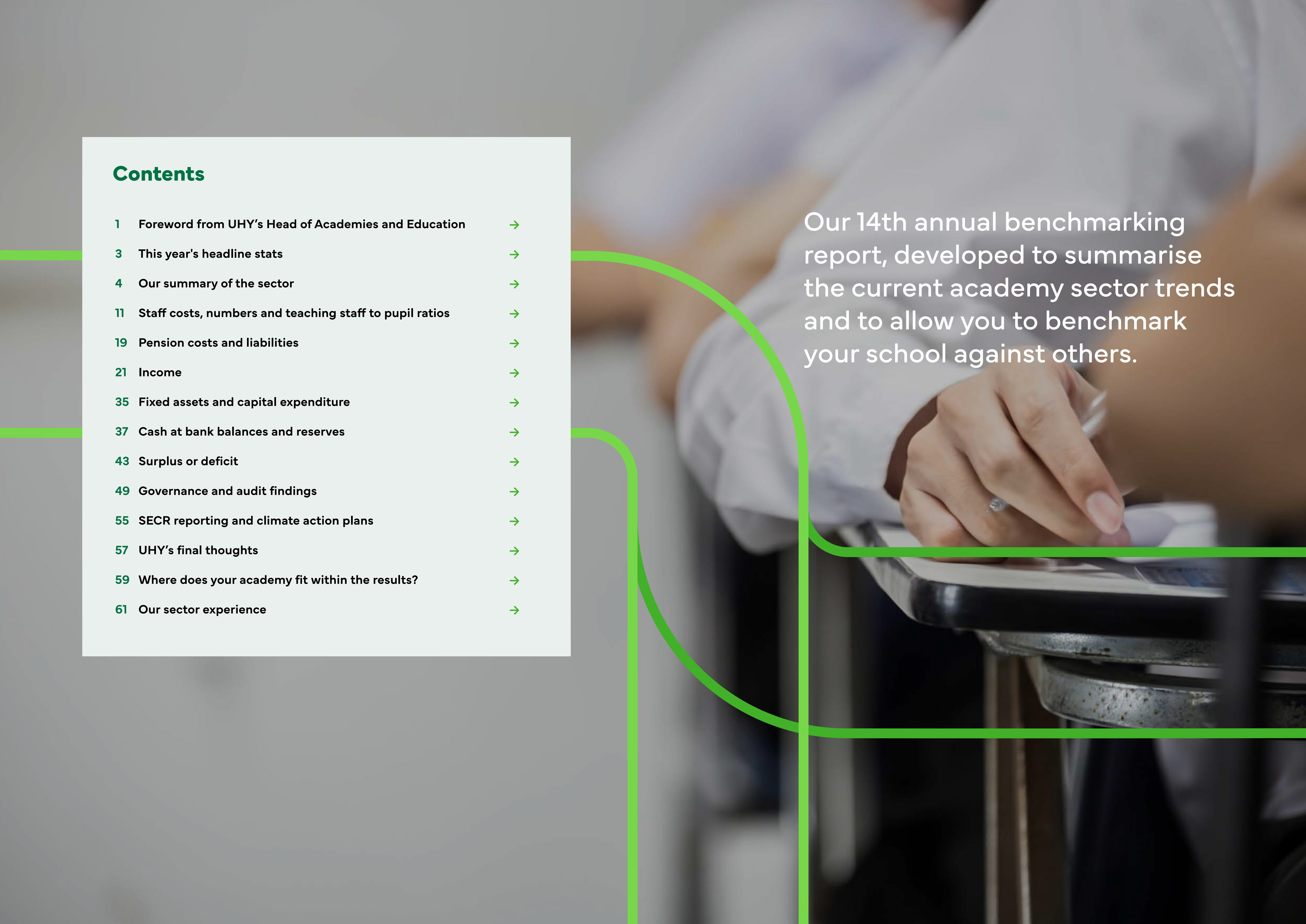
Academies Benchmark Report

Issue 14 | April 2026

Helping you prosper



Contents

Our 14th annual benchmarking report, developed to summarise the current academy sector trends and to allow you to benchmark your school against others.

Foreword from UHY's academies chair

Welcome to our 2026 Academies Benchmarking Report, our fourteenth annual review of the financial performance and operational trends across the academy sector. This year's analysis draws on 2024/25 financial data from trusts across England, providing insight into the pressures, opportunities and structural shifts shaping the sector.

The education landscape during 2024/25 was defined by intensifying financial pressures, continued workforce challenges and a rapidly evolving regulatory environment. Despite some trusts demonstrating resilience, the overall picture remains one of tightening resources and increasingly difficult financial decisions.

A sector under continued financial strain

Academy trusts are operating in an environment where cost pressures have continued. Whilst the number of trusts recording in-year deficits reduced, a large number did still see reserves depleted (51% of secondaries and 42% of primaries). Many of these had very significant deficits of over £250,000, particularly worrying for primary schools.

As ever, the biggest single cost pressure remains staffing. Traditionally, staff costs have represented the largest single element of an academy school's budget, typically accounting for around 70–75% of total expenditure. This has long been regarded as a key financial benchmark when assessing school efficiency and sustainability. Spending above 80% was generally viewed as high and potentially unsustainable because it leaves little flexibility to manage other costs such as premises, utilities and curriculum resources. In the last 5–10 years we have seen relatively more of the school budget spent on staffing and now it is not unusual to see some trusts approaching or even tipping 80%. This year, staff costs accounted for at least 80% of total expenditure among the bottom 25% of primary schools in our sample.

Monitoring the staff costs ratio remains a critical financial indicator, as even small changes in staffing levels can significantly affect a trust's financial sustainability.

Infrastructure, estates and sustainability pressures intensifying

Academy trusts are increasingly required to fund capital maintenance from their own reserves due to the scale of need across the school estate and the limited availability of dedicated capital funding. Government funding streams are simply insufficient to address the full range of building maintenance and compliance requirements faced by trusts. As a result, many academies must rely on their own financial resources to carry out essential works, particularly where issues relate to health and safety, statutory compliance or urgent repairs. The ageing condition of many school buildings in particular places pressure on academy finances.

This year our report has a new section covering SECR reporting and climate action plans. The Academy Trust Handbook 2025 strengthened DfE climate requirements, and all trusts had to put an action plan in place by the end of 2025. Mandatory SECR regulations for in scope trusts have established sustainability as a core compliance obligation.

Trusts face the challenge of committing to sustainability whilst directing funds to short-term needs and essential maintenance.

Energy prices had stablised compared with previous peaks but at the time of writing the escalating crisis in Iran has driven a sharp surge in global oil prices, a trend that is likely to increase energy costs for academy trusts in the coming months and place further pressure on already-stretched budgets, especially for those exiting fixed-term contracts.

Ongoing estates pressures and the cost of transitioning to low-carbon systems continue to stretch financial capacity. The government's enhanced School Rebuilding Programme, and the requirement to have a Climate Action Plan and sustainability lead in place by 2025, has added further expectations around estates planning and environmental compliance. Trusts do seem to be managing effectively with these sustainability requirements, but further work is needed.

Policy change and regulatory developments

The period since 1 September 2025 has seen substantial shifts in regulation and accountability. The new Ofsted inspection framework, effective from November 2025, replaces single-word judgements with multi-dimensional report cards, placing a heightened emphasis on SEND inclusion, wellbeing, behaviour and curriculum quality. Schools and trusts are adapting to this more granular inspection model, which increases the depth of evidence required and raises expectations for transparency and inclusion in every area of provision.

Government policy changes have continued into the 2025/26 academic year, with updated teachers' pay and conditions confirming a 4% increase across all salary bands from 1 September 2025 - placing additional pressure on payroll budgets already under strain.

Funding conditions remain tight

Despite some targeted interventions, such as funding adjustments linked to the national insurance rise and expanded early years commitments, the headline funding picture remains largely static. Trusts report that core funding uplifts have not kept pace with the combined pressure of pay awards, support costs for pupils with additional needs and demographic shifts - especially falling pupil rolls in some regions.

Meanwhile, many trusts have become more sophisticated in managing investment income, successfully sustaining or improving returns on surplus cash balances, albeit while maintaining a cautious approach to risk - an understandable stance given the wider financial uncertainty.

Structural trends: MAT growth and leadership turnover

The trend towards larger, more centralised multi-academy trusts (MATs) has continued and, at the end of 2025, 56% of academies were in a MAT of 11 or more schools. With financial pressures remaining and unlikely to dissipate any time soon, it is likely that further mergers will take place and more single trusts will close. MATs are not immune to financial difficulties, however. Although lower than both phases of single trusts, four in ten MATs in our report posted a deficit on core GAG funding for 2024/25.

