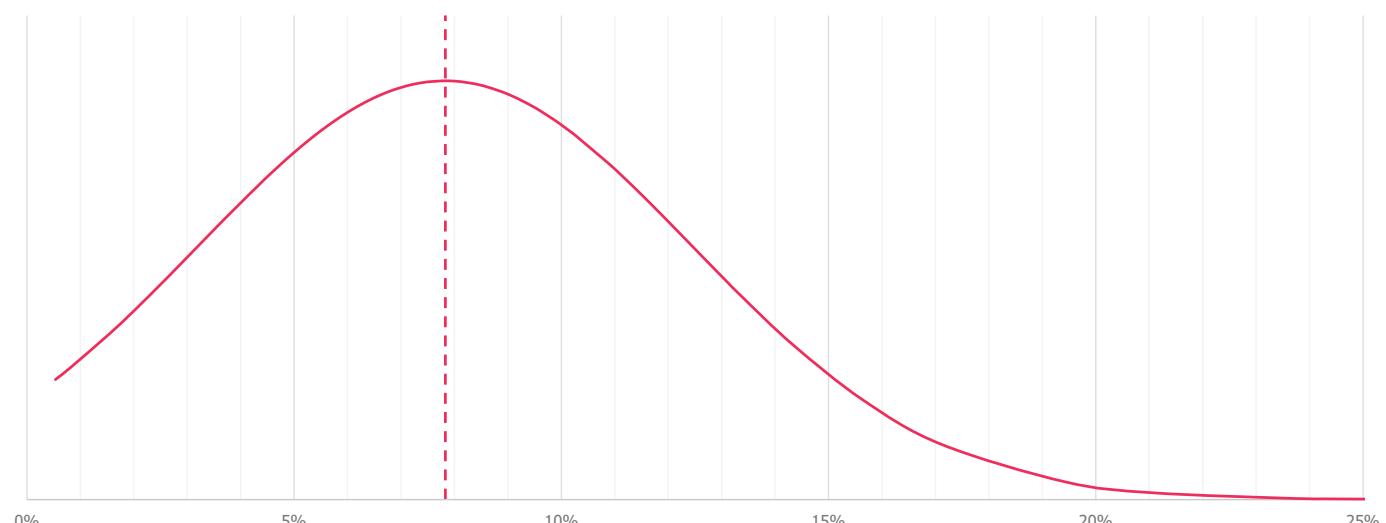
### Number & percentage of MAT's GAG or reserves pooling



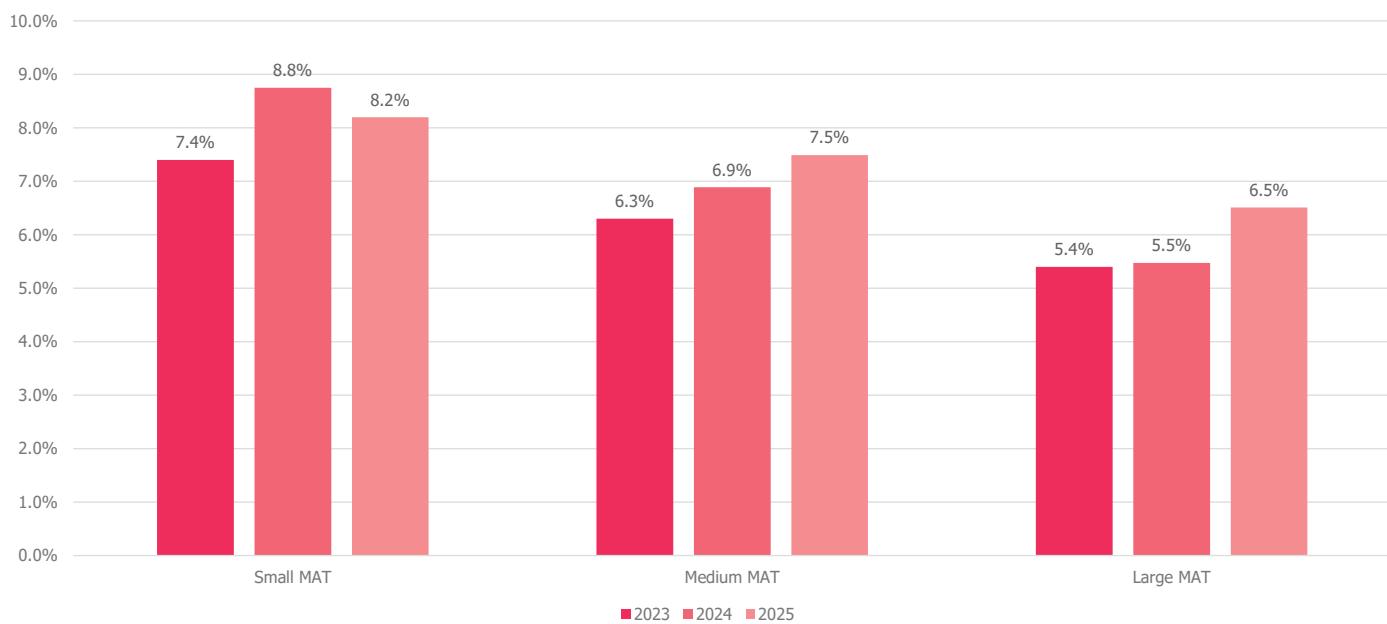
## Central recharge

Long gone are the days when most Trusts seemed to be recharging (top-slicing) around 5%, often because that was the rate their neighbouring MATs were charging. Trusts are now often including many more factors in their charge than just basing it on GAG, and the percentages now vary widely as can be seen in the graph below. Given these are intended to cover central costs, which do vary widely depending on the structure of each Trust, and the level of centralisation, this should not be a surprise. The goal should be on setting a rate that adequately funds the central costs and offers value for money for each school. Some Trusts do however have significant deficits on the central fund suggesting the historic recharges have not been adequate. This risks making the split of reserves by academy meaningless as it is distorted by the central fund deficit, which will need to be recovered. This could explain the increasing trend of pooling reserves and avoiding disclosing the split of reserves by academy.

### MAT recharges



### Central recharge as a % of GAG income

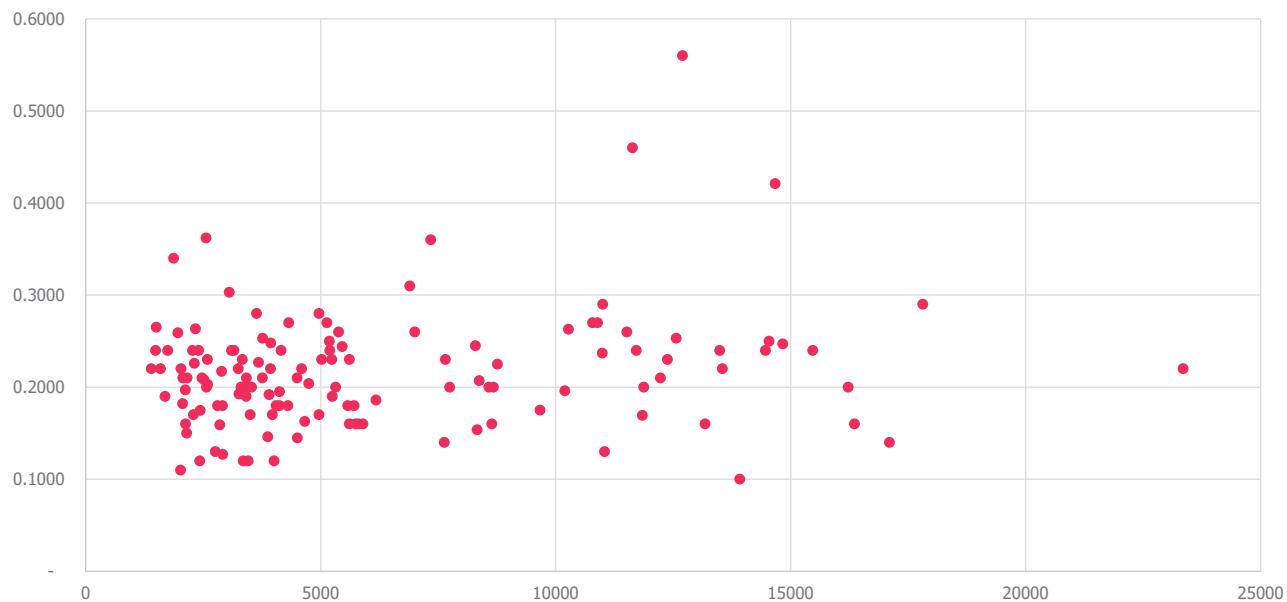


The split between small, medium and large MATs highlights that the average rate has increased across all MAT sizes over the past 2 years, although with some fluctuation in Small MATs. Large MATs can spread the central costs over a greater population, the consistently lower rate highlights the efficiencies of operating larger MATs.

### Streamlined energy and carbon reporting and net-zero targets

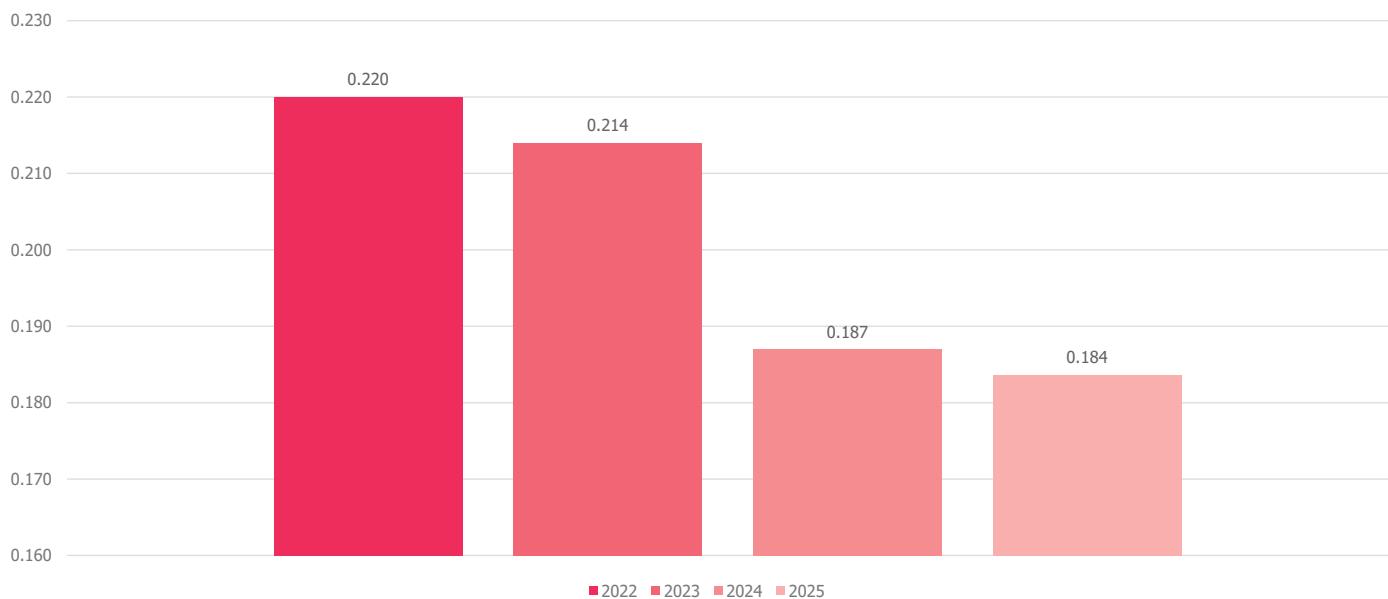
The last point to highlight in this section is carbon emission of the sector and the transition to net zero. Recent government announcements have suggested that the move to net zero may take longer than initially planned. This is born out in our data.

### Average CO2 emissions per pupil (tonnes)



The graph below demonstrates the rate per pupil in 2025 is almost the same as 2024, suggesting the improvements achieved in the past 2 years have now largely stalled. The target date for full net-zero is 2050, and whilst there are 25 years remaining, the current pace of change raises questions over how achievable this will be for many Trusts. The challenge is now greater given the two recent changes in policy. Firstly, the cessation of the Public Sector Decarbonisation Scheme, with no further grants being awarded and; secondly, Trusts now need specific DfE approval to enter into electric vehicle salary sacrifice schemes. These changes will hinder Trusts in achieving their net-zero goals.

**Average CO2 emmisions per pupil (tonnes)**







## Section 4

# Income

“

**Lack of certainty leaves Trusts facing considerable difficulty in forecasting future income and forces them into short-term decision-making, limiting their ability to plan strategically**

”

## Section 4 Income

This year continues to be another year of small increases in existing funding streams such as GAG and additional unexpected funding pots. Whilst the Government continues to pledge additional cash for schools and SEND, any pledge made by the Government continues to be squeezed by increased levels of expenditure due to inflationary pressures and rising costs.

Overall student numbers are continuing to fall due the declining birth rate, and fewer pupils means less funding for individual schools. However the picture is not uniform, with London schools being particularly hard hit by demographic changes, whilst some regions are still seeing small rises in pupil numbers. Whilst there might be a small windfall of students entering the academy system from independent schools, this will not benefit many Trusts and by no means makes up for the drop in pupils nationally.

Overall Government investment in the academy sector continues to grow, with total spending on academies reaching tens of billions annually, reflecting the fact that academies now educate 58% of pupils in England (per the DfE).

In the Autumn 2024 Budget, the Government pledged £2.3 billion of additional funding for schools, including £1 billion specifically designated for SEND provision. A portion of this allocation was intended to offset anticipated SEND deficits already incorporated into local authority budgets. The remaining £1.3 billion was presented as sufficient to fully fund the 5.5% teachers' pay award and to contribute towards pay awards in 2025/26.

The same Budget also confirmed a 1.2% increase in employer national insurance contributions from April 2025. To mitigate this impact, the Government introduced a national insurance grant worth over £1 billion. However, this measure did not address the wider inflationary pressures on supplier costs arising from their own increased pricing.

The Government continues to invest further in early years and childcare funding, SEND pressures and estate improvement. Whilst these additional focus areas are helpful, the lack of increase in overall per-pupil funding, leaves academies facing significant future shortfalls.