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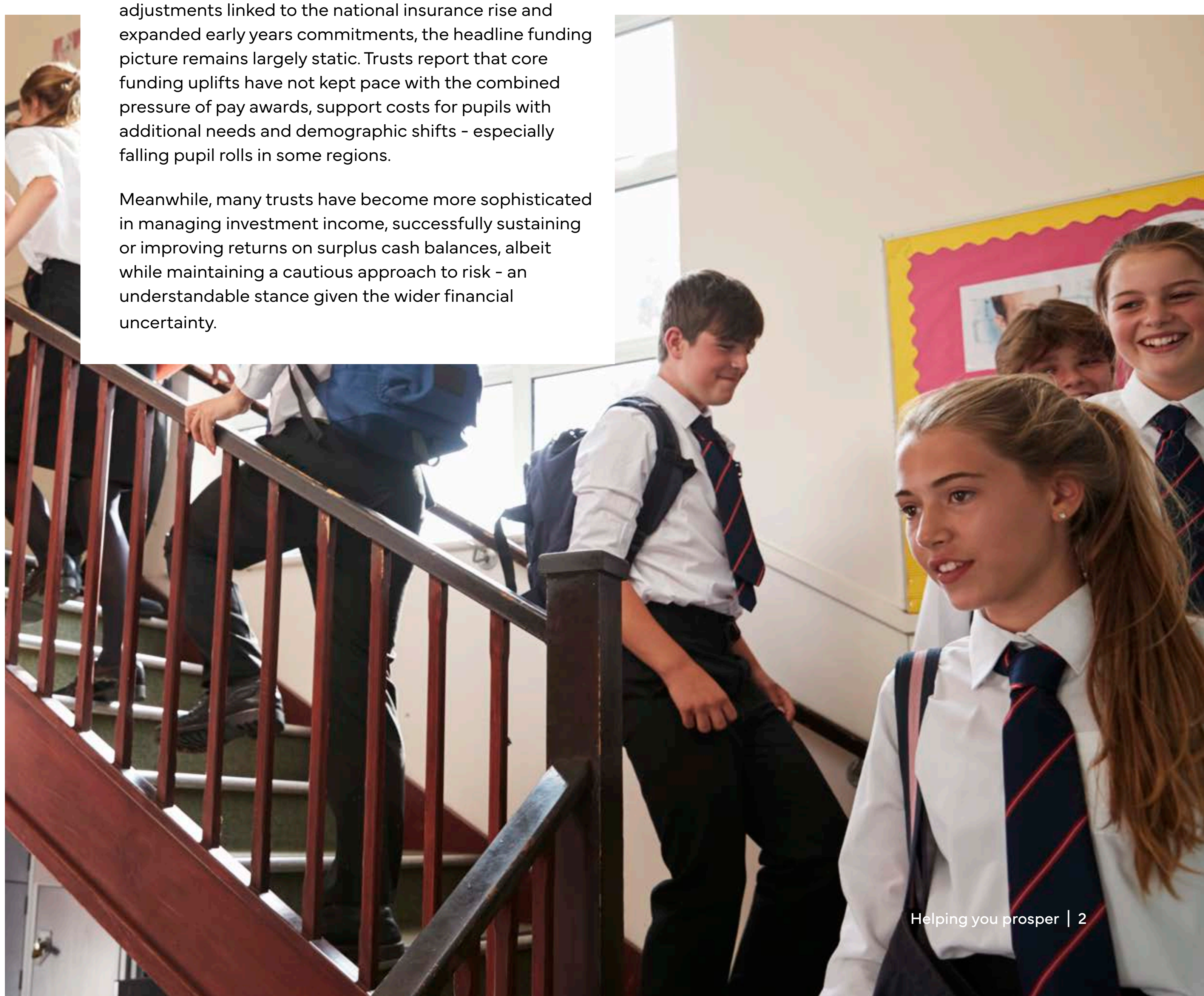


A summary of our report

This year our benchmarking report again covers over 1,500 academies, with the sample including a mix of our own clients plus some of the largest MATs that are non-UHY clients, as in previous years, to ensure we cover all areas of the country and improve the data set.

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

Headline stats

Overall

- At the end of 2025, 56% of academies are now in a MAT of 11+ schools
- 79% of academies are now in a MAT with six or more schools
- 88% of trusts reported entering into a related party transaction during 2024/25 (2024: 87%)
- 54% (2024: 47%) of trusts did not enter into a related party transaction above £10,000
- 9% of trusts (2024: 8%) had no flagged observations in their audit findings report
- One in five trusts experienced a change in Chief Financial Officer during 2024/25
- A small decline in average Accounting Officer remuneration per pupil
- A drop in supply teacher costs to average £103 per pupil (2024: £122)
- 59% of trusts (2024: 48%) made some form of restructuring payment
- 15% of trusts (2024: 18%) made a severance payment in excess of £30,000

MATs

53%
of MATs reported a GAG surplus in 2024/25

37%
enjoyed a surplus of more than £250k (2024: 29%)

Unrestricted funds held grew to
£468
per pupil (2024: £401)

Average MAT cash at bank up at
£1,049
per pupil (2024: £1,012)

£202k
Average AO salary in an 11-20 school MAT (2024: £193k)

£159k
Average AO salary in a 6-10 school MAT (2024: £150k)

Primary academies

52%
of primaries reported a GAG surplus (2024: 42%)

29%
suffered a deficit of more than £250k (2024: 38%)

Average primary reserves increased to
£311k
(2024: £207k)

Cash at bank jumped to an average of
£467k
(up 29%)

The average primary paid key management remuneration of
£950
per pupil (2024: £910)

The average primary AO salary increased to
£97k
from £91k

The average primary's energy costs for 2024/25 were down to
£30k
from £34k last year

Secondary academies

46%
secondary academies reported a GAG surplus in 2024/25 (2024: 46%)

31%
suffered a GAG deficit of more than £250k (2024: 44%)

Average secondary reserves fell slightly to
£1.06m
(2024: £1.11m)

The average secondary's energy costs for 2024/25 were
£144k
down from £153k last year

Cash at bank fell for the second year in a row to
£914k
and now stands at 59% of the average balance two years ago

The average secondary had staff costs at
74%
of total costs (2024: 73%)

Average AO salary remained steady at
£151k
(2024: £150k)

An invaluable benchmarking page is once again included at the end of the report, with space for you to record your own trust's data alongside the average per-pupil figures in key areas. If you would like a tailored version of the report, including graphical presentation of your trust's results, we would be very happy to assist - please do get in touch.

We hope that you find the report both informative and useful. Our academy specialists across the country would be pleased to help you interpret the data, and you are also welcome to contact me directly if that would be helpful. Finally, as we are always looking to improve this benchmarking report, we would welcome any suggestions for areas you would like us to explore in future editions.

Our summary of the sector

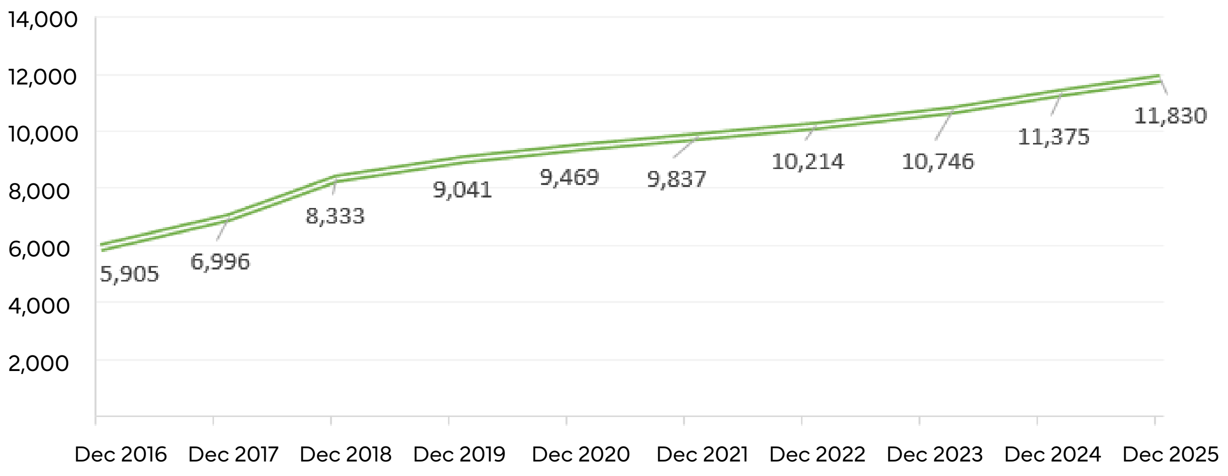
The continued expansion of the academy sector shows little sign of slowing. The number of academies has grown steadily over the past decade and, as the sector matures, MATs increasingly represent the dominant organisational model.

As of December 2025 there were 11,830 academies, compared with 11,375 a year earlier. While conversion activity continues, there remain significant numbers of schools - particularly primary schools - that have yet to convert or formally begin the process of joining the academy sector.

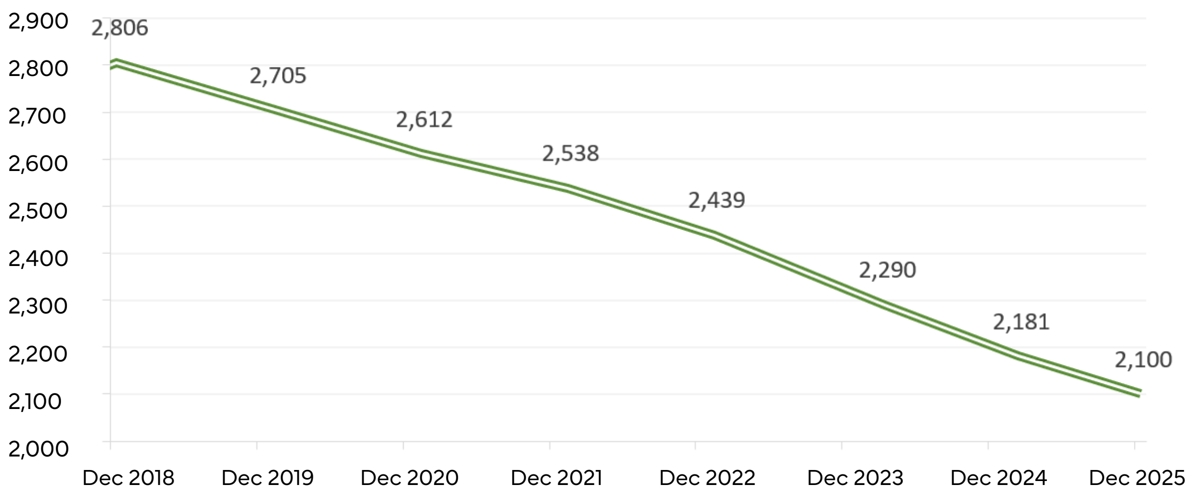
The number of individual trusts has fallen 4% despite a 4% rise in the number of academies. Nearly 55% of all academies are now in a MAT; three years ago this was about 40% which demonstrates the rapid growth of MATs.

Government policy has for some time pointed towards a future characterised by larger MATs, often cited as being around ten academies in size, where efficiencies and economies of scale can be more readily achieved. As a result, the structure of the sector is continuing to evolve. In particular, it is not only single academy trusts that face a challenging outlook; smaller MATs are also increasingly subject to merger activity and trust-to-trust transfers as the sector consolidates.

Growth in number of academies



Fall in number of trusts



The consolidation of MATs is therefore continuing as the system matures. The transfer of schools from smaller trusts to larger organisations, or mergers between trusts of a similar size, reflects a combination of financial, operational and strategic factors that are shaping the next phase of the sector's development:

1. Financial pressures and the need for scale

Smaller MATs often find it more difficult to achieve the economies of scale available to larger trusts. Central functions such as finance, payroll, IT, HR and estates management can represent a significant proportion of overall costs when spread across only a small number of schools. Larger trusts are typically better able to spread these costs, negotiate more favourable procurement arrangements and deploy shared services more efficiently. In a climate where funding increases have not always kept pace with cost pressures - particularly staffing, energy and estates costs - scale can play an important role in maintaining financial resilience.

2. Increasing governance and regulatory expectations

The governance and compliance framework surrounding academies has continued to develop, with increasing expectations around financial oversight, risk management, safeguarding, estates compliance and reporting. While many smaller trusts operate effectively, maintaining the capacity and expertise required to meet these expectations can be challenging where central teams are limited. Larger trusts are often able to support stronger governance structures, specialist roles and more developed internal oversight functions.

3. Leadership capacity and organisational resilience

Leadership succession can present a particular challenge for smaller organisations. Where leadership capacity is concentrated in a small central team, the departure of a CEO, CFO or key school leader can create a significant gap. Larger MATs tend to benefit from broader leadership teams, clearer succession planning and opportunities to develop future leaders internally, which can help provide greater organisational stability over time.

4. Educational improvement and school support

As MATs grow, many have developed dedicated school improvement teams, curriculum specialists and professional development programmes that support collaboration between schools. Access to this wider expertise can strengthen teaching practice, support curriculum development and help address performance challenges more quickly. Smaller MATs may find it harder to resource these specialist functions independently, which can make partnership with a larger organisation an attractive option.

5. Alignment with sector direction and policy

The overall direction of travel within the academy sector continues to favour stronger and more sustainable MAT structures. Policy discussions over recent years have consistently highlighted the benefits of collaboration, capacity and scale, and there is an increasing emphasis on trusts being able to demonstrate strong governance, financial resilience and the ability to support multiple schools effectively. As a result, consolidation through transfers and mergers has become an increasingly common feature of the landscape.

6. Managing risk and ensuring long-term sustainability

Smaller trusts can also be more exposed to unexpected shocks, whether financial, operational or educational. Events such as a poor inspection outcome, a significant estates issue or sudden cost pressures can have a disproportionate impact when spread across only a small number of schools. Larger MATs generally have greater financial capacity, wider reserves and more diversified operations, enabling them to absorb and manage such pressures more effectively.

Overall, these factors are contributing to a gradual reshaping of the sector, with a continuing move toward fewer but larger trusts that are intended to deliver greater resilience, capacity and long-term sustainability.

At the other end of the scale, growth among the very largest trusts has been more measured, although the overall trend towards larger organisations continues. A number of indicators illustrate how the structure of the sector is evolving:

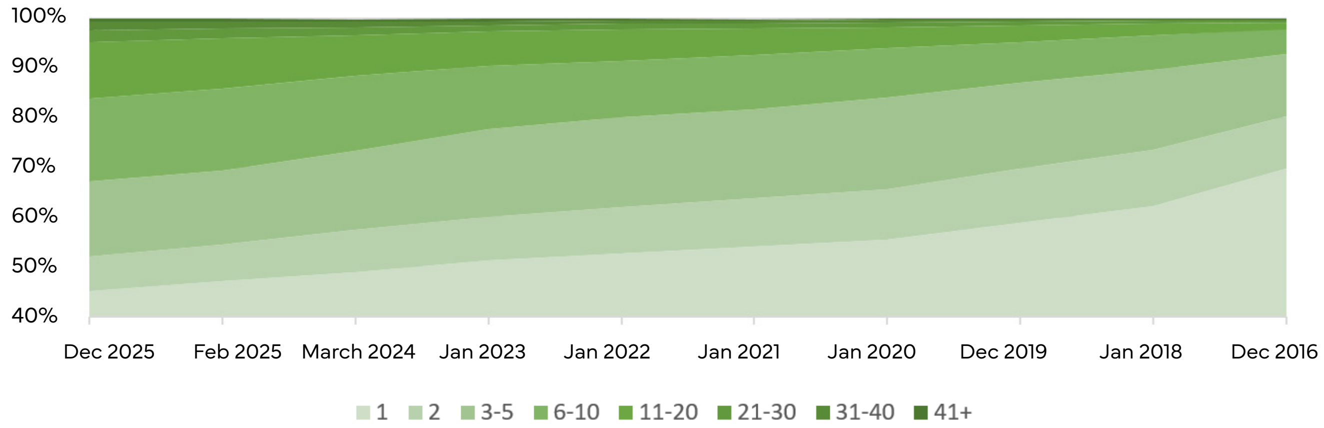
- There are now 98 trusts managing 20 or more academies, compared with 84 last year, showing a gradual increase in the number of very large trusts.
- Close to one in six trusts is now responsible for more than 10 academies.
- Almost four in five academies are now part of a MAT operating more than five schools.

Trust Size	No. of academies	Trusts	% Trusts Dec 2025	% Trusts Feb 2025	% Trusts March 2024	% Trusts Jan 2023	% Trusts Jan 2022
1	950	950	45.2%	47.1%	48.9%	51.3%	52.8%
2	288	144	6.9%	7.4%	8.6%	8.8%	9.3%
3-5	1,264	320	15.2%	15.0%	15.9%	17.6%	18.0%
6-10	2,713	349	16.6%	16.5%	15.2%	12.7%	11.3%
11-20	3,438	239	11.4%	10.1%	8.1%	7.0%	6.2%
21-30	1,207	50	2.4%	1.9%	1.5%	1.2%	1.3%
31-40	1,212	34	1.6%	1.4%	1.2%	0.9%	0.6%
41+	758	14	0.7%	0.6%	0.5%	0.5%	0.4%
Total	**11,830**	**2,100**	**100%**	**100%**	**100%**	**100%**	**100%**

These figures suggest that, while the number of very large trusts is not expanding rapidly, schools that convert or transfer are increasingly joining well-established organisations with existing scale and infrastructure. This reflects growing confidence in larger MATs as financially resilient and operationally efficient structures.

At the same time, the concentration of academies within trusts of five schools or more reinforces the broader consolidation trend within the sector. Smaller trusts are finding it progressively more challenging to operate independently and, in many cases, are choosing - or being encouraged - to merge with or transfer schools to larger or similarly sized organisations.

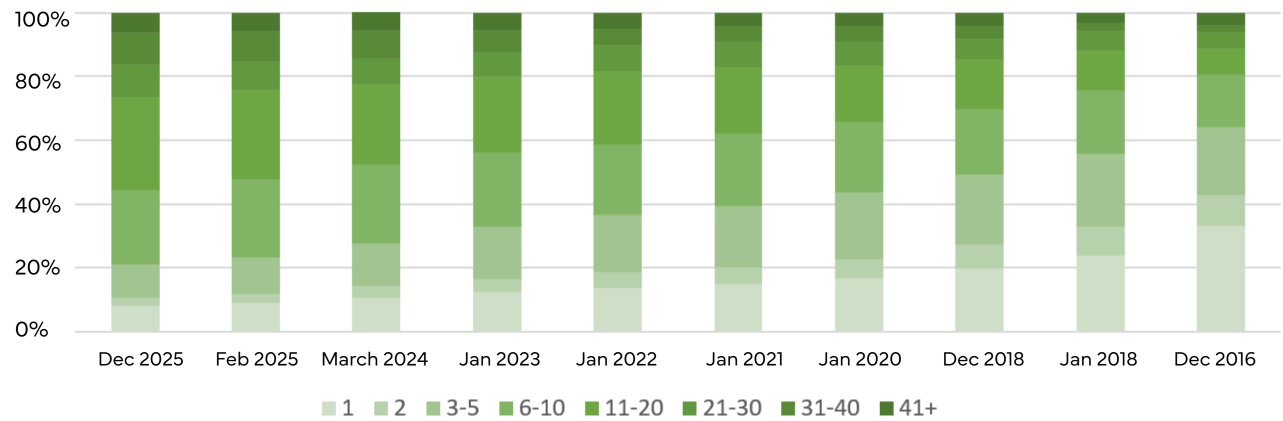
The change in MAT size in past five years (% of MATs of each size)



This graph shows the concentration of trusts in the middle size bands, as well as the decline in single academy trusts.

The graph below then shows how the spread of the number of academies in MATs of various sizes has changed over time, with just 9% of academies in a single academy trust now.

The number of academies in MATs of different sizes

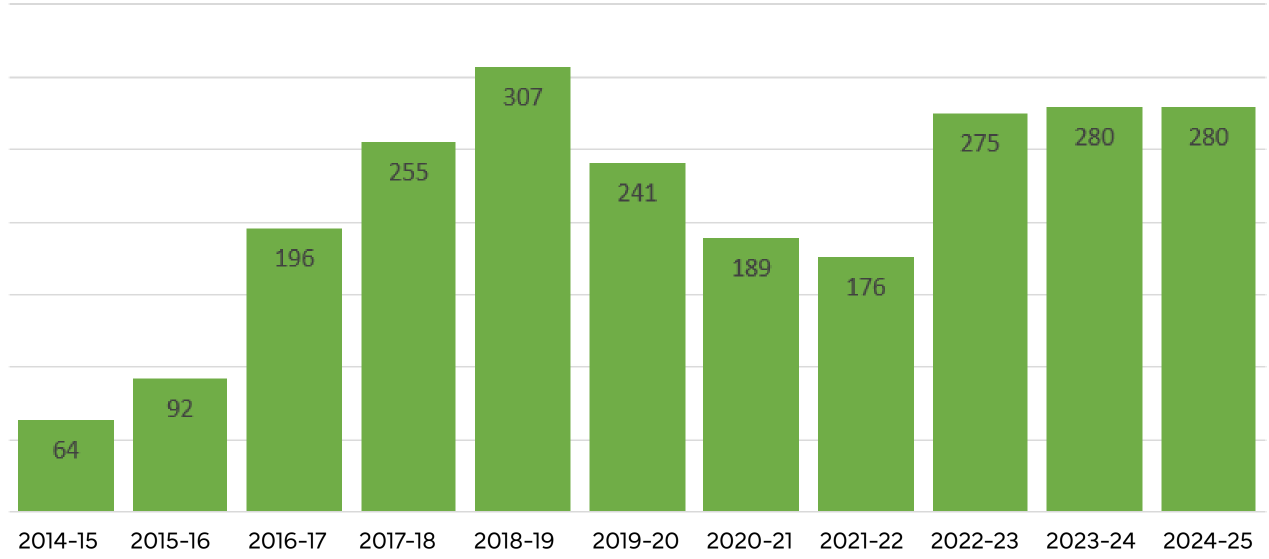


Academy transfers and rebrokerage

As we've explored, SATs and small MATs are joining into larger MATs. There are also sometimes transfers of single academies between MATs, although this is rarer.