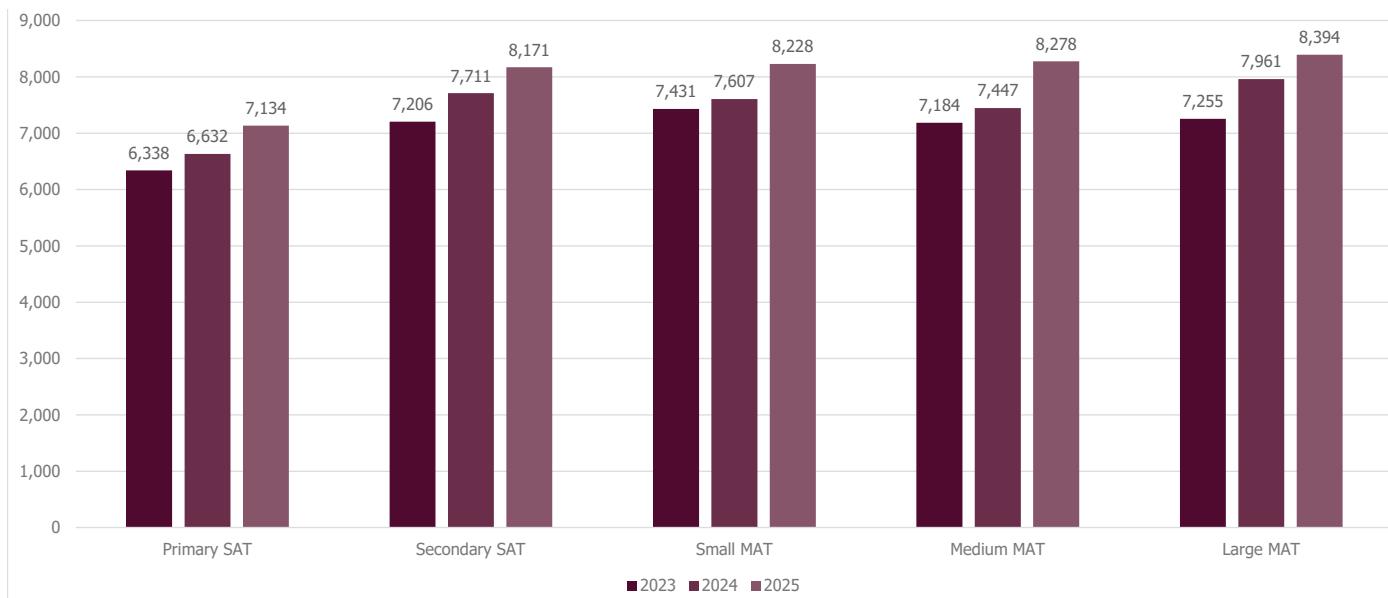
With academies repeatedly required to set budgets before funding announcements are confirmed, the sector is often left to operate on assumptions set by non-government third-parties. This uncertainty encourages short-term decision-making and can lead academies to undertake restructuring or cost-cutting measures that ultimately prove unnecessary when additional income, such as the Core School Budget Grant (CSBG), is later introduced. The resulting disparity between budgeted positions and actual audited in-year surpluses or deficits is significant. Further analysis of this issue is provided in [Section 6](#) of this report.

The following sections examine the sector's various income streams and the trends emerging within them. We begin with an overview of the total income received across the sector.

## Total income

Reflecting the additional grants outlined above, 2025 recorded an overall increase in average total income per pupil. This uplift was evident across all categories of Trusts, and the graph below illustrates the consistency of this trend across the sector. Medium MATs show the strongest growth, recording a 11% increase in average total income per pupil compared with 2024. In contrast, large MATs experienced the smallest uplift at 5%, with secondary SATs close behind at 6%. Primary SATs and small MATs both reported an 8% increase.

### Weighted average total income per pupil (£)

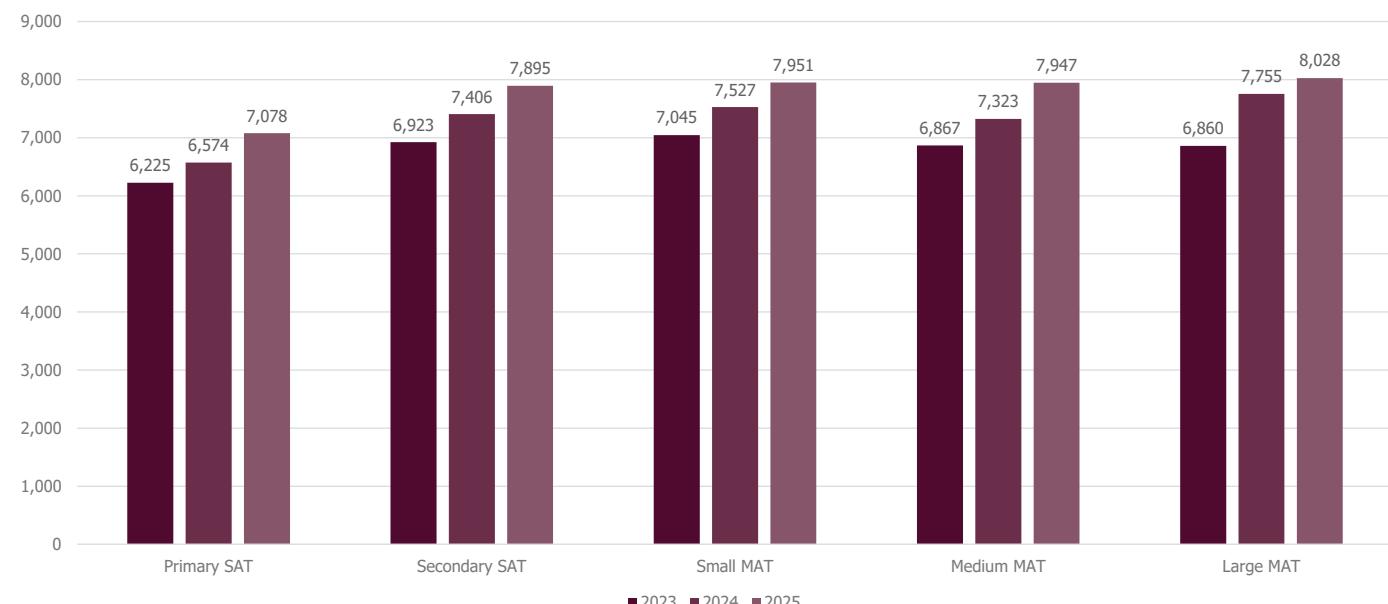


## Revenue income

Revenue growth, at 5.4%, sits two percentage points below the increase in total income, offering a modest indication that the pressure on capital funding may be easing slightly. This uplift in revenue is driven largely by additional funding streams such as the CSBG, Teachers' Pay Award Grant (TPAG), Teachers' Pension Employer Contribution Grant (TPECG), and the National Insurance Grant.

Medium MATs show the strongest revenue growth at 8.5%, followed by primary SATs at 7.7%. In contrast, large MATs have seen only a 3.5% rise, which can signal the different underlying dynamics in a large MAT.

### Weighted average total revenue income per pupil (£)

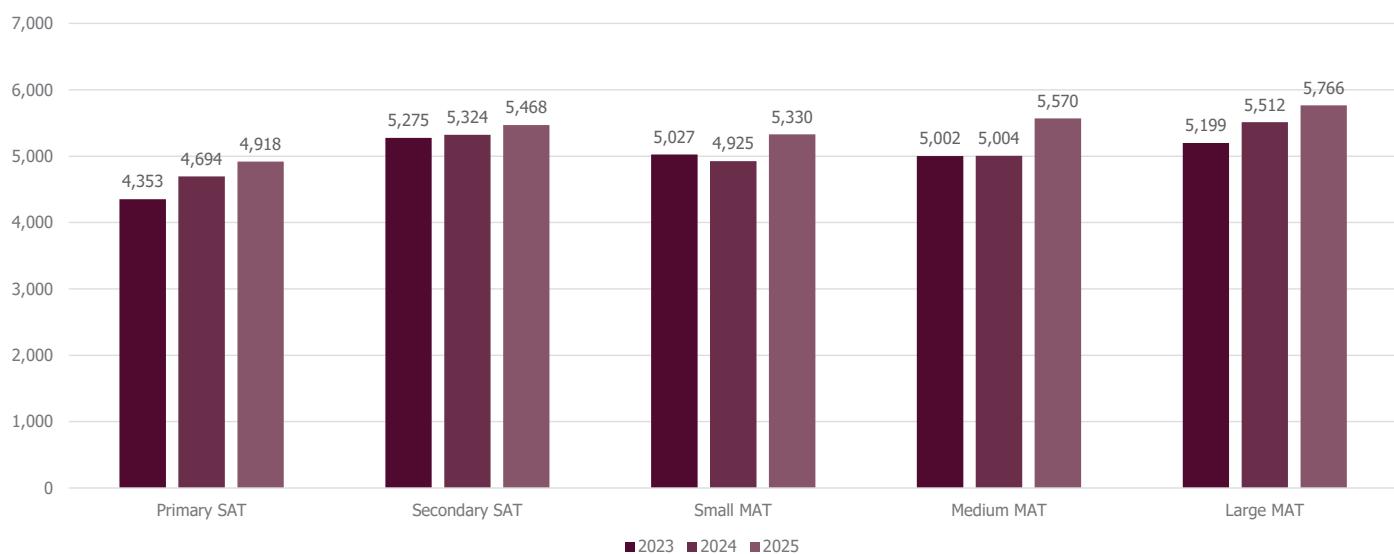


## General Annual Grant (GAG)

Core funding for academies (GAG) has increased, however, as our figures do not take into account inflation, the 7.0% increase in the total GAG income per pupil, equates to a real term increase in GAG of 3.0%. Discussions with Trusts continue to highlight dissatisfaction with the scale of the rise albeit, the 7.0% increase is above the 4.8% increase in basic entitlement, showing an increase in funding in areas outside the basic entitlement.

The data shows that the range of per-pupil GAG values across Trust categories remains relatively narrow, except for Primary SATs, which would be expected due to lower basic entitlement for primary pupils. Medium MATs recorded the largest year-on-year increase, with an 11.3% rise compared with 2024 with the highest overall GAG income per pupil at £5,570. Secondary SATs had a disappointing increase per pupil at only 2.7%, well below the increase in basic entitlement. Whilst it is unclear what has caused this low increase, Secondary SATs average GAG income per pupil remains in line with MATs at £5,468.

### Weighted average General Annual Grant (GAG) income per pupil (£)



Previous exceptional funding grants such as Mainstream Schools Additional Grant (MSAG) and the Schools Supplementary Grant (SSG) have been incorporated into GAG funding alongside prior year TPAG and TPECG. Sixth form additional funding continues to be provided by separate grants such as Post 16 Budget Grant to cover increases in pay awards, pension increases and inflationary pressures.

The Government has continued the recent-years trend of additional supplementary grants which are reactive to last-minute decisions made within government around pay awards and inflationary pressures, giving Trusts an unclear picture of future requirements and capacity.

## SEND funding

A survey conducted at the Bishop Fleming Academy Conference in May 2025 asked clients to identify the top three financial pressures affecting their Trusts. SEND provision featured in 64% of responses, highlighting the scale of concern across the sector. The Government's funding commitments for SEND in the Autumn 2024 Budget, reaffirmed in Autumn 2025, include plans to assume full funding responsibility from local authorities from the 2028-29 financial year. This shift will bring an end to the current statutory override for SEND deficits and will be accompanied by new capital investment for specialist places and estate improvements. SEND income itself is not sufficient to resolve the problems schools with SEND pupils are experiencing, and the publishing of the White Paper confirming system reform is required to give those schools the support they require.

## Capital income

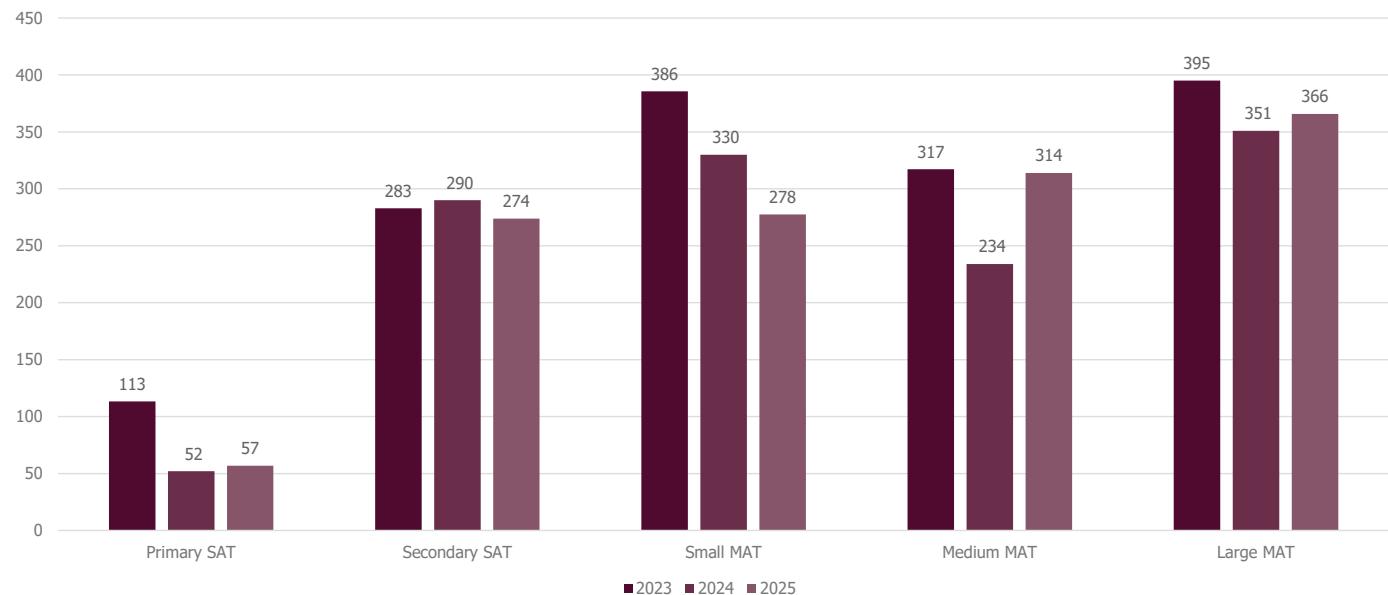
The DfE has continued with the capital funding structure where Trusts either receive Condition Improvement Fund (CIF) income if they are successful with bids, or they receive School Condition Allowance (SCA) funding if they are a MAT with at least 5 schools and 3,000 pupils. This continues to mean that larger MATs have more consistent capital funding for estate maintenance, and smaller MATs and SATs are reliant on CIF bids, which leads to greater variability, which is exactly what our data shows.

The average capital income per-pupil across all Trusts has increased, apart from small MATs and secondary SATs. The most dramatic increase has been in medium MATs, increasing to £314 per-pupil, a 34.2% increase since 2024. This is a significant increase, with some key drivers mentioned below.

Medium MATs have been the biggest winners by far in capital funding, increasing by 34.2% since 2024 and are the only category of Trust to increase by such a substantial amount in the current year. The increases across medium and large MATs are indicative of the change in formula for SCA. 2025 was the first financial year where the new school condition survey reports have been taken into account in calculating SCA, where some Trusts saw their SCA allocations double. This increase is also a result of the introduction of a minimum SCA allocation per school of £25,000. This has a significant effect on primary schools within MATs, where a significant number do not reach the £25,000 minimum funding amount by calculation factors alone.

SCA allocations per DfE data suggest an increase in SCA in MATs of 29% compared to financial year 2024, as a result of these changes. The increase in this funding shows the likelihood of the new school condition surveys showing schools are in a lower quality than original assessed, with 15,167 schools now using the new condition surveys.

### Weighted average total capital income per pupil (£)

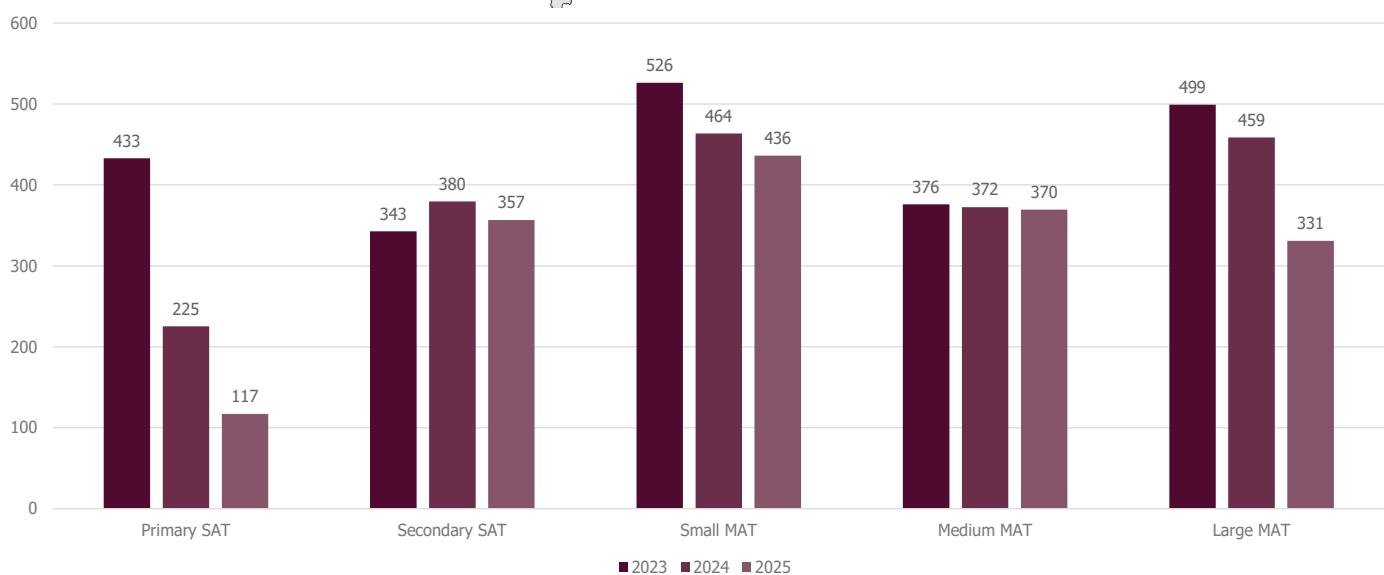
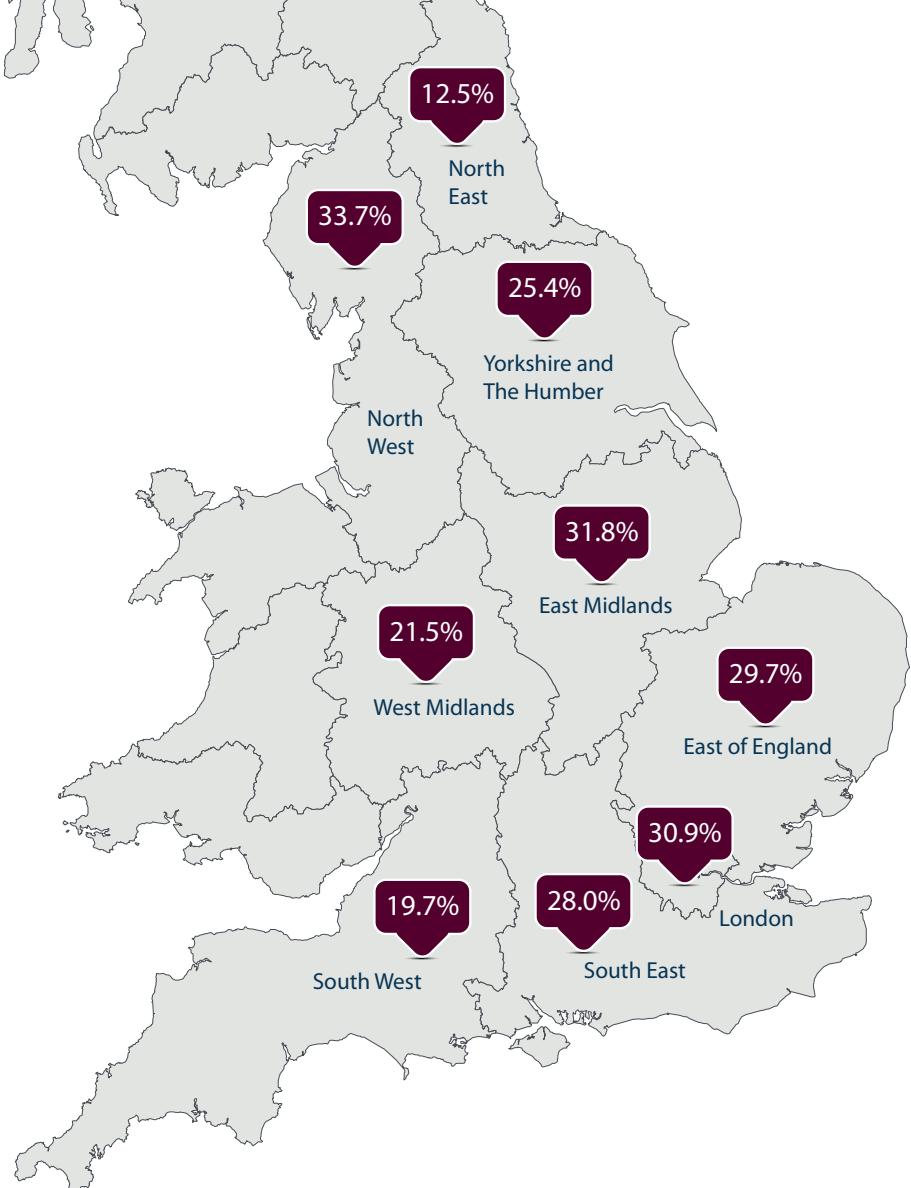


Whilst it is great news that capital income has increased overall, it leaves SATs and small MATs to be reactive to capital works, rather than enabling appropriate planning. Devolved Formula Capital barely touches the sides when it comes to true estate maintenance programmes. It leaves these Trust reliant on CIF bids, which we can see leads to greater uncertainty.

It is interesting to note the varying successful CIF bids across the country can differ substantially, as demonstrated in the map adjacent showing the areas most likely to be successful in CIF bids.

It can be seen in the graph below, the average total capital expenditure per pupil that there is a clear funding gap between capital income and capital expenditure. As previously discussed, this mainly effects SATs and small MATs, who do not have access to SCA, which doesn't allow for appropriate estates management and planning.

#### Weighted average total capital expenditure per pupil (£)



This year we have also seen previous capital grants come to an end, such as the decarbonisation grant as part of the Public Sector Decarbonisation Scheme. With the purpose of this grant to fund heat decarbonisation and energy efficiency measures, there was a disappointing amount of this grant returned to the DfE unspent due to the projects being not deemed financially viable given the implementation costs.

With the intention of this grant to decrease CO2 emissions, this sets Trusts back on the action required to reach the Government's goal of cutting carbon emissions by 45% by 2030, with net zero by 2050 to 2050, making it unlikely that the sector will achieve this goal. Current funding levels are limiting Trusts' ability to take meaningful action on reducing carbon emissions. This not only restricts progress on sustainability but also undermines the example and values that Trusts aim to model for their pupils.

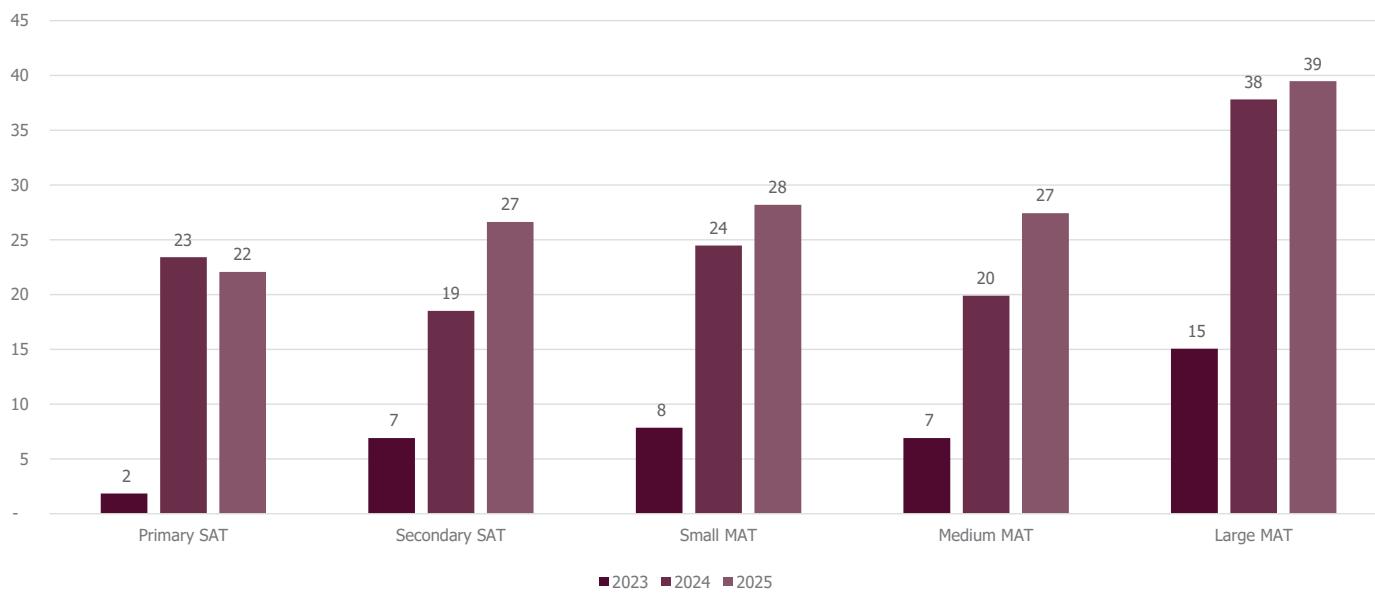
## Investment income

The sector continues to experience positive developments in investment income. Trusts are increasingly placing surplus cash, beyond that required for day-to-day operations, into investment facilities accessed through secure online platforms and bank offerings. The data below indicates that strong investment returns are being maintained, and effective treasury management is becoming more widespread across the sector.

Sustained high interest rates over the past four years have enabled Trusts to generate significant additional income from these surpluses, particularly given that funding is typically received in advance. Over the past year, interest rates have come under pressure, so Trusts have done well to maintain investment income levels. The use of online investment platforms has also supported improved risk management by enabling Trusts to diversify deposits across multiple institutions and maximise protection under the Financial Services Compensation Scheme (FSCS). Although these platforms carry associated costs, the combination of enhanced returns, reduced administrative burden, and improved visibility of cash holdings appears to more than offset the expense. There have been some instances where Trusts have gone further than online investment platforms and bank offerings, but this should be an area Trusts should be cautious within given the risk appetite of the sector.

As anticipated, large MATs continue to lead the way in treasury management, achieving the highest investment return at £39 per pupil. For the first time, we are seeing consistently strong practice across the sector, with the average return for all Trusts rising to £33 per pupil. An improvement on the previous year's £29 per pupil. This reflects the sector's ongoing commitment to maximising income and strengthening financial resilience.

### Weighted average investment income per pupil (£)



Surplus cash levels across the sector have remained broadly stable, indicating that Trusts continue to commit substantial funds to investment platforms and bank offerings. This suggests a growing confidence in allocating higher proportions of available cash to these facilities, even if it means operating with a reduced day-to-day buffer.

## Future funding

The future funding landscape for the academy sector remains uncertain. While recent government budgets have introduced some welcome measures, particularly increased investment in SEND provision and improvements to school estates, there is still limited clarity on long-term financial commitments.

Although our data does not adjust for inflation, the rise in average total income per pupil indicates a real-terms increase compared with 2024. This uplift is driven predominantly by substantial growth in capital funding. Across our sample, average revenue income per pupil has risen by 5.4%, whereas average capital income per pupil has increased by 7.5%. This level of capital investment is expected to continue into 2026, particularly through School Condition Allocations (SCA), although specific funding levels will not be confirmed until later in the year.

A major ongoing funding stream is the School Rebuilding Programme. Since 2021, the Department for Education (DfE) has announced 518 rebuilding projects, with a further 250 pledged under the wider infrastructure strategy. The programme originally aimed to complete 50 projects per year, implying a ten-year delivery timeline. However, progress has been significantly slower than anticipated. The National Audit Office has raised concerns about reduced forecast completions and persistent delays in securing contractors. The programme may also span multiple governments, increasing the risk of policy shifts or potential cancellation.