During 2024/25 there were 280 academy transfers, exactly the same number as the prior year. A transfer is defined as any movement when an academy moves from its current trust to another trust. Grant funding continues to be available in some scenarios where an academy moves trust on educational or governance and financial grounds. However, although £3.7m was made available in relation to 44 academies during the transfer process in 2024/25, five out of six academy transfers were not supported by funding.

Academy transfers



Of the 280 academy transfers in 2024/25, 223 (80%) were initiated by the outgoing trust, 14 were transferred due to sponsor or trust closure and 43 transfers were due to intervention. Intervention cases occur in instances such as Ofsted Inadequate judgement, where an academy was not making necessary improvements, or where there were financial, governance or safeguarding failures.

Other sector developments

The ESFA closed on 31 March 2025 and its functions fully transferred to the DfE on 1 April 2025 but this change had minimal operational disruption for trusts with all contacts, funding agreements, frameworks and submission processes continuing exactly as before. This has meant continuity rather than upheaval for trusts in their routine financial management.

Alongside the continued structural evolution of the academy sector, a number of wider developments across education have also been shaping the operating environment for trusts and schools.

One of the most significant recent changes has been the introduction of the revised Ofsted inspection framework, which replaces the previous single-word overall judgement with a broader "report card" approach. The new model is intended to provide a more balanced and nuanced assessment of school performance across a wider range of areas, including leadership, inclusion, safeguarding, attendance and personal development. Early inspections under the new regime suggest that reports are more detailed and contextualised, with inspectors placing greater emphasis on explaining strengths and areas for development rather than reducing performance to a single headline grade.

Initial responses from the sector have been mixed but broadly constructive. Many school leaders have welcomed the move away from a single overall judgement, recognising that the previous system could sometimes oversimplify complex school environments. However, some trusts have noted that the new framework may require greater preparation and evidence gathering across a wider range of metrics. Over time, it is likely that both schools and inspectors will continue to refine their understanding of how the new reporting structure operates in practice.

Workforce challenges also remain a prominent issue. Recruitment and retention pressures persist in several subject areas and regions, and many trusts are placing increasing emphasis on staff development, wellbeing and career pathways as part of their strategy to attract and retain high-quality teachers and leaders.

Finally, the growing role of collaboration and central capacity within MATs continues to be evident. As trusts expand, many are strengthening their central teams in areas such as curriculum development, data analysis, safeguarding oversight and estates management. This reflects a broader shift within the sector towards MATs operating not simply as governance structures but as organisations that actively support school improvement and long-term sustainability across their family of schools.

> Intervention cases occur in instances such as Ofsted Inadequate judgement, where an academy was not making necessary improvements, or where there were financial, governance or safeguarding failures.

Staff costs, numbers and teaching staff to pupil ratios

Staff costs remained a key area of concern for Trusts in 2024/25. The agreed 5.5% increase in salaries took effect from the start of the 2024/25 year from September 2024.

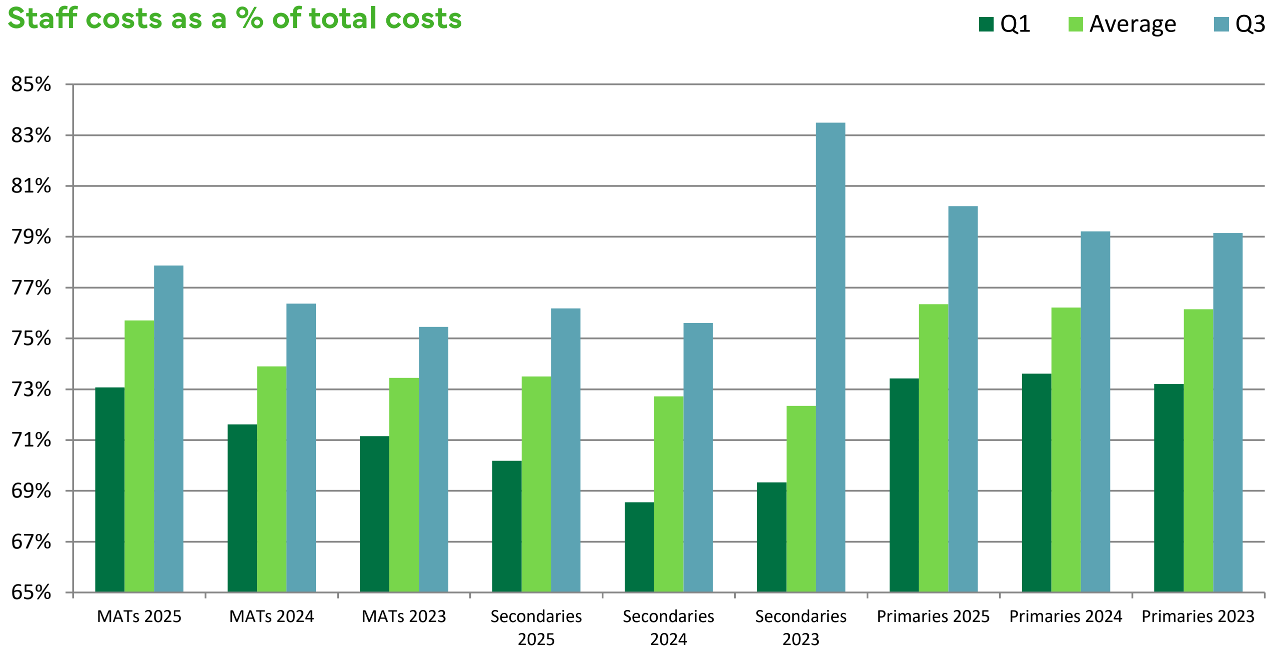
Employers' contributions to the Teachers' Pension Scheme remained at 28.6% after increasing in April 2024 by 5%. Budgets for the 2024/25 period had to account for the increase in the employers' national insurance rate from 13.8% to 15%, although this was offset by the national insurance grant.

As staff costs comprise a significant proportion of budgets, all well managed trusts will be keeping a close eye on their most significant cost. To operate both a sound financial model and to provide an excellent education for its pupils, a trust must ensure its staff offer value for money. This can be difficult at times, with teaching staff automatically rising up through pay spines for most trusts, and regular pressure from teaching unions.

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

Using techniques such as benchmarking and integrated curriculum financial planning (ICFP) can help identify areas where a trust may not be operating as efficiently as possible. The contact ratio is an important part of ICFP since it is vital that teaching staff, including educational leaders, are spending sufficient time in front of pupils.

Staff costs as a % of total costs



The average staff costs as a percentage of total costs has increased across MATs as well as secondary trusts. Across all trusts, staff costs have increased from 74% to 76% of total costs. This increase is as a result of the aforementioned 5.5% pay increase in combination with the increase in employer national insurance costs to 15%, reflecting that the increase in staff costs is over and above the increases in other costs trusts are incurring.

	Average staff costs as % of total costs			
	2024/25	**2023/24**	**2022/23**	**2021/22**
Primary academies	76%	76%	76%	78%
Secondary academies	74%	73%	72%	75%
MATs	76%	74%	73%	75%

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

The cost of getting it wrong when it comes to staff can result in significant financial costs. Restructuring costs remain common, and when it comes to agreeing severance settlements this can take up significant management time. Of course, some restructuring costs arise by choice if costs need to be cut, with the short-term cost outweighed by the longer-term savings.

Where an employee is not performing, trusts should ensure they manage the process from the very beginning, taking appropriate HR and legal advice where necessary, maintaining detailed records throughout.

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

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

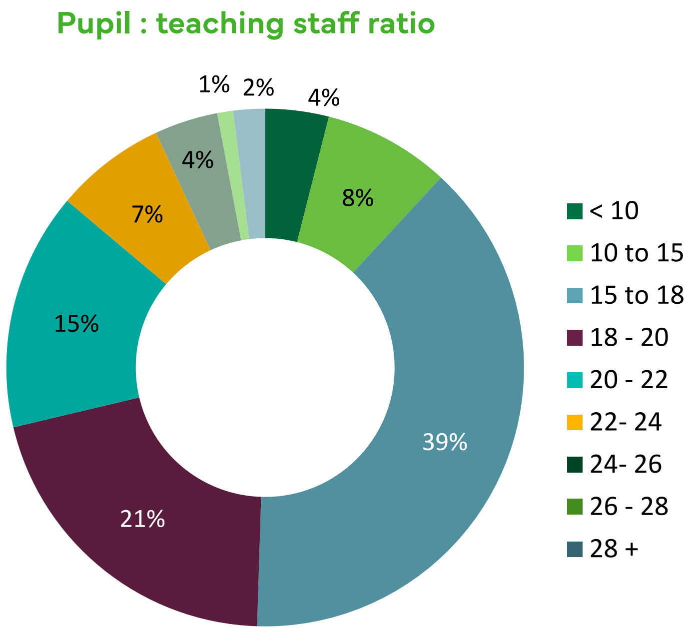
The DfE guide Implementing your school's approach to pay was updated in October 2023 and this remains a useful resource, with helpful non-statutory advice for schools and governance boards on subjects such as delivering the appraisal process and how to make robust and informed decisions on teachers' and leadership pay.

Pupil to teacher ratio

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

In 2024/25, 60% (2024: 61%) of academies in our sample had a pupil to teacher ratio (PTR) in one of two most common ranges (15 to 18 and 18 to 20), meaning the majority of academies once again have a PTR of between 15 to 20.

The academies at the lowest end of the scale are generally special needs academies for pupils with very different educational needs. At the opposite end of the spectrum, 2% of academies (2024: 2%) had a PTR of over 28. The number of trusts with a PTR of 20 or more decreased to 18% (2024: 25%).