In the Autumn 2025 Budget, the Government committed to absorbing the rising cost pressures associated with SEND provision from 2028, when the statutory override allowing councils to run deficit budgets ends. However, it remains unclear how this financial gap will be funded.

Additional announcements include £5 million for state secondary schools to purchase new books and a previous pledge of £10 million to ensure every primary school in England has a library by 2029. The Government has also committed £18 million over two years to upgrade up to 200 playgrounds.

The removal of the two-child benefit cap may influence pupil numbers in the longer term, but any impact on class sizes or tackling falling rolls is unlikely to be felt for several years.

Overall, while the Government continues to introduce targeted, small-scale funding initiatives, there remains no firm commitment to increasing core revenue funding for schools. This lack of certainty leaves Trusts facing considerable difficulty in forecasting future income and forces them into short-term decision-making, limiting their ability to plan strategically.

## Section 5 **Costs**



“

**After years of constantly searching for savings and headroom in budgets...it is macro-economic factors that had the greatest impact on costs in the last year.**

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## Section 5 Costs

We've written about a year that has been better than expected for many Trusts boosted by the 11th hour top up funding from the CSBG. Cost pressures continue to manifest as a series of undesirable choices about what a Trust can and cannot afford to do, but it is important to reflect on a period of relative stability.

The unknown unknowns, the brutal shocks that left the sector (and country) reactively spinning from Covid to inflation and the energy crisis have now all but been consigned to financial history. Budgeting in the past couple of years has, with some relief, reverted merely to the known unknowns of the "Rumsfeld Matrix".

These known unknowns, principally pay awards but also absence and recruitment challenges, represent just over three quarters of expenditure. This leaves only a small slice where there is a sense that costs are known and therefore proactively controllable. This inevitably makes longer term strategic planning for Trusts a lot more difficult, but many have reached a point where action is borne out of necessity despite perpetual uncertainty.

By talking about relative stability our analysis this year does not underestimate these challenges. Our conversations with Trusts in the past year have seen increasing levels of structural changes not just being discussed as "plan B" but being actioned. Examples include PAN reductions, closures or mergers of sites or provisions, reduction of subject choices, restructuring of the school day, restructuring to share executive roles, particularly headships across clusters of schools and an ever-robust approach to procurement in general. Where schools are undersubscribed, we have also seen costs being covered by other means including setting up of several SEND resource bases. Proof if ever it was needed that innovation continues to thrive.

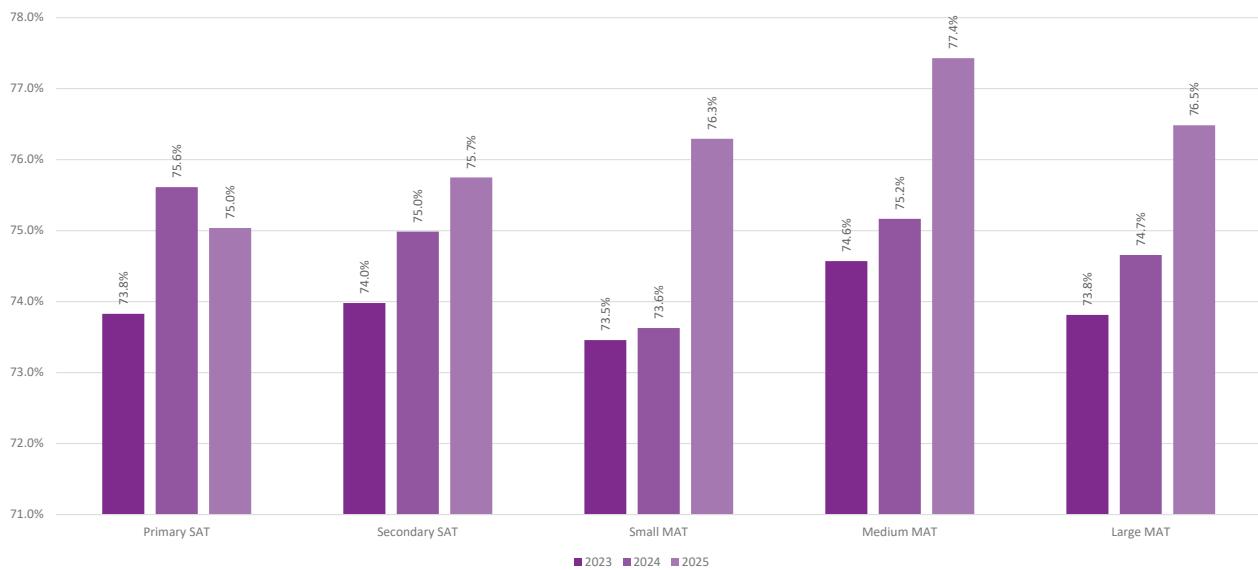
A better year in terms of overall financial performance, stability, and by extension sustainability is being achieved, but it is often coming at a cost directly in the school setting. We think it is important to carry these thoughts through the findings in this section to reflect on not just what has been achieved in raw numbers, but how.

Looking forward, the new "Maximising value for pupils" (MVP) policy paper launched by DfE is designed to harness collective buying power on several key costs including agency/supply and management information systems, the latter the subject of a high-profile procurement value for money case. If genuine savings can be achieved through government frameworks, tools and guidance when they are scheduled to launch later this year it would be a significant boost to the sector which otherwise faces a closed market when looking at many aspects of procurement. Outside of this future opportunity, inflation and pay awards dominate the scene and, where funding does not keep pace, it will mean more undesirable choices in the pipeline.

## Staff costs

To begin with the biggest challenge, how do Trusts keep control of staff costs with both increases and the funding perpetually up in the air? Last year 81% of our survey respondents had staff costs in their top 3 financial concerns. That is now 89.5%.

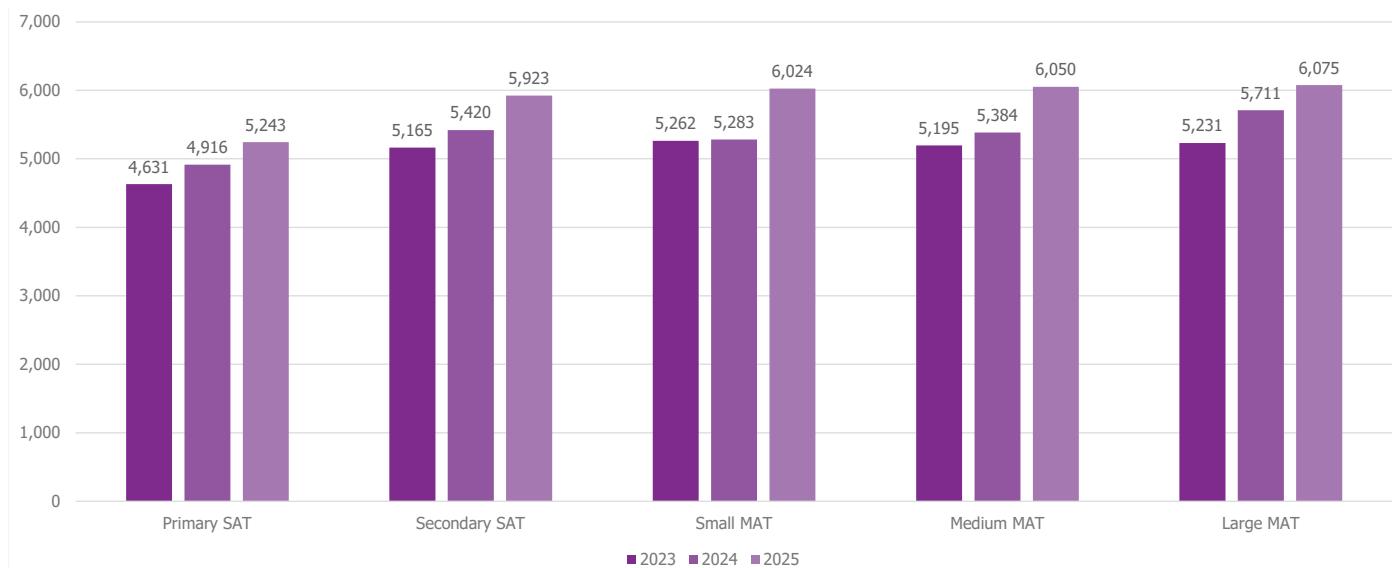
### Average staff costs as a % of total revenue income



We have again chosen to look at staff costs as a percentage of income. For many years the benchmark of 75% of revenue income has been a key indicator of financial health and sustainability. We noted in our 2025 report that our averages were now starting to push that mark. This year the average staff costs exceeds 75% of revenue income for all Trust types.

Upward pressure on both teaching and support staff salaries has been consistent and mandated centrally each year, whereas any other costs are open to local procurement to try and maximise value for money. It is interesting that there is also no meaningful gap between SATs and MATs in terms of this metric, which suggests that in absolute terms size is having little impact on this as everyone is in the same position. It raises an important challenge to an established norm, is 75% as reliable an indicator as it used to be? It is interesting that DfE quoted staff costs at 80% in the MVP policy paper at the end of 2025. If we are moving towards that benchmark what of other costs?

### Weighted average total staff costs per pupil (£)



The cost per pupil position, which should not be equated directly with pay rises, helps to illustrate the position regarding efficiency. Where the proportion of costs might be uniform, the growth in those costs at a per pupil level has a clear distinction. For SATs, small and medium MATs we are seeing double digit growth on average staff costs per pupil (ranging from 10.5% to 14%). For large MATs however our data shows just over a 6% growth in staff costs per pupil.

There may be several factors in play here but a key one that stands out is the inherently greater flexibility to move staff around in a larger MAT to maximise their coverage. This may be further reinforced with reference to the demands of SEND in mainstream education. With increased support needed for individual pupils each setting must adjust. As demand continues to increase the average cost per pupil will continue to rise and efficiency of deployment becomes a significant factor.

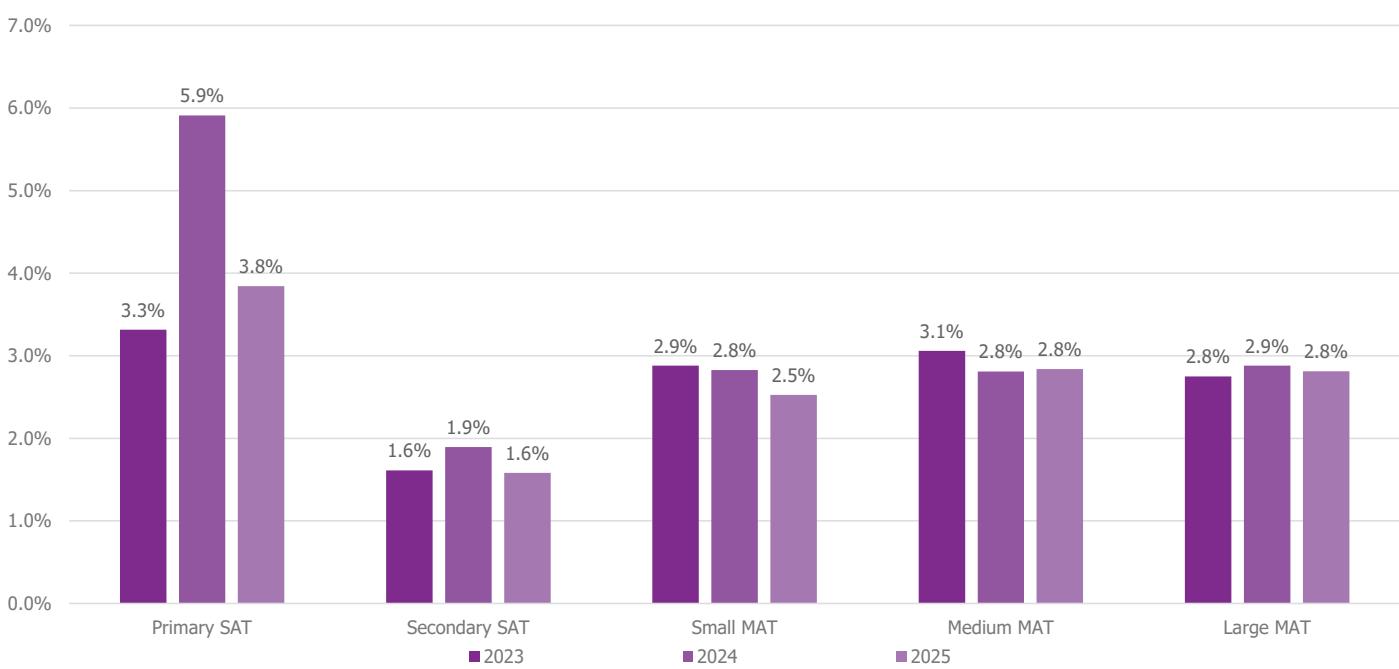
## Supply / absence / retention

We talked last year about the balance of absence and retention and how that drives agency costs. The DfE's latest School Workforce in England report showed a further reduction in sickness absence for teachers falling to around 4.6 days per teacher compared with 5 days and 6.3 two years prior. As an indicator it suggests that overall, the demand for cover should be reducing, at least from this factor.

We can also turn to the other major factors for teachers, being staff retention and the number of vacancies (sourced from the same report). The number of vacant teaching posts in 2024/25 fell by over 22% to 2,173 compared with 2,802, a record high in 2023/24. Vacancies remain stubbornly above pre-pandemic levels but year-on-year this is a substantial reduction. Retention statistics have moved only marginally with small gains in those retained one and two years after qualifying.

The Workforce data makes a reasonable case for there being a meaningful reduction in agency costs coming through in the numbers, given the 8% fall in sickness absence and the 22% fall in vacancies. However our data is not showing Trusts benefitting to the extent suggested by these statistics.

## Supply as % of payroll bill



We have reviewed agency costs in context as a percentage of overall staff costs in our Trusts. While there is a downward trend across all Trusts, it is barely discernible from the background and certainly not as statistically significant as the DfE's workforce data would point towards. The per-pupil figures, while falling in SATs, have actually risen in all MATs, which represent more than 90% of total costs in our data.

By benchmarking against wage costs which themselves increase annually with pay scales, there is an implied inflation in agency costs running significantly above the cost of on-payroll staff. This currently renders much of the improvement in retention and sickness absence in the sector meaningless when it comes to cost savings. The new CCS framework for agency supply under the MVP policy should be a welcome relief for Trusts held hostage by what will always be an urgent need with limited procurement options offering value for money.