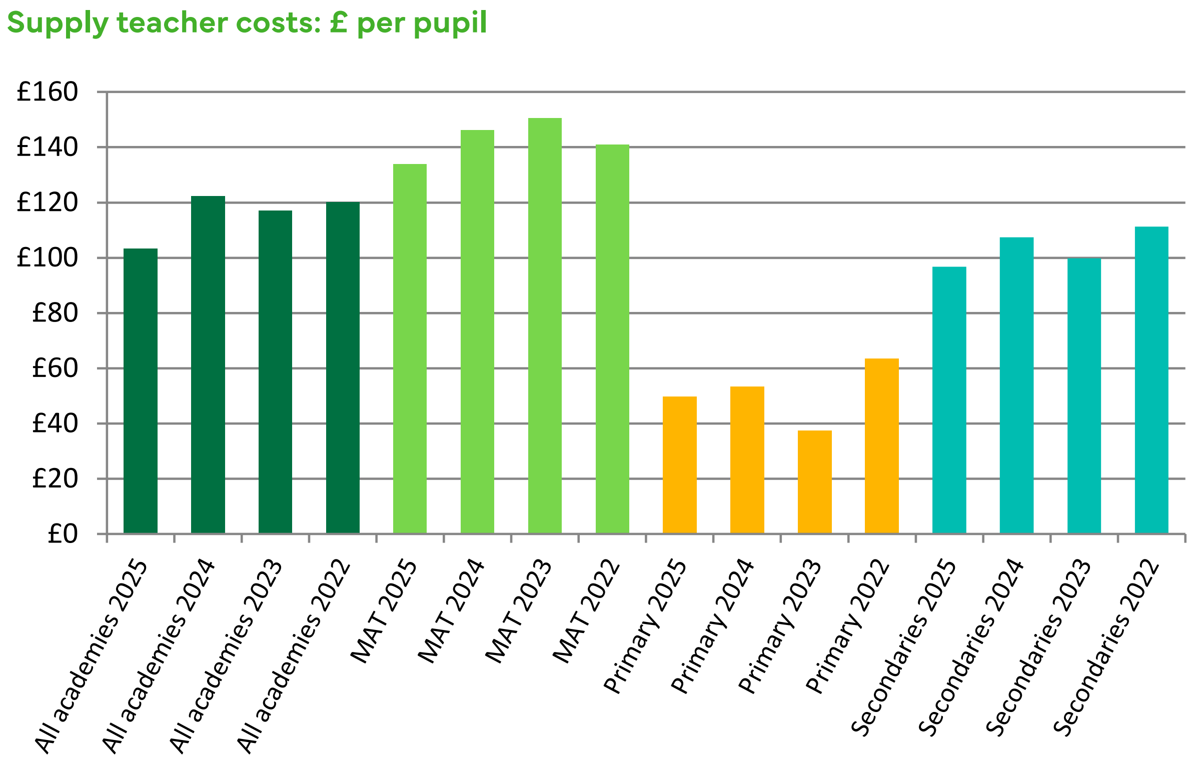


Supply staff

Overall, the average cost per pupil of supply teachers has decreased from £122 to £103 with all trust types showing a reduction.

The actual spend behind these per pupil numbers shows that the average primary academy has paid out £50k (2024: £53k) in supply costs which is much lower than the average secondary average of £97k (2024: £107k).

Staff absence is one of the hardest budget areas to predict and is tricky to manage. One way trusts can mitigate this is through sickness absence insurance. This is generally more popular in primary schools than secondary schools as secondary schools generally have larger pools of staff, providing more opportunity for internal cover.



Key management remuneration

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

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

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

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

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

The DfE updated previous guidance on setting executive salaries in November 2025 and this is a useful resource which can help boards in making decisions about pay and to be confident about, and accountable for, these decisions. The guidance sets out key factors that should be used by academy trust boards when setting or reviewing executive salaries, so they are set at fair, reasonable and justified levels.

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

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

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

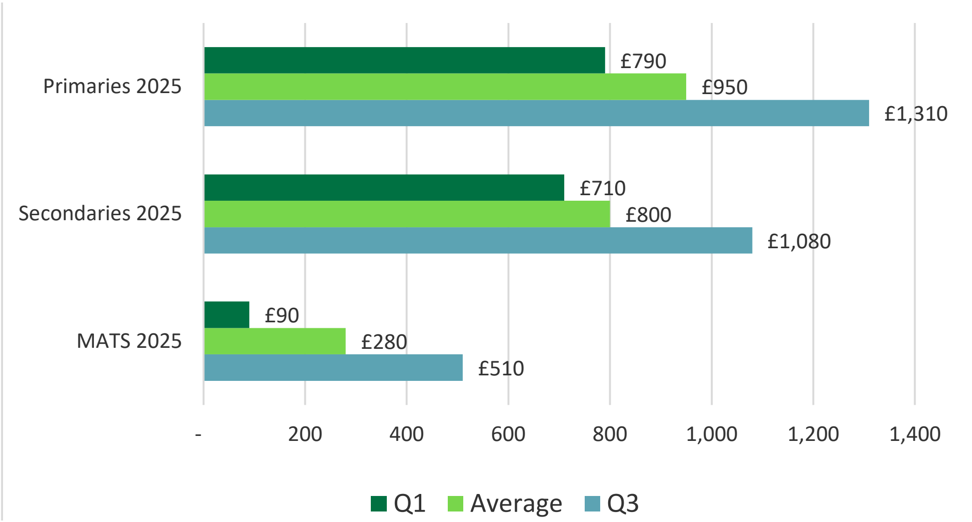
All trusts must publish on their website in a separate readily accessible form the number of employees whose benefits exceeded £100k, in £10k bandings, for the previous year ended 31 August. Benefits for this purpose include salary, employers' pension contributions, other taxable benefits and termination payments. Where the academy trust has entered into an off-payroll arrangement with someone who is not an employee, the amount paid by the trust for that person's work for the trust must also be included in the website disclosure where payment exceeds £100k as if they were an employee (ATH 2.29)

The Academy Schools Sector Consolidated Report and Accounts (SARA) for trusts 2022/23 year was published by the DfE in March 2025 and reveals why there is such a continued focus in this area. The number of payments of £100k or more continues to increase year on year.

	2022/23: Number of ATs paying at least one individual above this	Proportion of ATs in sector	2021/22: Number of ATs paying at least one individual above this	Proportion of ATs in sector	2020/21: Number of ATs paying at least one individual above this	Proportion of ATs in sector
Payments of £150k or more	775	30.8%	594	22.9%	563	21.1%
Payments of between £100k - £150k	1,876	74.6%	1,831	70.5%	1,841	68.8%

Source: DfE Academy Schools Sector Annual Report and Accounts for 2022/23

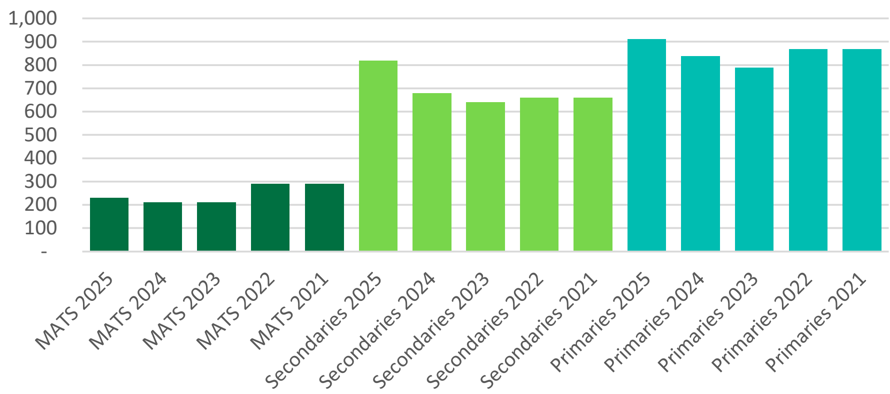
KMP remuneration per pupil



This chart shows there is a wide range of results in per pupil figures across all types of trust. For MATs in particular, the quartile 1 result is a mere fraction of the quartile 3 figure.

If we look just at the average figures, and compare year on year, we can see an increase this year across all of the classifications of trusts.

Average KMP remuneration per pupil (£)



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

Further analysis of the MAT data reveals the following:

	Mean average KMP cost per pupil 2025	Mean average KMP cost per pupil 2024	Mean average CEO/AO cost per pupil 2025	Mean average CEO/AO cost per pupil 2024
MAT size				
2 - 5 schools	£980	£798	£191	£227
6 - 10 schools	£430	£420	£58	£55
11 - 20 schools	£287	£258	£30	£30
20 schools +	£94	£98	£17	£17

CEO/Accounting Officer salaries

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

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

It is natural that remuneration packages reflect the responsibility and risk and, as a result, there is often correlation with the size and complexity of the academy trust. In most cases, the CEO of a large MAT will be paid more than the CEO of a small MAT with just two or three academies and, since most secondary academies are considerably larger than primary academies, it also follows that average remuneration for secondary leaders is higher than in primary academies.

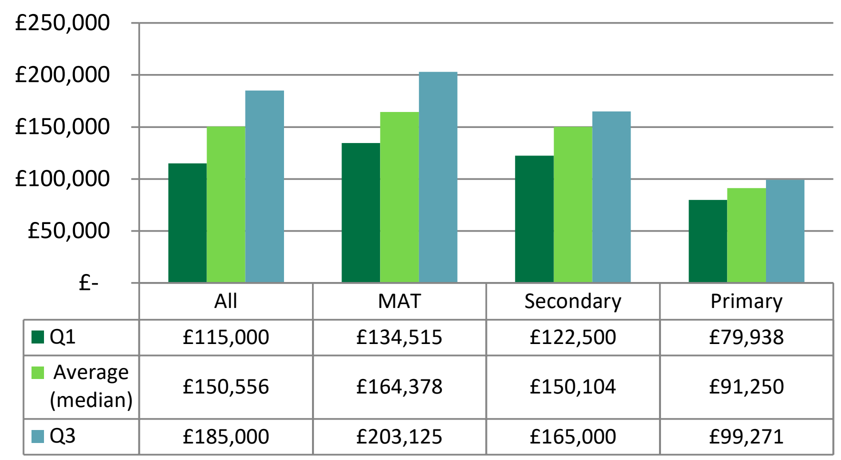
In recent years, the ESFA, and now the DfE, has issued letters to trusts paying high level of salary to executive leaders, forcing trusts to justify these salaries. In some cases, this has resulted in a reduction in executive salaries where the levels cannot be justified appropriately.