## Pensions

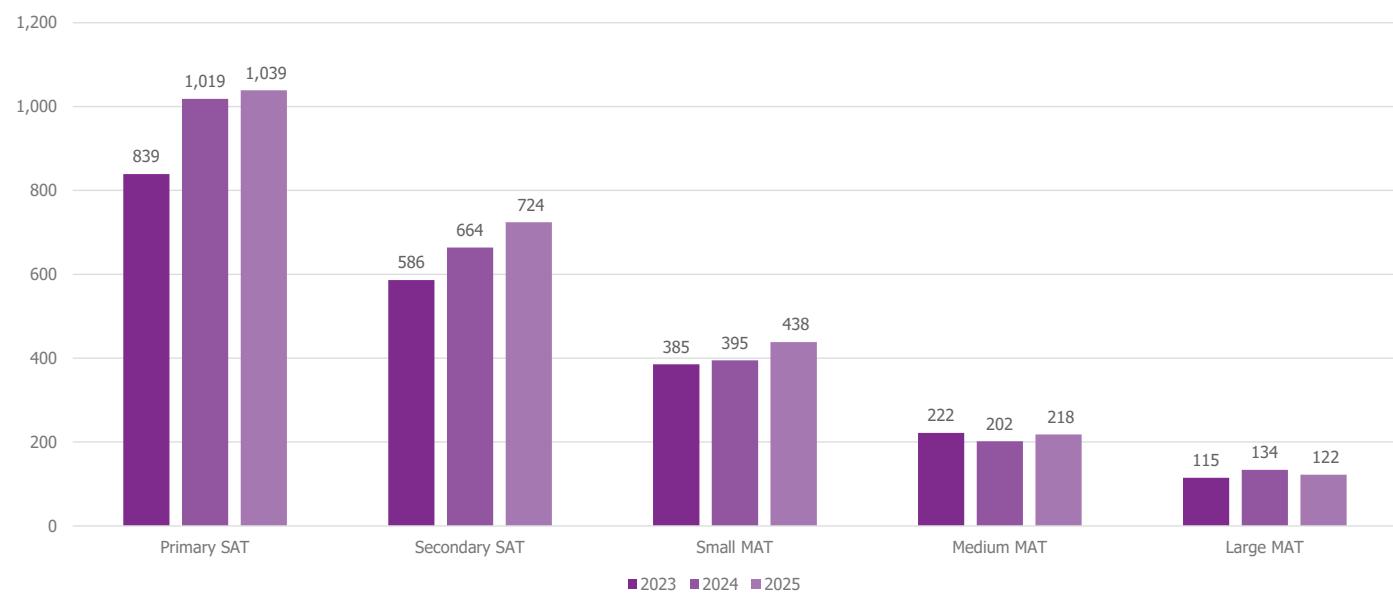
After seeing the impact of TPS increases in 2024, pensions have been a known quantity in 2025 when it comes to costs. Tumbling deficits and towering unrecognised assets across LGPS have no impact on the day to day even if they all now look a lot better aesthetically on the balance sheet.

The LGPS revaluations have been flooding in, and indeed, by the time you are reading this most Trusts will know what the final impact for them will be. Last year we warned against an abundance of optimism on rate reductions, irrespective of annual valuations. However, the new contributions rates being published are generally good news for Trusts, typically showing a few percentage points reduction in the employers' contribution rate. It is not universal though; we have seen that some Trusts that have previously negotiated on contribution rates finding their reduction is smaller or even slightly increasing, but they are a minority of the sector.

Most Trusts will see a benefit but particularly special schools. This is driven by the much higher proportion of support staff employed relative to teachers compared to mainstream schools.

## Key management personnel

### Weighted average key management personnel costs per pupil (£)



Key management personnel is always a tricky area to cover. It is in every set of accounts but the variation in what constitutes "Trust leadership" can vary significantly. That group is often larger in SATs than in MATs as a SAT is running just one school and many teachers may be involved in school wide operations. In a MAT, especially the larger ones, the decision making at a Trust level is often concentrated in fewer roles. We also see changes in roles with Trusts at different stages of their growth and development creating or consolidating roles such as COO, directors of education, school improvement as the need arises.

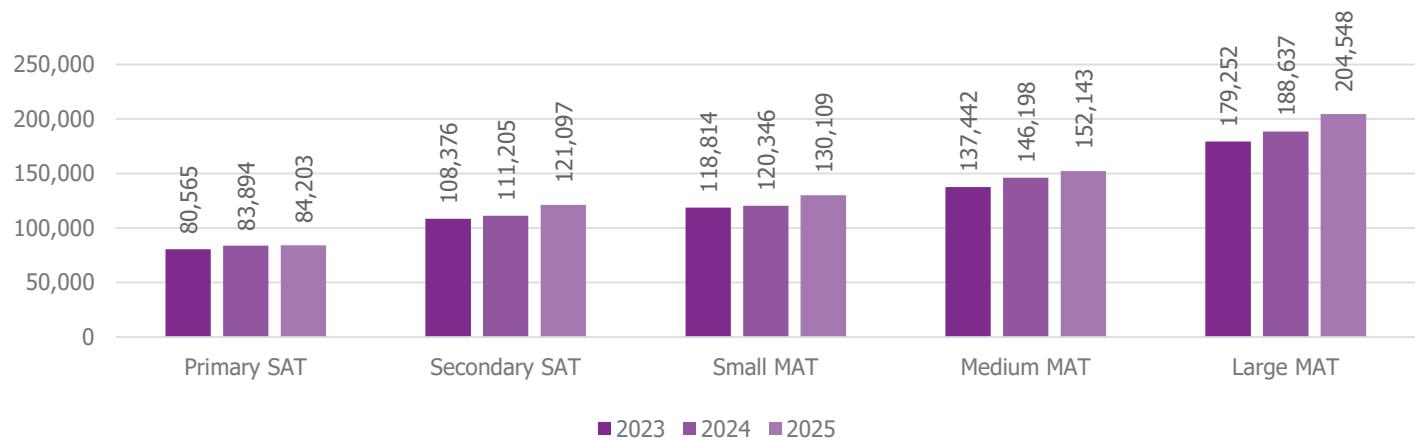
This makes comparing absolute results across categories potentially misleading. However, we can take a view on efficiency of leadership costs and in which direction they are travelling. We have looked at this with reference to the overall movement in staff costs per pupil which as we noted above is increasing faster in smaller Trusts. If we compare this with how fast the cost of leadership per pupil is rising it makes for some interesting reading.

For SATs the costs for both leadership and overall staff per pupil have risen by around 10%. This indicates no specific efficiency in leadership costs, nor would we expect there to be as almost all leadership will be on spine pay bands in either teaching or support roles.

As we look at MATs the picture starts to change quite quickly. Leadership costs grew 2.5% more slowly in small MATs than overall staff costs per pupil. For medium MATs this widens to over 4%. For large MATs the gap is over 15%, overall costs rising by just over 6% but leadership costs per pupil falling by nearly 9%. For all the hyperbole that accompanies headlines around CEO salaries (which we have covered below), the data suggests that large MATs are significantly out-performing other Trusts when it comes to the cost of leadership.

## CEO salary

### Average CEO/ Headteacher salary (£)



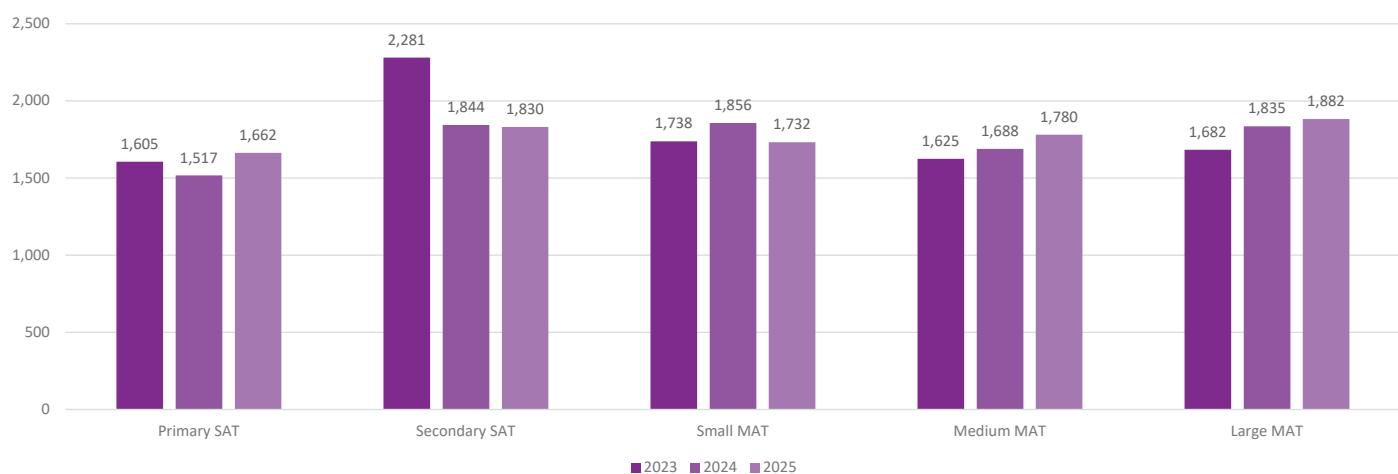
CEO salaries are perhaps one of the most media covered costs in the sector with scrutiny from every angle. In March 2025, Schools Week published an article on the number of CEO's earning over the £200k threshold. Many of these are from the largest Trusts nationally and the data of many of those Trust's is included in our report. It is perhaps no surprise when our data for 2025 shows the average large MAT CEO salary crossing £200k for the first time.

Putting this in context, CEO salaries for all categories of Trust (except primaries) have seen growth that is, on average, consistent. While the highest paid will inevitably make headlines again, the overall movement and range is not significantly different to previous years. It should also be viewed in the context of overall leadership costs in MATs which we have covered above.

## Non-staff costs

In reviewing non-staff costs, there are many variations between Trusts in our data as some significant components of non-staff costs can vary quite widely. The overall trend however is a perhaps surprisingly small increase. Stepping back from variations between sizes of Trust looking at all non-staff costs and the total number of pupils, the average per pupil at a sector level according to our data has risen by 2.4%. This is set against a CPI figure of 3.8% to August 2025. Trusts are constantly exhorted to find efficiencies in costs year after year, so this result in the context we have set out is a positive.

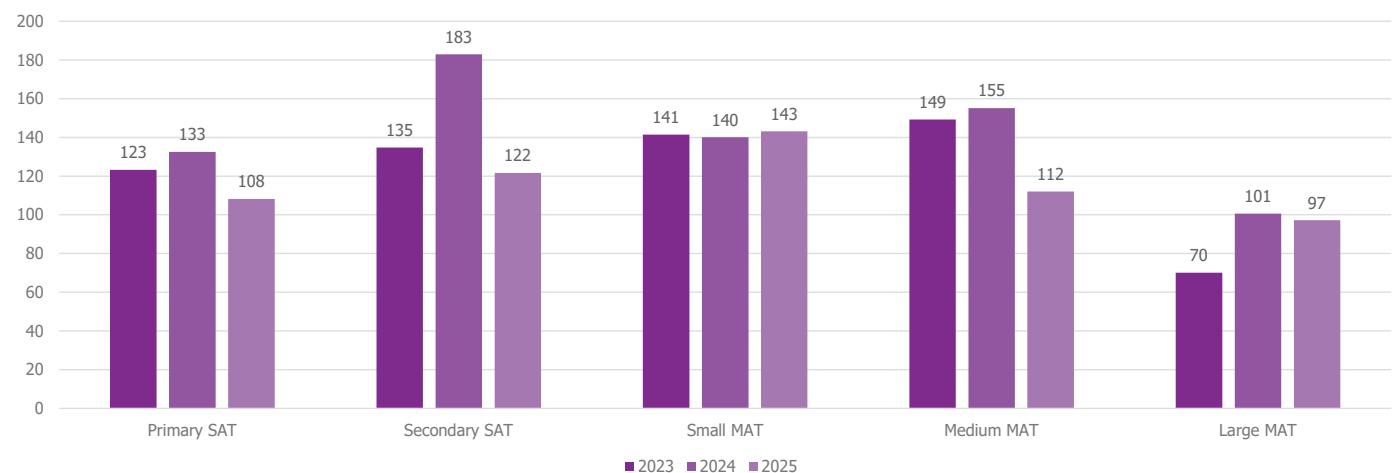
### Weighted average non-staff costs per pupil (£)



In our survey it was repairs and maintenance that scored highest for a non-staff related cost under "What are the biggest financial challenges facing your Trust?" question (which covers all areas not just expenditure), with one in six Trusts identifying it as a challenge. It is difficult to pin down trends in this area of expenditure as not only are these costs subject to a combination of need and funds being available but are also subject to judgement if they are revenue or capital in nature in a set of accounts.

Accounting for the uptick in available capital income, we could find no meaningful change in spending patterns across repairs, premises and estates costs. Broadly, money appears to be spent as it is being received, or certainly to the extent that it is classified as revenue expenditure. This would be consistent with our respondents concerns about funding, there might not be enough, but where it is available it is being deployed.

### Weighted average heat & light costs per pupil (£)



An area that has been of some interest in past years is heat and light. We spoke in 2024 about costs in this area starting to level out to a new, if still much more expensive normal. Compared to other cost pressures it is not an area that now comes up in conversation with any regularity. Our survey reflects this with just 6% of Trusts now rating it in their top financial challenges, down from over half at the peak in 2022-23.

Our conclusion last year was that this cost had levelled out, however the good news is that this statement was premature. Our data shows that costs have continued to fall this year, and the overall saving is significant. There is still some variation across Trust sizes but four of five Trusts classes have seen a reduction in costs of between 6% and 25%. We can speculate that volatility is still linked to renewals of more expensive energy contracts.

The overall per pupil position across the whole population represents a 13.7% drop in energy costs year on year. Very quietly this has reduced total non-staff expenditure per pupil by around 1%. This makes energy costs the main driver behind the below inflation increase in non-staff costs.

Compounded with the movements in 2024 and the high point of over £150 per pupil in 2023, (now £109 in 2025), this is the one cost that has consistently headed in the right direction. Reductions over the past couple of years are a benefit comparable with the £25-£35 per pupil return seen on cash deposits since interest rates rose.