There is a relatively small band of remuneration levels for both secondary and primary headteachers. Secondary headteachers were paid between £130,000 (quartile 1) and £166,000 (quartile 3) whilst primary headteachers received remuneration of between £75,000 and £107,000.

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

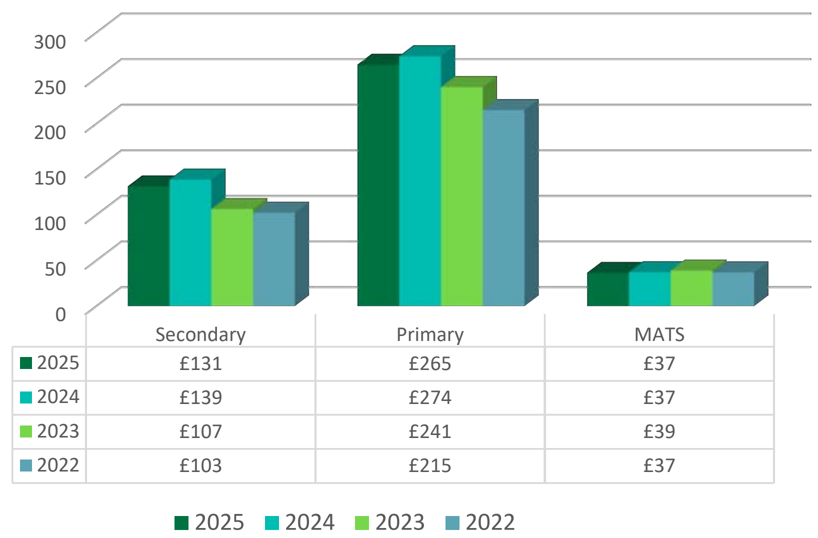
Size of MAT	Average CEO/AO salary
2 - 5 schools	148,000
6 - 10 schools	159,000
11 - 20 schools	202,000
20 schools +	222,000

CEO/Accounting Officer salaries



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

CEO/Accounting Officer salaries per pupil



Primary schools tend to have smaller pupil rolls which in turn results in a much higher CEO salary per pupil than in secondary schools where the pupil roll can be significantly larger.

Restructuring and severance payments

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

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

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

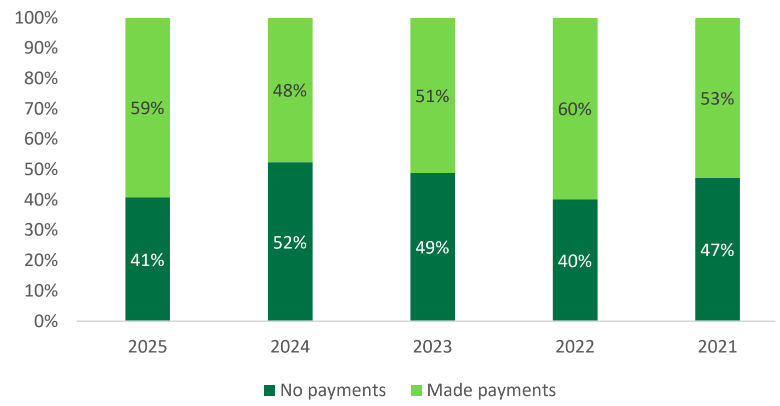
Range of restructuring payments

The level of restructuring payments made is also important. A significant number are relatively small, and this year 34% of restructuring payments were less than £10,000. At the opposite end of the scale, 26% of all trusts paid out over £100k in total. With the MAT figures often spread across numerous academies the high totals should not come as a complete surprise, but it highlights the additional costs that some trusts do face

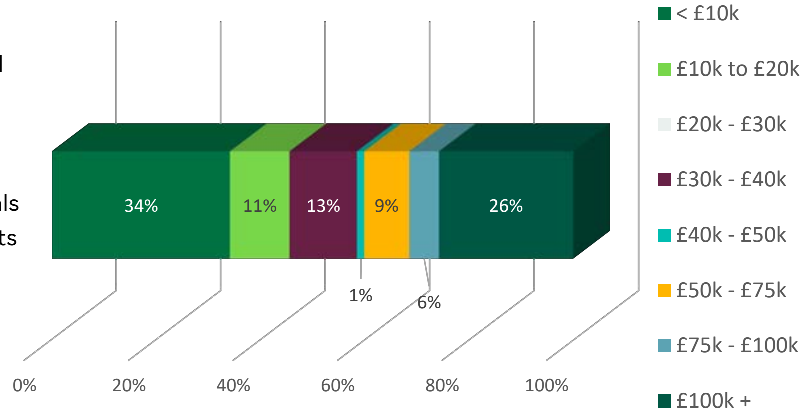
Trusts must disclose the individual non-contract severance payments which form part of the total restructuring costs, and this further analysis helps us to understand the total costs. In some cases, the totals comprise several smaller payments, but there are some trusts paying significant individual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

This year there was the same percentage of trusts with the highest non-contractual payment in the lowest two bands (up to £10,000) at 29% (2024: 29%). There has been downwards movement in the value of the highest non-contractual payment, with the lowest three bandings accounting for 48% of the overall sample in 2024 compared to 61% for the current year. There were no trusts in the over £50,000 band.

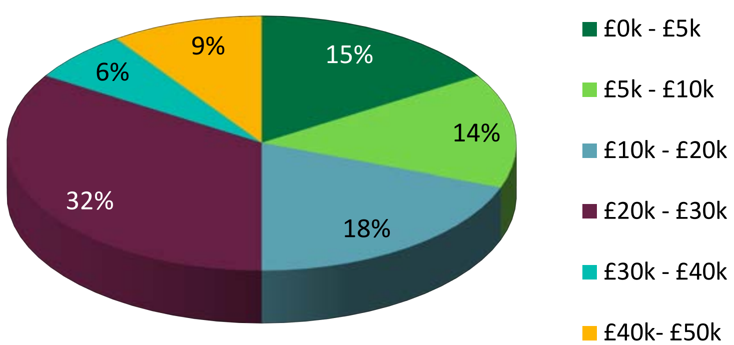
Academies making restructuring and severance payments



Range of restructuring payments



Highest non-contractual payment



Pension costs and liabilities

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

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

Teachers' Pension Scheme

From 1 April 2024, the Teachers' Pension employer contribution rate increased from 23.7% to 28.7%. The rise has been funded via the Teachers' Pension Employer Contribution Grant and so there has, to date, been no net cost to academies.

The TPS has over 2 million members and is one of the largest pension schemes in the UK. A full actuarial valuation exercise is completed once every four years to ensure that ongoing contributions from both members and employers are sufficient to meet the obligations of the scheme. The last full valuation as at 2020, which was published in 2023, revealed the scheme was in deficit by around £39.8 billion, up £17.8 billion from the previous valuation with changes in financial assumptions as the key reason behind the change.

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

A question that is being asked is how long can the DfE continue to fund these large pension cost rises. The rise since 2019 has been enormous and it is expected that the extra pension funding will be paid as part of GAG in the future. Like all public sector pension schemes the TPS is an attractive scheme, and a benefit that many will believe ought to be considered by unions when campaigning about state of pay in the education sector.

Local Government Pension Scheme

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

Trustees have become accustomed to the fluctuating nature of these liabilities, and generally accept that a deficit is an accounting matter with no direct impact on the cash contribution levels paid by their trust. In recent years, some academies have enjoyed a pension asset given the rise in equity values and the decrease in liabilities as a result of increases in the discount rate which is closely linked to interest rates.

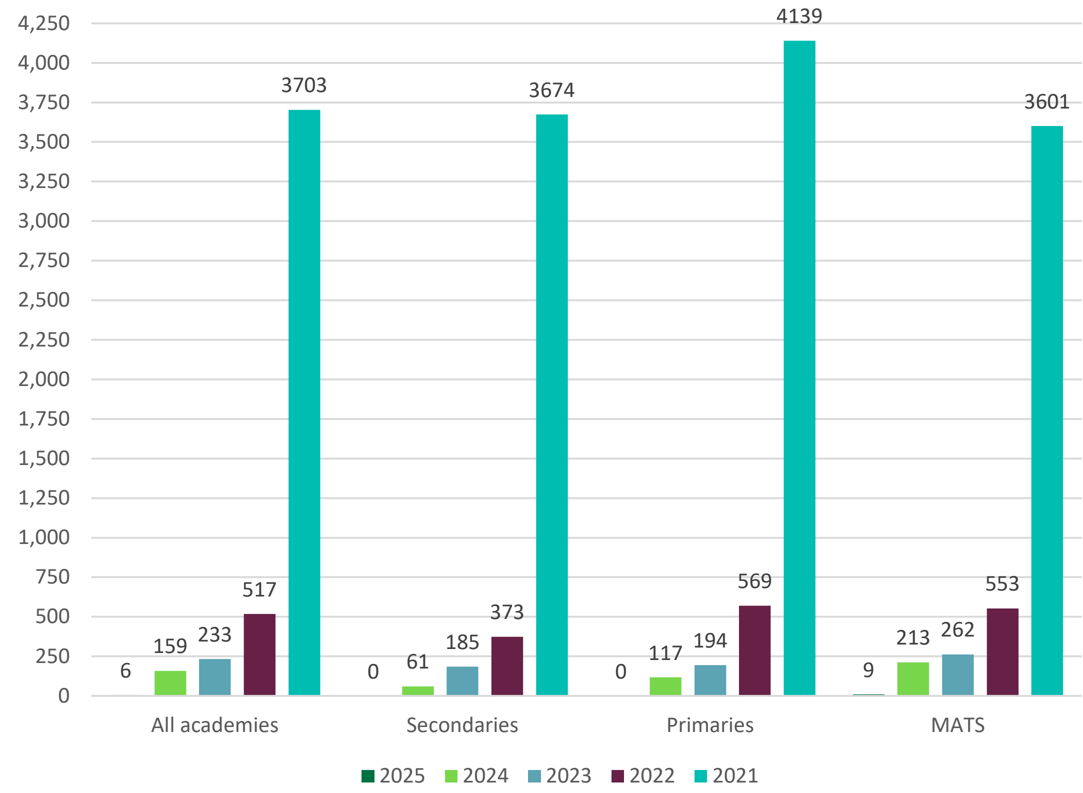
Each Local Authority administers their own scheme and, as a result, the levels of both employee and employer contributions can vary significantly depending on geographical location.