Our CO2 emissions data covered in the MAT section does not show a similar scale reduction in per pupil usage so the fall in costs is not because the sector is using less energy, it is a genuine saving. We can only speculate what the impact could have been if the Decarbonisation Scheme funding for energy efficiency that the sector received and then largely returned had been more spendable.

## Conclusions

To stand back and look at non-staff costs we have a clear benefit from energy costs supporting our overall movement. Beyond this there is little in the way of trends other than overall spending rising at close to inflation.

Taking that on board it still appears there is little that Trusts alone can do to drive further efficiencies in their cost base. After years of constantly searching for savings and headroom in budgets it supports a conclusion that it is macro-economic factors that had the greatest impact on costs in the last year.

We should however take the positives as they come. As we referred to earlier, the recent MVP directives and tools including some new procurement frameworks looks set to finally give the DfE's pantheon of guidance and legislation a practical tool for the sector to use. Properly deployed this could leverage a buying power that no Trust could achieve on its own. We stand with our colleagues across the sector with a sense of hope for what this might achieve in the future.

## Section 6

# Balance Sheet



## Section 6 Balance Sheet

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**37% of Trusts still reported an in year deficit, however that was a significant improvement on 2023 and 2024 when 49% and 60% respectively reported a deficit.**”

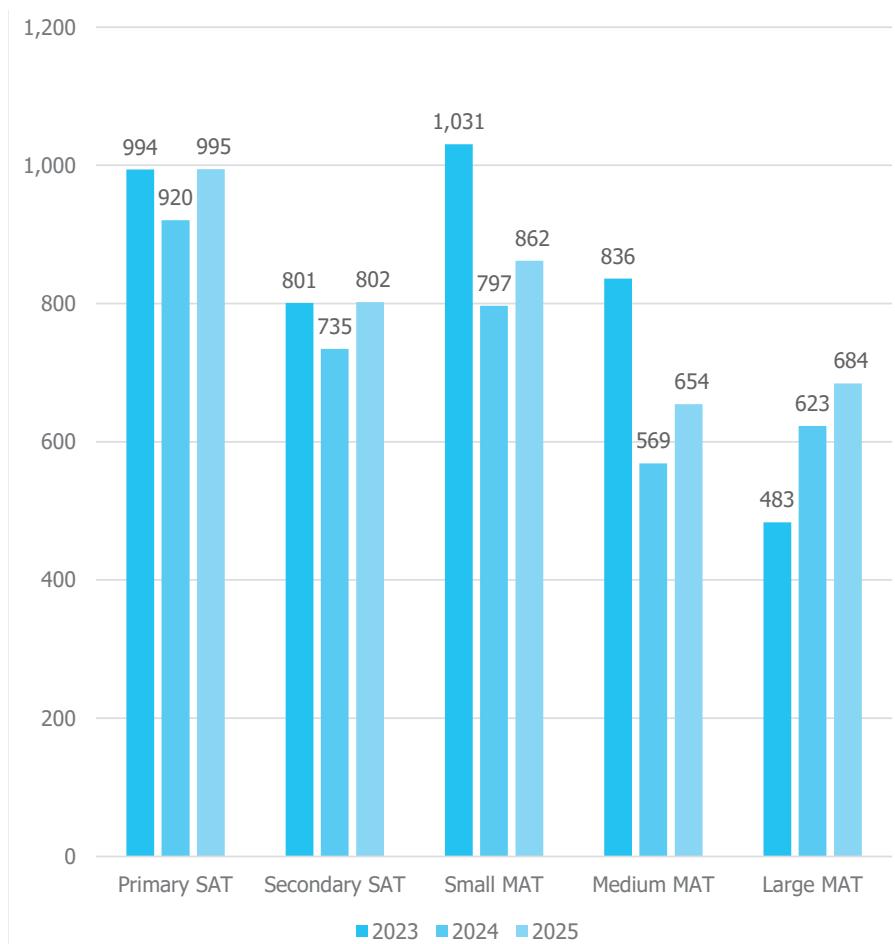
Usually we focus on reserves, cash balances and fixed assets in this section, however there are also some significant changes in relation to pensions this time.

### Reserves

As mentioned at the beginning of this report the outturn for 2024/25 was better than expected based on the forecasts we discussed with clients last year, coupled with the unexpected increase in employer's National Insurance that for most Trusts was less than the grant received to cover it. The actual outcome reflects the very late notification of the Core Schools Budget Grant, coupled with in the most part continued good cost control.

As can be seen in the graph below reserves per pupil have increased for all categories.

**Weighted average free reserves per pupil (£)**



37% of Trusts still reported an in-year deficit, however that was a significant improvement on 2023 and 2024 when 49% and 60% respectively reported a deficit. Some of those that did report deficits did so because of planned activity – additional investment in their estate, additional planned investment in teaching and learning or making changes to staffing structures required for academies with falling rolls due to birth rate demographics.

The number of Trusts that are in cumulative deficit within our sample remains low, although it has increased from 2.7% to 3.7%. The Trusts in deficit and with low reserves are, as one would expect, those most likely to receive more attention from the DfE.

So how do Local Authority council schools compare? The DfE released a report in December 2025 that highlighted that 1,887 local authority schools out of 10,575 were in cumulative deficit as at 31 March 2025, i.e. 17.8%. That is a significant increase when compared to 2021, when 'only' 1,075 out of 12,221 were in a cumulative deficit i.e. 8.8%.

Why are so many local authority schools in deficit compared to Trusts? It's a complex question however the writers believe that there are a number of reasons, including the significant scrutiny that Trusts are subject to – internal and external audits amongst other reporting requirements.

The impact in how prudent Trusts are, can be seen when comparing the estimated reserves at 31 August 2025 per the 2024 Budget Forecast Return (BFR) with the actual reserves achieved.

#### **Predicted free reserves at 31 August 2025 per 2024 BFR compared to actual outcome**

	<b>2025 actual  (£,000)</b>	<b>2025 predicted per  2024 BFR (£,000)</b>
Primary SAT	375	317
Secondary SAT	932	406
Small MAT	1,505	1,366
Medium MAT	3,075	1,932
Large MAT	8,865	5,311

To help explain to those reading the accounts why Trusts are carrying the reserves that they are, a significant number are now splitting out designated funds from the unrestricted funds. The transfer of funds from the unrestricted to a designated fund does not commit the Trust to spend the money as designated, but it does help explain the Trusts plans for them at a moment in time.

Trusts that designate funds usually start by reviewing their strategic objectives to ensure that they are a true reflection of the Trust's values and ethos. Once that is confirmed, or tweaked as necessary, the Trust can then allocate funds to help meet those agreed objectives.

One of these objectives may be to help allocate funding more equitably amongst the individual academies as an alternative or in addition to GAG pooling or Reserves pooling. Reserves pooling is something that we are seeing more and more Trusts do. True GAG pooling is still less common as it usually involves a major cultural change within the organisation. Communication and transparency are key to ensure all stakeholders understand and agree to any changes when GAG pooling.

## Cash and current asset investment balances

This year we have changed the title to include investment balances, although it should be noted that in this context investment balances are usually bank balances where the terms of the deposit exceed 3 months rather than investments on the stock market, which are still extremely rare.

### Weighted average cash and current asset investments per pupil (£)

	2023	2024	2025
Primary SAT	1,605	1,230	1,338
Secondary SAT	1,225	1,061	1,202
Small MAT	1,290	1,075	1,175
Medium MAT	1,186	1,048	1,209
Large MAT	1,174	1,133	1,137

Comparing the cash balance above per pupil to the free reserves per pupil the ratio of cash and investments to free reserves remains around 1.4:1 for SATs and small MATs, whilst for the medium and large MATs this ratio is circa 1.8:1, reflecting the unspent SCA at the year end given the timing of this receipt.

As mentioned in Section 4, individual Trusts own treasury policies continues to evolve and it is pleasing to see the increase in investment income especially when considered against a falling base rate.

The DfE published some guidance in December – maximising school and Trust resources: managing financial and physical assets. Within this document it reminds the reader that the FSCS protection for a registered bank increased from £85,000 to £120,000 in December 2025 and talks about the potential to minimise risk whilst maximising return by using banking platforms, albeit it notes there is a cost of doing so which must be factored in. The document goes on to state that whilst several savings platforms exist, Insignis responded to a Request for Information from DfE and has been approved for use by them.

As well as deposit accounts we are seeing the banks offering other products that could either help with security or provide another source of income. Security and processes could be improved via the use of virtual cards for use online purchases and instead of petty cash. The use of credit cards increases the time that money can be deposited, and some banks are offering cash back on credit card transactions.

## Fixed asset buildings

There has been a lot of press about several issues to do with buildings - new building projects and PFI being the two that have grabbed the headlines.

The school rebuilding programme which started in 2021 continues, with 518 projects announced so far. Recently though two-thirds of the 44 mainstream free schools proposed by the previous Government have been cancelled and there have been significant changes to the planned special and alternative provision schools proposed. There is therefore probably some relief in the sector that the nominations for the next 250 schools to be built under the schools rebuilding programme is due to open in early 2026.

Given the number of schools in England there is a need to commit to build or rebuild more than 50 schools per year. Hopefully given the increased funding announced in the Autumn 2024 budget, which can be seen in the table below this will become a reality. The 16% increase, the biggest since 2021/22 is reflected in our clients 2024/25 accounts and is discussed in more detail in the Section 4.

#### SCA and DFC allocations (per DfE)

	2021/22	2022/23	2023/24	2024/25	2025/26
Local authority maintained schools	£606,207,157	£579,990,386	£561,754,044	£540,636,887	£582,288,131
Voluntary aided schools (from 2020 to 2021 VA groups eligible for SCA only)	£155,977,603	£152,169,591	£142,282,241	£135,620,573	£143,439,071
Multi-Academy Trusts (and until 2022 to 2023 sponsors receiving SCA)	£456,683,643	£513,554,139	£559,716,829	£633,969,163	£808,526,274
Institutions eligible for condition improvement fund (CIF)	£563,536,486	£543,809,227	£530,228,312	£499,520,743	£517,782,622
Non-maintained special schools (NMSSs)	£3,223,090	£3,386,940	£3,434,123	£3,207,917	£3,679,860
Specialist post-16 institutions (SPIs)	£4,463,987	£5,065,112	£5,517,075	£6,133,783	£7,578,150
Urgent capital funding					£38,000,000
<b>Total</b>	<b>£1,790,091,965</b>	<b>£1,797,975,395</b>	<b>£1,802,932,623</b>	<b>£1,819,089,066</b>	<b>£2,101,294,108</b>

This increase in income has been welcomed by our clients, especially given the increased focus on estate management since the RAAC crisis started which has already cost the Government £211m. We have also seen following the 2nd condition survey an increase in SCA allocation for some Trusts reflecting the work needed on their estates.

One environmentally friendly measure that we had expected to see being lifted was the effective ban on Trusts being able to enter into new electric car schemes. At a time when the Government is heavily promoting the use of electric cars it seems odd that they do not allow Trusts to offer this to colleagues.

The estate management standard was published in April 2025. It assigns a level between 1 and 4 depending upon what the Trust is already doing. The expectation seems to be that over time Trusts will look to undertake more activities referred to so that they progress up the levels. Whilst the document is only 18 pages long there are a lot of hyper-links. The standard is due to be reviewed by May 2026.

Turning to the PFI contacts that were initially launched under the previous Labour Government in the late 1990's a number of these projects are nearing the end of their 25-year term.

Some of these arrangements appear to have worked well and we have a number of clients who are in talks with contractors to retain certain services once the PFI contract expires.

However, as has been highlighted in the media for a while, other Trusts are extremely concerned about the condition of the properties that are due to be handed over to them. In a number of cases, the necessary upkeep does not appear to have not been completed as expected. As a result, some Trusts have withheld payments. One firm which operated a number of PFI contracts has recently been put into creditors voluntary liquidation. As a result, any outstanding work will either need to be completed by the local authority or the Trust.

We believe as a result of this the DfE has made some senior appointments which we understand will monitor and help the Trusts as they exit these schemes. For anyone with a PFI contract we know solicitors suggest that you should start looking at the hand over process some 7 years prior to the due date such is the complexity of the contracts and the timeframe for any rectification.

Finally on estate management with the change in birth rate and the movement of the larger year groups from primary to secondary schools, some primary schools are having to reconsider PAN, sometimes liaising with other Academy Trusts to plan how this is best done in a particular area. Where a school does reduce PAN there is often surplus estate space. At some schools this surplus space has been converted for nursery provision, in other circumstances we have seen Trusts either relocate their central team or use it as an opportunity to bring together teams in one place. There is also the potential option of applying for approval to dispose of surplus assets.

## Risk protection arrangements

The DfE has announced that the rate will increase from £27 to £29 per a pupil from April 2026. The last six years have now seen increases of either £1 or £2 per pupil each year.

## Impact of finance leases

We wrote about the ability to enter into certain finance leases from 1 September 2024 at length in the 2025 report. This reflects a change in accounting standards, the effect of which we expect to see implemented in the accounts to 31 August 2027.

To date we have seen little evidence of Trusts using this new power to enter into finance leases, deciding instead to forego interest on investments as that lost income is less than the interest charged on a lease. Where it is used this tends to be in respect of solar panels or LED lighting.

## VAT claims

We have not historically commented on VAT in this section as claims whether via a VAT return or the S126 have historically been paid relatively quickly by HMRC. We have however seen an increase in queries from HMRC. If HMRC raise a query into one return they will not usually process future ones until the historic claims have been resolved. As a result, some clients have been owed significant sums, in one case over £1m. Typical queries have included costs associated with trips, school uniform and branded school uniform used for non-core subjects – rowing is one example we have seen.

## Pensions

We have written before about there being two pension schemes – the Teachers' Pension Scheme (TPS) and the Local Government pension scheme (LGPS). The TPS scheme is an unfunded scheme and as such the payments are reflected in the SOFA, the equivalent of the income and expenditure account. The LGPS as a funded scheme requires an actuarial valuation.

In the past we would have highlighted the deficit per pupil on the LGPS. However, over the last couple of years a combination of increasing asset values and a change in the actuary assumptions have led to those liabilities becoming assets. However, as these assets do not usually meet the requirements for recognition within the accounts they are shown at nil value.

Whilst the methodology behind calculating contribution rates is different to calculating the asset or liability to be disclosed in the accounts, a number of our clients have recently received good news in respect of the employer contribution rates from 1 April 2026.

For those Trusts who have been advised of their new rate, all are seeing a reduction. Typically, around 3%, although we have seen one reduce from 26.6% (very high by historic comparatives to others) to 15.6%. Another which was paying 20.8% plus deficit payments, so an effective rate of 23.2% reduce to 15.0% with no deficit payments. This medium sized MAT has calculated that this will save them circa £750K per annum in employer LGPS contributions.

Some Trusts will see smaller reductions depending upon how their scheme has performed and what rates they have historically agreed with the scheme – most Trusts have historically accepted the rates recommended by the actuaries, however a small number have negotiated.

We are aware that at least one scheme is looking at pooling the assets and liabilities which would then give one employer contribution rate for schools within that region. If this were to occur as a multi-employer scheme there would be no need for the yearly actuarial valuations.

We have suggested to the DfE before when the movement towards a national funding formula started that having a national scheme that all academies LGPS members were part of would help equalise one of the largest costs for academies – employers pension costs. It could be that if such a scheme was set up that it could invest in schools' infrastructure.

With LGPS employer rates falling there are some who will expect that the employers TPS rate which have historically increased rapidly from 16.48% to 23.68% in September 2019 and then again to 28.68% in April 2024 will also reduce in due course. This expectation should be tempered given that we understand over 400 independent schools have left the TPS scheme over the last 6 years, and with it their contributions. Also, as we reported last year the DfE's valuation of the scheme's liabilities at 31 March 2020, published in October 2023 showed the notional liabilities increasing from £22,000 million to £39,800 million.

The 2024-25 model accounts that accompanied the Academies Accounts Direction (AAD) states that the next implementation date will be 1 April 2027, a year earlier than the previous model accounts, so we expect to see something about the employer rate before our next report.



## Section 7

# Internal Audit & Risk Management

## Section 7 Internal Audit & Risk Management

“Where risks cannot be fully mitigated, internal audit can still add value by sharing insights, experiences, and approaches from other Trusts, helping to strengthen overall risk management practices.”

### Introduction

Academy Trusts enter 2026 facing a landscape that is as dynamic as ever. Economic pressures, evolving regulatory expectations, and the continued drive for educational excellence mean that risk management needs to be focused as much on resilience, readiness and adaptability as it is on obtaining sufficient assurance that we are doing what we need to, well enough and at the right time.

With new risks continuing to emerge alongside more familiar challenges, the ability to anticipate and respond effectively will be crucial for Trusts of all sizes in the coming years. What remains constant is the need for clarity. Trusts must have a clear line of sight over the risks they face and demonstrate robust strategies for managing them. Boards, audit committees, and leadership teams will need to continue to rely on strong assurance to ensure governance is not only compliant but also proactive, enabling Trusts to thrive in an environment of uncertainty and opportunity.

### Survey results – top risks

We asked Trusts again in our survey this year what they considered their top three risks to be. The most common response themes this year were, unsurprisingly, similar to last year's themes, as follows:

#### 1. Financial Sustainability and Funding

- **Funding shortfalls:** Many Trusts again cited insufficient government funding, a lack of viable uplifts to the NFF (National Funding Formula) / MPPL (Minimum Per Pupil Level), funding not keeping pace with inflation or pay awards, and reductions in funding as critical risks.
- **Falling pupil numbers:** Declining enrolment is also a recurring concern, leading to reduced income and financial instability.
- **Rising costs:** Increased staffing costs (including agency fees), estate repairs, utilities, and SEND provision are straining budgets.
- **Low reserves and cashflow issues:** Several Trusts highlighted depleted reserves, cashflow challenges, and the risk of financial deficits.
- **Unfunded pay rises:** Pay increases not matched by funding settlements are a significant pressure, as well as not being able to meet staff expectations for pay rises.
- **Uncertainty in external funding streams:** Changes to government funding formulas and uncertainty re nature, timing and impact of future government policy changes add to financial unpredictability.

## 2. Pupil Numbers and Demographics

- **Falling rolls:** Many Trusts are experiencing or forecasting a decline in pupil numbers, particularly in primary academies, affecting viability.
- **Demographic changes:** Local population shifts and increased competition for sixth form places are impacting admissions.
- **Insufficient pupil intake:** Many Trusts noted they are at increasing risk of not recruiting enough learners in some schools to remain viable.

## 3. Staffing: Recruitment, Retention, and Wellbeing

- **Recruitment and retention:** Difficulty in attracting and retaining high-quality teaching (notably subject specialists) and support staff, as well as Trustees and senior leaders.
- **Staff costs:** Rising salary costs, agency fees, and the impact of national minimum wage increases.
- **Wellbeing and workload:** Excessive workload is leading to staff burnout and further recruitment/retention challenges (with a natural link here to escalating agency costs in the sector).
- **Succession planning:** Over-reliance on key individuals and lack of succession planning for leadership and governance roles.

## 4. SEND (Special Educational Needs and Disabilities)

- **Rising SEND needs:** Increasing numbers of pupils with high needs, often without corresponding funding in part due to the length of time taken to award EHCPs and then for the associated funding to follow.
- **SEND funding shortfalls:** Funding for SEND provision is not keeping pace with demand, leading to budget pressures and challenges in meeting pupil needs.
- **Outcomes for disadvantaged/SEND pupils:** Risks around not effectively meeting the needs of SEND pupils and the impact on outcomes.

## 5. Estates, Premises, and Capital Funding

- **Condition of buildings:** Poor estate condition, growing backlog of maintenance, and lack of capital funding for improvements.
- **Premises failures:** Risks of premises-related safety and/or business continuity issues, and unsuccessful CIF (Condition Improvement Fund) bids.
- **Health and safety:** Risks of injury or fatality to staff, pupils, or third parties due to estate issues.

## 6. Cyber Security and IT

- **Cyber attacks:** Cyber security is a top concern, with risks of hacking, data breaches, and IT system failures.
- **IT infrastructure:** Inadequate or inconsistent IT systems across Trusts, and risks related to GDPR and data protection.

## 7. Regulatory and Compliance

- **Ofsted inspections:** Risks associated with changes to the Ofsted framework and the potential for a fall in inspection grades, as well as the proposed introduction of a Trust-level Ofsted programme.
- **Safeguarding and child protection:** Ensuring robust safeguarding practices and responding to exceptional safeguarding incidents.
- **Business continuity:** Risks from uncontrollable events impacting the ability to deliver education.

## 8. Reputation and Stakeholder Management

- **Reputation management:** Several Trusts highlighted the potential impact increasing complaints, parental concerns and negative Ofsted outcomes can have on / damage Trust reputation.
- **Stakeholder engagement:** Managing relationships with external stakeholders, including parents and local authorities.

A few of the other risks that Trusts highlighted in their responses included:

- Abuse of staff from external stakeholders
- Not being a good employer
- Poor behaviour in Schools - high levels of suspension and exclusion
- Wind down, transition and handover of PFI contracts
- Pressures on, or capacity of, the Executive Team, resulting in ineffective leadership and wellbeing issues
- Transport pressures / pupils walking to school on unsafe routes
- Impact of increasing number of subject access requests, parental complaints and other potentially adverse reputational impacts
- Impact of the Employment Rights Act 2025 – financial and compliance impact of potential pay harmonisation, increased employee rights

## Other risks

In addition to the above, some other notable sector-wide risks that we are also seeing on Trust risk registers include:

### 1. Political and Policy Uncertainty

- Changes in government policy, funding formulas, or education priorities can have significant impacts on Trust operations and planning.

### 2. Academisation and Structural Change

- Pressures to join or form Multi-Academy Trusts, or to merge/consolidate, can create operational and cultural risks.

### 3. Climate Change and Sustainability

- Increasing expectations for environmental sustainability, energy efficiency, and climate resilience in school estates, as well as the Trust's role in equipping the workforce of the future with the skills, behaviours, and expertise to be more sustainable.

### 4. Technological Change

- The rapid pace of technological change, including the integration of AI and digital learning, brings both opportunities (from efficiencies in routine tasks, to personalised learning and teaching skills that will be required when pupils enter the workforce in future) as well as risks (including data privacy risks, digital exclusion and cyber bullying).

## 5. Legal and Regulatory Compliance

- Evolving legal requirements (e.g. employment law, data protection, Health and Safety) require ongoing vigilance and adaptation.

## 6. Community and Social Risks

- Societal issues such as mental health, safeguarding in the digital age, and the impact of poverty and deprivation on pupils and families.

## Internal audit continues to broaden its reach to deliver greater assurance

It has again been encouraging to see the continued evolution of internal audit across Academy Trusts. Over the past year, more Trusts have embraced a broader, more strategic approach, moving beyond the sector's traditional focus on financial controls to consider how internal audit can provide assurance to Trusts across the full spectrum of their risks. This shift reflects a growing recognition that non-financial risk areas, which historically lacked robust independent scrutiny, are critical to long-term resilience and success. As a result, internal audit plans have continued to expand not only in the number of days allocated but also in the diversity and depth of areas reviewed. Looking ahead, given the ever-increasing scrutiny and assurance requirements for Trusts, this trend is expected to continue, with internal audit playing an increasingly pivotal role in helping Trusts anticipate emerging risks and strengthen governance in an environment of rapid change.

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

### 1. Cyber Security and IT

Cyber Security and IT was by far the most frequently mentioned area, appearing in various forms (cyber security, IT security, IT systems, digital strategy, digital transformation, IT infrastructure, IT processes and controls).

- **Rationale:** With increasing digitalisation and cyber threats, Trusts are prioritising the security and futureproofing / resilience of their data, systems, and digital processes.
- **Internal Audit review topics could include for example:** Data protection, GDPR, incident response planning and testing, user access management and privileges, leavers' system access revocation, information governance, and digital transformation.

### 2. Governance and Risk Management

Governance and Risk Management were also highly prominent, with many Trusts seeking assurance over their arrangements and approaches.

- **Rationale:** Strong governance and risk management frameworks are essential for accountability, compliance, and strategic oversight.
- **Internal Audit review topics could include for example:** Board effectiveness, skills and diversity, compliance, succession planning, risk assurance mapping, risk appetite, scheme of delegation (as well as core risk management processes).

### 3. Health & Safety and Estates Management

Health & Safety and Estates Management appeared frequently in responses, reflecting the importance of safe, compliant, and well-maintained learning environments.

- **Rationale:** Ensuring the safety of pupils, staff, and visitors is a statutory and reputational priority.
- **Internal Audit review topics could include for example:** Premises compliance, fire risk, facilities management, asset management, and external contractor compliance.

## 4. Human Resources (HR)

Human Resources was unsurprisingly also a major theme for internal audit focus, covering a range of areas under this wide umbrella.

- **Rationale:** Effective HR processes underpin staff performance, retention, and safeguarding.
- **Internal Audit review topics could include for example:** Payroll, staff induction / onboarding, sickness absence management, performance monitoring, staff contract management, recruitment, staff wellbeing, right to work / sponsorship, and safer recruitment.

## 5. Safeguarding

Safeguarding areas were also highlighted as popular topics for review, again covering an expanded range of topics.

- **Rationale:** Safeguarding is a core statutory duty and a key risk area for all Trusts.
- **Internal Audit review topics could include for example:** Safeguarding training compliance, checks on new starters, single central record reviews / safer recruitment, oversight of safeguarding in extra-curricular activities, online safety and digital safeguarding controls, as well as wider topics such as SEND, inclusion, and security of premises.

## 6. Compliance and Data Protection

GDPR, Data Protection, and Information Governance were frequently cited, reflecting ongoing concerns about regulatory compliance and data privacy.

- **Rationale:** Trusts must comply with data protection laws and ensure robust handling of sensitive information.
- **Internal Audit review topics could include for example:** Freedom of Information (FOI) and Subject Access Requests (SARs) handling, Data Protection / GDPR, information governance / information asset management, data retention and destruction, and website compliance (ensuring statutory information is published and is kept up to date).

## 7. Business Continuity and Resilience

Business Continuity and Financial Resilience were mentioned, highlighting the need for Trusts to plan for disruptions and ensure ongoing operations.

- **Rationale:** A number of recent events (including the pandemic and more recently cyber attacks and e.g. heating system failures in schools) have underscored the importance of resilience planning.
- **Internal Audit review topics could include for example:** disaster recovery planning, crisis / incident response and management, wider business continuity considerations (IT, staff, premises, resources), communication plans, regular testing of key elements.

## 8. SEND, Pupil Numbers, and Inclusion

SEND (including funding and provision), pupil numbers, and inclusion were topics Trusts also asked to be reviewed, reflecting the focus on vulnerable learners and funding pressures.

- **Rationale:** Ensuring appropriate support and funding for SEND pupils is both a statutory and financial concern.
- **Internal Audit review topics could include for example:** High needs funding, SEMH (Social, Emotional and Mental Health) support, pupil premium, EHCP delivery versus funding, pupil experience, inclusion audits (e.g. participation in enrichment activities), and nursery income/resource planning.

## **9. Other notable areas Trusts included in their responses:**

- **Complaints and Communication:** Complaints management, stakeholder engagement, and communication processes.
- **Procurement and Contracts:** Procurement, contract management, and value for money.
- **Trips and Educational Visits:** Assurance over the safety and compliance of trips and visits.
- Other interesting but less common areas that some Trusts highlighted for review by internal audit were:
  - Site security
  - Capacity for growth
  - Exclusions policy
  - Project Management
  - Modelling pupil number projections
  - Admissions process
  - AI efficiency (incorporating managing risks whilst maximising opportunities)
  - On-boarding - post merger policy alignment
  - Whistleblowing
  - Teaching Quality Assurance
  - DfE Post 16 Funding and bursary
  - Fire safety / risk management
  - Catering operations
  - Trading operations / VAT

## **Commentary and Observations**

- Cyber Security stands out as the single most popular area, reflecting sector-wide concerns about digital threats.
- Governance, risk management, and compliance form the backbone of internal audit work, ensuring Trusts meet statutory and regulatory requirements.
- Health & Safety, safeguarding, and Human Resources continue to be perennial priorities, given their direct impact on pupils and staff.
- Emerging areas include digital transformation, AI, and resilience planning, showing Trusts are adapting to new risks and opportunities.
- SEND and inclusion are increasingly being included in internal audit plans, potentially due to ongoing / increasing funding challenges and the need for equitable provision.
- Finally, we note that several Trusts stated that they had not included any non-financial areas in their internal audit plans. The remit of responsibility for Trustee Boards, and specifically Audit Committees, means that Trusts should be seeking assurance against all risks – both financial and non-financial. If these are not to be provided within the core internal audit plan, Trusts should be seeking other external assurance providers – for example, cyber security specialists – to provide missing non-financial risk assurance.