In 2024 and 2025, a large number of trusts enjoyed further reductions in the pension liability with many actually recording a pension asset. This trend was largely attributed to an increase in the value of investments (across all classes) held by these schemes.

In common with many other audit firms, UHY Hacker Young concluded that it was not appropriate to recognise the pension asset, on the grounds that there was insufficient evidence that these surpluses would ever result in a repayment or reduction in employer contributions (given that the surpluses are probably only temporary), with a £nil asset/liability approach being adopted. However, there was no sector-wide consistent approach, and some trusts and their auditors reflected pension assets, usually restricted using an 'asset ceiling' approach.

With many trusts reporting a £nil position or a reduced net deficit, the average LGPS liability per pupil has fallen further. Pension deficits rose steadily between 2019 and 2021 before the sharp fall in 2022, with further reductions in 2023, 2024 and 2025, shown clearly on the average liability per pupil graph on the right:

Average LPGS liability per pupil (£000s)



Falling LGPS rates

LGPS rates are re-assessed every 3 years following triennial valuations and trusts have recently been notified of the new rates they will pay from April 2026. These new rates will apply for the three years ended 31 March 2029.

Many LAs have reduced their rates materially due to the surpluses, but rates can still vary significantly. This is because each fund is separate and locally managed, and therefore some funds do remain in deficit, and the degree of surpluses in others fluctuates.

Rates can sometimes vary within the same LA with trusts paying different rates. This scenario can arise where an academy inherits a large share of past liabilities at the point it converted, but can also occur due to differing membership profiles (e.g. age profile, salary levels, active v deferred v pensioner mix).

With the majority of LGPS funds now in a material surplus position, discussions have begun about if and how these surpluses can be utilised. Funds are inherently cautious because surpluses can reverse, and regulations rightly prioritise long-term stability.

Is there further opportunity though? The aggregate funding level across the 87 different LGPS funds in England and Wales scheme reached a high of 126% at the 31 March 2025 valuation. A remarkable contrast to the 67% funding level at the previous valuation in 2022.

Whilst rates will generally fall from April 2026, given the extent of the surpluses many in the sector feel that the reductions, in some cases, could have been greater. An extra 1% or 2% or so would make a big difference to strained academy budgets, so it is understandable that across the country some trusts have been campaigning for lower rates and a better understanding of the options available to them.

Income

Core school funding

Government support for schools has continued to increase incrementally. In the Autumn 2024 Budget, the Government announced £2.3 billion of additional funding for schools, with £1 billion specifically allocated to support high needs and SEND provision. The remaining funding was intended primarily to support teacher pay settlements and help maintain the financial stability of the sector.

Despite these increases, many trusts report that the additional funding largely offsets rising expenditure rather than creating scope for meaningful investment. Staffing costs, estates maintenance, energy prices and specialist provision for pupils with additional needs continue to place significant pressure on budgets.

Teachers' Pay Additional Grant (TPAG) and Teachers' Pension Employer Contribution Grant (TPECG)

Following the implementation of the 5.5% teachers' pay award, additional support has continued to be provided through grant funding streams such as the Teachers' Pay Additional Grant (TPAG). These grants remain a key component of academy income, helping schools manage pay settlements without placing further pressure on core budgets.

The increase in employer contributions to the Teachers' Pension Scheme, which rose to 28.6% from April 2024, continues to have a significant impact on school finances. Government support through grants such as the Teachers' Pension Employer Contribution Grant (TPECG) and the Core Schools Budget Grant (CSBG) has been provided to mitigate the immediate financial impact.

However, these measures are generally viewed within the sector as providing compensation for rising employment costs rather than representing additional investment in education provision.

In practice, however, pay-related grants often arrive after academy trusts have already been required to set their budgets. This timing can create uncertainty and may lead trusts to adopt cautious or short-term financial planning assumptions while awaiting confirmation of funding allocations.

National Insurance changes

Employer National Insurance contributions increased by 1.2% from April 2025 and, although the Government announced a National Insurance grant worth over £1 billion to help offset the cost for public sector employers, including schools, the wider impact of this change is likely to extend beyond staffing costs, as suppliers facing higher employment costs may pass on price increases through higher contract and service costs.

National funding formula adjustments

The continued implementation of the National Funding Formula (NFF) remains central to school funding arrangements. The rolling-in of temporary grants such as the Mainstream Schools Additional Grant has helped simplify funding streams and bring a greater proportion of school income into core allocations.

While the formula continues to evolve, the overall effect for many trusts has been relatively modest year-on-year increases in per-pupil funding rather than substantial new investment.

High needs funding and SEND pressures

Demand for SEND support and Education, Health and Care (EHC) plans continues to grow rapidly across England. Over half of the increase in school funding between 2019 and 2024 can be attributed to growth in high needs funding, reflecting the increasing number of pupils identified as requiring additional support.

The additional £1 billion of high needs funding announced for 2025/26 will therefore be essential in addressing rising demand. However, a significant proportion of this funding is expected to be absorbed by existing local authority deficits in high needs budgets rather than providing new capacity within the system.

Pupil numbers and demographic changes

Alongside funding pressures, demographic change is beginning to influence school finances. Declining birth rates are leading to falling pupil numbers in some areas, particularly in London and parts of the South East. As funding is largely pupil-driven, this creates additional financial challenges for schools experiencing declining enrolment.

General Annual Grant and core funding

The General Annual Grant (GAG) remains the primary funding stream for almost all academies, with a few exceptions, such as Alternative Provision academies that receive a significant portion of their funding directly from local authorities.

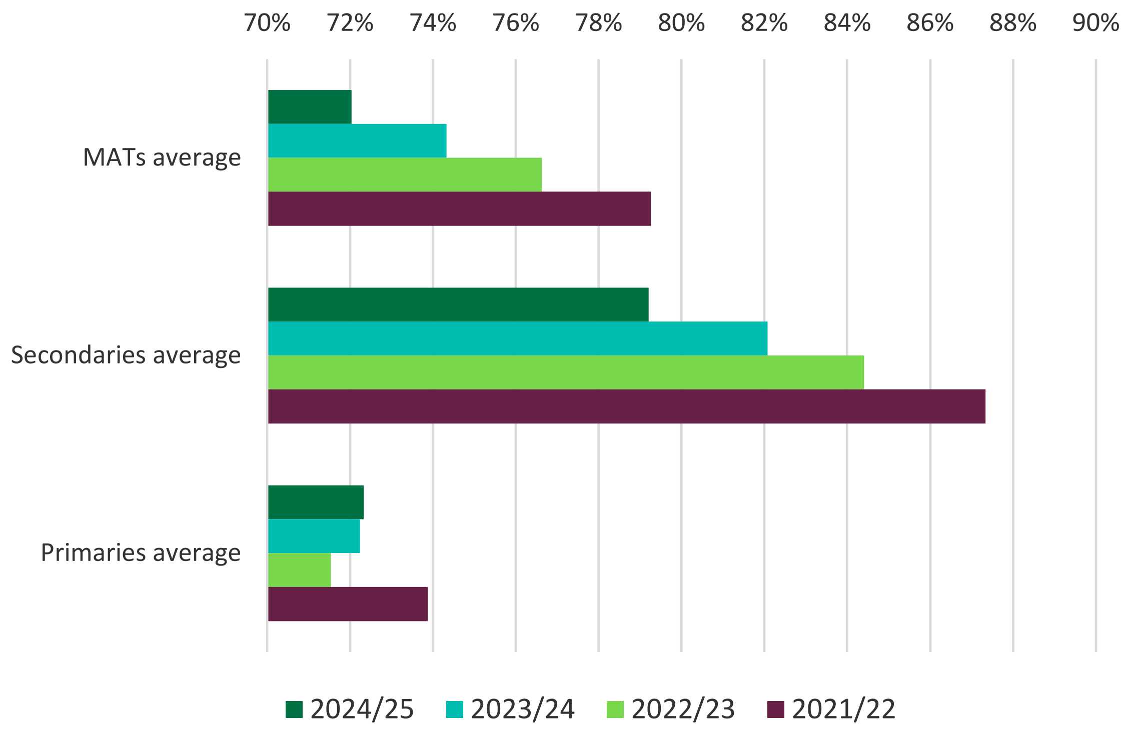
For 2024/25 some funding, such as the Mainstream Schools Additional Grant was rolled into GAG for the first time.

The Core Schools Budget Grant was introduced as an additional separately paid funding stream for 2024/25 to help schools with broader cost pressures.

The bar chart illustrates how the proportion of academy income derived from GAG has evolved over recent years across different types of trusts:

- **Multi-Academy Trusts:** GAG as a percentage of total income has generally declined slightly year-on-year, suggesting that MATs are diversifying their income streams. In recent years, the DfE has funded several pressures through separate grants, rather than increasing the GAG itself, so this is another factor.
- **Secondary academies:** The proportion of GAG funding has gradually decreased since 2021/22. This reflects both the removal of 16-19 core funding from GAG calculations and the increasing share of additional government funding streams, such as the Schools Supplementary Grant and specific grants for teacher pay and pension rises.
- **Primary academies:** Primaries are generally less GAG reliant because of other funding they receive, such as UIFSM, PE/sports grants and nursery funding. Consequently, they again showed a small increase in GAG reliance.

GAG income as % of total income (all academies)



Other income

Secondary schools typically have sports halls, theatres and larger facilities which can produce higher lettings and trading income, increasing "other income" faster than in primary schools.

Many MATs are also in a strong position to generate additional income compared to single academy trusts, often due to their ability to centralise resources, share facilities, and employ dedicated business development personnel. They might be able to invest in systems or staff that would not be viable for a single school, or run larger programmes (eg. trust-wide lettings or training). For example, a MAT with ten schools can run a central lettings service across all sites, whereas a single school trust may not generate enough bookings to justify the administrative effort.