## Final thoughts

It is encouraging to see strong alignment in our survey responses between the top risk areas identified by Academy Trusts and the areas being prioritised for internal audit review. This demonstrates an effective use of internal audit as a tool to provide focused assurance on the Trust's ability to mitigate its most significant risks. Where risks cannot be fully mitigated, internal audit can still add value by sharing insights, experiences, and approaches from other Trusts, helping to strengthen overall risk management practices.

A final plea, therefore, ending in the same way as we did last year. Reach out to your internal auditors and have a conversation to see what other areas they are able to audit for you, and therefore how they can additionally support you in obtaining this essential wider assurance.



## Section 8 Appendices

# Definitions

**Academic year:** The data used in the report is based on the 24/25 academic year with comparative data given for the 21/22, 22/23 and 23/24 academic years. For ease of reference the academic years are referred to as 2024, 2023, 2022, and 2021 respectively.

**Academy Trust Handbook (ATH):** Publication from Department for Education (DfE) detailing the financial and non-financial requirements for Academy Trusts.

**Average per pupil:** Where we refer to average per pupil this is calculated based on the total (metric) divided by the total pupils for that category of academy, e.g. small MAT. In previous editions this has been calculated as an average of the outputs of each academy within a category. Comparative period data has been restated to reflect this change of methodology.

**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 DfE to pay for capital projects and maintenance for non-SCA-eligible Trusts.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**School Condition Allocation (SCA):** Funding allocated by the DfE 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
<b>Income Measures</b>				
Total income per pupil	£9,867	£5,869	£7,134	£6,854
Total revenue income per pupil	£9,858	£5,852	£7,078	£6,830
Total GAG income per pupil	£6,107	£3,915	£4,918	£4,684
GAG income ratio (as a % of revenue income)	79%	47%	69%	70%
Capital income per pupil	£244	£9	£57	£25
<b>Key Overhead Cost Measures</b>				
Total staff costs per pupil	£7,944	£3,253	£5,243	£5,160
Total non-staff costs per pupil	£2,776	£906	£1,662	£1,660
Premises costs per pupil	£427	£28	£175	£128
Heat and light costs per pupil	£195	£59	£108	£122
Repairs and maintenance costs per pupil	£283	£38	£112	£93
Catering costs per pupil	£800	£188	£318	£343
Total costs per pupil	£9,701	£5,641	£7,232	£7,080
Staff costs ratio (as a % of total costs)	92%	54%	77%	78%
Staff costs ratio (as a % of total revenue income)	86%	53%	75%	76%
Estate management costs per pupil	£323	£52	£171	£144
<b>Staff Salary Measures</b>				
Teaching staff salary per pupil	£4,122	£1,110	£1,903	£1,963
Non-teaching staff salary per pupil	£3,897	£584	£1,909	£1,714
Average teaching staff salary	£65,953	£33,293	£46,875	£46,343
Average non-teaching staff salary	£33,567	£8,565	£25,906	£26,711
Key management personnel costs per pupil	£1,993	£544	£1,039	£1,095
<b>LGPS Pension Costs Measures</b>				
LGPS employer contributions per pupil	£966	£209	£383	£381
<b>Pupil/Teacher Measures</b>				
Pupil to teacher ratio	35.00	16.0	24.4	23.9
Teaching to non-teaching staff ratio	1.27	0.25	0.62	0.60
<b>Surplus/(Deficit) Measures</b>				
Free reserves movements (as a % of total revenue income)	6.98%	-5.60%	0.33%	0.24%
Cumulative free reserves (as a % of total revenue income)	37.73%	3.71%	14.80%	12.05%
Designated funds (as a % of total free reserves)	20.71%	0.00%	1.60%	0.00%
<b>Balance Sheet Measures</b>				
Cash at bank and in hand (inc F&C investment) per pupil	£6,490	£546	£1,678	£1,225
<b>Fixed Asset Measures</b>				
Capital expenditure per pupil	£326	£28	£117	£70

\*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
<b>Income Measures</b>				
Total income per pupil	£13,256	£6,512	£8,171	£8,035
Total revenue income per pupil	£13,201	£6,493	£7,895	£7,739
Total GAG income per pupil	£7,713	£4,085	£5,468	£5,229
GAG income ratio (as a % of revenue income)	88%	41%	69%	68%
Capital income per pupil	£1,287	£14	£274	£31
<b>Key Overhead Cost Measures</b>				
Total staff costs per pupil	£9,080	£4,774	£5,923	£5,850
Total non-staff costs per pupil	£3,830	£1,038	£1,830	£1,632
Premises costs per pupil	£1,468	£60	£305	£230
Heat and light costs per pupil	£276	£66	£122	£132
Repairs and maintenance costs per pupil	£1,416	£40	£182	£119
Catering costs per pupil	£417	£17	£133	£83
Total costs per pupil	£13,315	£6,645	£8,160	£7,936
Staff costs ratio (as a % of total costs)	84%	60%	77%	79%
Staff costs ratio (as a % of total revenue income)	87%	59%	76%	76%
Estate management costs per pupil	£1,416	£75	£292	£203
<b>Staff Salary Measures</b>				
Teaching staff salary per pupil	£4,452	£2,273	£2,492	£2,754
Non-teaching staff salary per pupil	£3,014	£674	£1,344	£1,472
Average teaching staff salary	£64,827	£36,665	£52,084	£50,800
Average non-teaching staff salary	£43,848	£14,529	£32,428	£33,150
Key management personnel costs per pupil	£2,110	£487	£724	£704
<b>LGPS Pension Costs Measures</b>				
LGPS employer contributions per pupil	£446	£81	£270	£265
<b>Pupil/Teacher Measures</b>				
Pupil to teacher ratio	24.64	10.8	18.1	18.0
Teaching to non-teaching staff ratio	2.25	0.45	1.23	1.23
<b>Surplus/(Deficit) Measures</b>				
Free reserves movements (as a % of total revenue income)	12.78%	-10.25%	-0.16%	0.28%
Cumulative free reserves (as a % of total revenue income)	41.53%	-5.03%	9.46%	9.33%
Designated funds (as a % of total free reserves)	49.65%	0.00%	3.30%	0.00%
<b>Balance Sheet Measures</b>				
Cash at bank and in hand (inc F&C investment) per pupil	£4,317	£32	£1,129	£906
<b>Fixed Asset Measures</b>				
Capital expenditure per pupil	£1,801	£ 22	£357	£ 234

\*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
<b>Income Measures</b>				
Total income per pupil	£13,090	£6,239	£8,228	£7,955
Total revenue income per pupil	£13,097	£6,181	£7,951	£7,841
Total GAG income per pupil	£8,329	£3,997	£5,330	£5,305
GAG income ratio (as a % of revenue income)	83%	53.8%	67%	70%
Capital income per pupil	£1,890	£21	£278	£80
<b>Key Overhead Cost Measures</b>				
Total staff costs per pupil	£10,256	£4,702	£6,024	£5,898
Total non-staff costs per pupil	£3,623	£1,001	£1,732	£1,612
Premises costs per pupil	£1,527	£29	£258	£181
Heat and light costs per pupil	£414	£71	£143	£123
Repairs and maintenance costs per pupil	£1,016	£31	£142	£116
Catering costs per pupil	£540	£82	£209	£200
Total costs per pupil	£14,313	£6,233	£8,145	£8,050
Staff costs ratio (as a % of total costs)	87%	66%	78%	79%
Staff costs ratio (as a % of total revenue income)	84%	57%	76%	77%
Estate management costs per pupil	£2,083	£37	£361	£222
<b>Staff Salary Measures</b>				
Teaching staff salary per pupil	£4,234	£1,387	£2,285	£2,304
Non-teaching staff salary per pupil	£3,643	£1,009	£1,905	£1,799
Average teaching staff salary	£66,141	£29,560	£48,435	£48,210
Average non-teaching staff salary	£44,584	£16,452	£30,117	£30,034
Key management personnel costs per pupil	£1,511	£100	£438	£431
<b>LGPS Pension Costs Measures</b>				
LGPS employer contributions per pupil	£705	£190	£353	£340
<b>Pupil/Teacher Measures</b>				
Pupil to teacher ratio	28.6	13.5	20.9	20.6
Teaching to non-teaching staff ratio	1.52	0.48	0.79	0.71
<b>Surplus/(Deficit) Measures</b>				
Free reserves movements (as a % of total revenue income)	10.57%	-10.42%	0.14%	0.18%
Cumulative free reserves (as a % of total revenue income)	47.10%	-1.52%	11.46%	8.69%
Designated funds (as a % of total free reserves)	48.27%	0.00%	4.81%	0.00%
<b>Balance Sheet Measures</b>				
Cash at bank and in hand (inc F&C investment) per pupil	£3,663	£17	£1,167	£988
<b>Fixed Asset Measures</b>				
Capital expenditure per pupil	£7,339	£1	£436	£173

\*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
<b>Income Measures</b>				
Total income per pupil	£11,103	£6,116	£8,278	£8,306
Total revenue income per pupil	£10,884	£5,545	£7,947	£7,907
Total GAG income per pupil	£7,262	£3,733	£5,570	£5,591
GAG income ratio (as a % of revenue income)	79%	60.2%	70%	70%
Capital income per pupil	£855	£159	£314	£275
<b>Key Overhead Cost Measures</b>				
Total staff costs per pupil	£8,376	£4,586	£6,050	£6,003
Total non-staff costs per pupil	£2,910	£1,043	£1,780	£1,722
Premises costs per pupil	£1,174	£37	£342	£286
Heat and light costs per pupil	£212	£74	£112	£129
Repairs and maintenance costs per pupil	£560	£23	£165	£129
Catering costs per pupil	£458	£96	£171	£189
Total costs per pupil	£11,776	£5,525	£8,213	£8,205
Staff costs ratio (as a % of total costs)	86%	72%	79%	78%
Staff costs ratio (as a % of total revenue income)	109%	66%	77%	77%
Estate management costs per pupil	£1,204	£54	£558	£325
<b>Staff Salary Measures</b>				
Teaching staff salary per pupil	£4,102	£1,501	£2,095	£2,339
Non-teaching staff salary per pupil	£3,758	£1,103	£1,674	£1,866
Average teaching staff salary	£65,035	£31,903	£48,074	£47,731
Average non-teaching staff salary	£49,886	£19,659	£31,953	£31,264
Key management personnel costs per pupil	£1,424	£45	£218	£194
<b>LGPS Pension Costs Measures</b>				
LGPS employer contributions per pupil	£656	£131	£353	£375
<b>Pupil/Teacher Measures</b>				
Pupil to teacher ratio	30.4	14.5	19.8	19.4
Teaching to non-teaching staff ratio	1.54	0.53	0.86	0.82
<b>Surplus/(Deficit) Measures</b>				
Free reserves movements (as a % of total revenue income)	4.74%	-18.24%	0.81%	0.88%
Cumulative free reserves (as a % of total revenue income)	22.22%	-10.60%	7.74%	6.65%
Designated funds (as a % of total free reserves)	64.89%	0.00%	3.12%	0.00%
<b>Balance Sheet Measures</b>				
Cash at bank and in hand (inc F&C investment) per pupil	£4,612	£237	£1,221	£1,072
<b>Fixed Asset Measures</b>				
Capital expenditure per pupil	£5,354	£21	£370	£195

\*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
<b>Income Measures</b>				
Total income per pupil	£9,731	£6,122	£8,394	£8,300
Total revenue income per pupil	£9,394	£5,844	£8,028	£7,983
Total GAG income per pupil	£6,730	£4,218	£5,766	£5,663
GAG income ratio (as a % of revenue income)	84%	58%	72%	72%
Capital income per pupil	£761	£184	£366	£260
<b>Key Overhead Cost Measures</b>				
Total staff costs per pupil	£6,985	£4,962	£6,075	£6,020
Total non-staff costs per pupil	£2,748	£1,329	£1,882	£1,782
Premises costs per pupil	£1,078	£52	£423	£345
Heat and light costs per pupil	£211	£73	£97	£125
Repairs and maintenance costs per pupil	£395	£68	£150	£132
Catering costs per pupil	£355	£116	£178	£202
Total costs per pupil	£9,673	£6,558	£8,328	£8,299
Staff costs ratio (as a % of total costs)	87%	65%	77%	78%
Staff costs ratio (as a % of total revenue income)	85%	66%	76%	78%
Estate management costs per pupil	£665	£68	£336	£311
<b>Staff Salary Measures</b>				
Teaching staff salary per pupil	£2,981	£1,678	£1,526	£2,157
Non-teaching staff salary per pupil	£2,771	£1,315	£1,238	£1,555
Average teaching staff salary	£64,403	£36,752	£48,593	£48,284
Average non-teaching staff salary	£49,550	£22,901	£34,154	£33,276
Key management personnel costs per pupil	£498	£47	£122	£106
<b>LGPS Pension Costs Measures</b>				
LGPS employer contributions per pupil	£436	£123	£335	£344
<b>Pupil/Teacher Measures</b>				
Pupil to teacher ratio	25.4	16.8	19.9	19.3
Teaching to non-teaching staff ratio	1.35	0.53	0.91	0.96
<b>Surplus/(Deficit) Measures</b>				
Free reserves movements (as a % of total revenue income)	5.71%	-5.01%	1.00%	0.78%
Cumulative free reserves (as a % of total revenue income)	26.88%	-10.14%	8.11%	7.75%
Designated funds (as a % of total free reserves)	51.64%	0.00%	5.99%	0.00%
<b>Balance Sheet Measures</b>				
Cash at bank and in hand (inc F&C investment) per pupil	£2,579	£61	£1,158	£1,047
<b>Fixed Asset Measures</b>				
Capital expenditure per pupil	£1,406	£27	£331	£250

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

# Kreston UK Academies Group

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 over 250 Trusts, representing almost 2,500 schools and numerous other charity and not-for-profit organisations.

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