Sizeable MATs are increasingly employing central staff responsible for generating or managing income, such as:

- commercial/partnership managers
- bid-writing staff for grants
- marketing or lettings coordinators
- central finance teams with capacity to pursue funding opportunities.

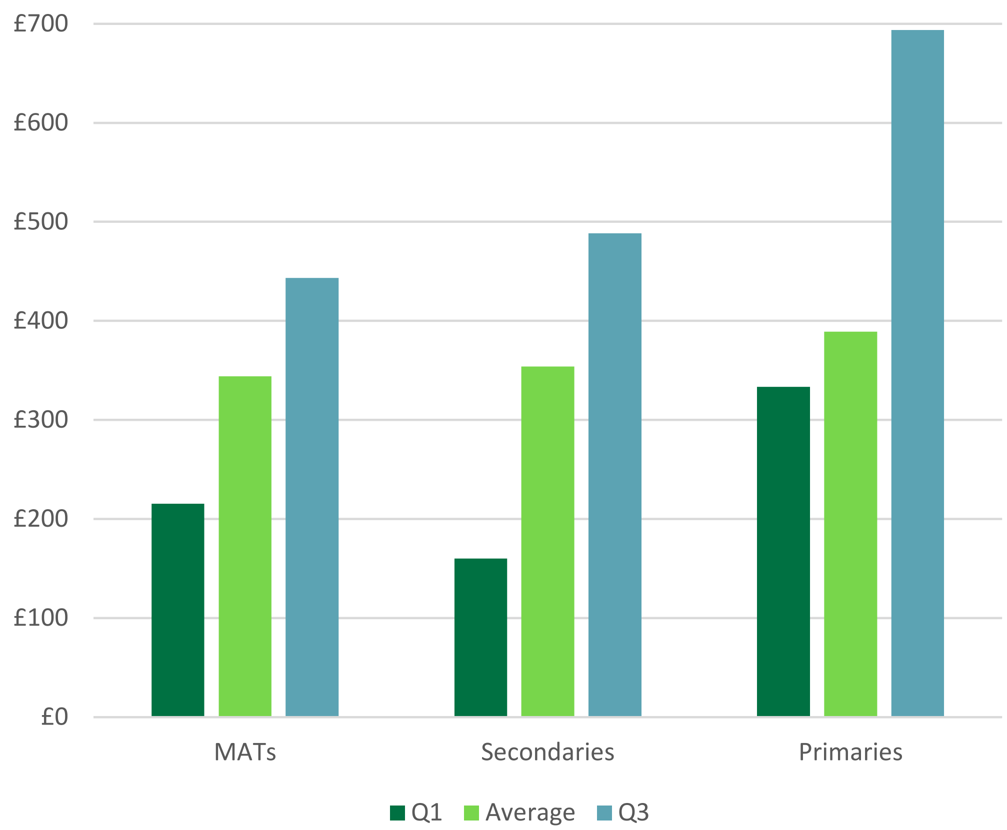
A single academy or small MAT's finance team is typically small and focused on core operational management, leaving limited time to develop new income streams.

An often overlooked factor is that MATs often have greater success securing charitable grants, foundation funding etc. because they can demonstrate a greater scale and impact and the ability to pilot initiatives across multiple schools. Funders often prefer projects with multi-school reach.

This year's data confirms that MATs, secondaries and primaries all show wide variations in the amount of other income generated per pupil, with primary schools demonstrating the largest disparity between the upper and lower quartiles.

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

Other income per pupil



There are variations between the higher and lower placed trusts in all categories, but the significant variation in primary school other income is very noticeable. Primary academies have the widest disparity in income, with the top quartile generating more than £694 per pupil, more than double the primaries at the lower end. Primary schools have far fewer consistent income opportunities, so the presence (or absence) of just one activity can significantly change the position. The disparity therefore often reflects structural variability, rather than simply better management. For example, schools with before- and after-school clubs continue to outperform others in self-generated income.

Investment income and treasury management

One more positive development for the sector has been the growth in investment income. Academy trusts typically receive funding in advance and often hold significant cash balances during the year. With interest rates remaining elevated in recent years, many trusts have been able to generate meaningful additional income by actively managing these balances including through the following methods:

- Trusts are increasingly placing surplus cash balances, beyond those required for day-to-day operations, into interest-bearing deposit facilities offered by banks and accessed through secure online investment platforms. As a result, many trusts have been able to maintain strong levels of investment income, reflecting both improved treasury management practices and a more strategic approach to managing cash balances.
- The sustained period of elevated interest rates over the past four years has enabled trusts to generate meaningful additional income from these surpluses, particularly as academy funding is typically received in advance of expenditure. Although interest rates have come under some pressure over the past year, the data suggests that trusts have generally been successful in maintaining investment income levels. This reflects a growing focus on actively managing cash balances rather than leaving funds in low-interest current accounts.
- The increasing use of online treasury management and investment platforms has also supported improved risk management across the sector. These platforms enable trusts to diversify deposits across multiple institutions, helping maximise protection under the Financial Services Compensation Scheme (FSCS) while also improving visibility over cash holdings. While such platforms carry associated costs, the combination of enhanced returns, reduced administrative burden and improved oversight appears to outweigh these expenses for many trusts.
- Larger multi-academy trusts continue to lead the way in treasury management, benefiting from larger cash balances and greater central finance capacity to manage investments effectively. In some cases trusts have explored investment options beyond traditional bank deposits and online platforms; however, given the generally cautious risk appetite within the academy sector, such approaches should be considered carefully to ensure they remain aligned with the trust's investment policy and governance framework.

Trusts should naturally remain cautious when it comes to investing, it is paramount that public funds are held securely and not placed at risk – public sector bodies are expected to prioritise capital security and liquidity over yield. Our recent Academy Insight here explored how trusts can make their cash work harder.

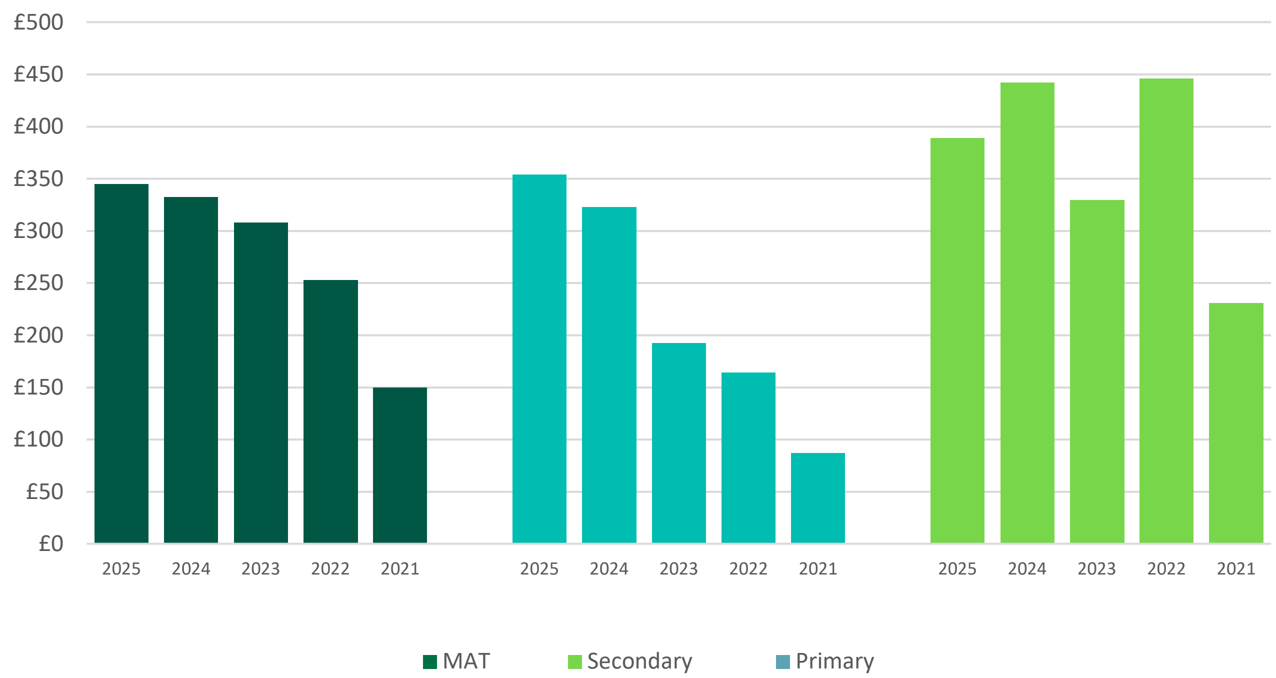
In our summary of the sector section, above, we explore the evolving structure of the academy sector, focusing on the continued growth in MATs. As trusts expand and operate across a greater number of schools, they are more likely to generate increasing levels of non-grant income from activities such as lettings, catering, nursery provision, training and other traded services. While these activities can provide valuable additional income, they can also give rise to tax and VAT considerations, particularly where trading activities become more significant in scale.

As MATs grow in size and commercial activity increases, trusts are more likely to approach or exceed the VAT registration threshold (currently £90,000 of taxable turnover) or the charity small-scale trading exemption limit (currently £80,000). Where these thresholds are exceeded, the trust may become liable to account for VAT on certain supplies or may generate trading income that falls outside the scope of the charity tax exemptions. In these circumstances, careful consideration should be given to the appropriate structure through which such activities are undertaken.

It therefore remains important for trusts to seek professional advice at an early stage when developing income-generating activities. In some cases, establishing a wholly owned trading subsidiary may be appropriate, particularly where activities are clearly commercial in nature or where the level of trading income is expected to exceed the charity trading limits. A subsidiary structure can help manage tax exposure, ring-fence financial risk, and ensure that profits can be returned to the trust through Gift Aid, while maintaining compliance with charity and tax regulations.

Taking a proactive approach to structuring these activities is generally preferable to responding after thresholds have already been breached. Early planning enables trusts to implement the most suitable arrangements before tax or VAT issues arise, reducing the risk of unexpected liabilities and ensuring that income-generating activities are managed in a compliant and sustainable manner as the organisation continues to grow.

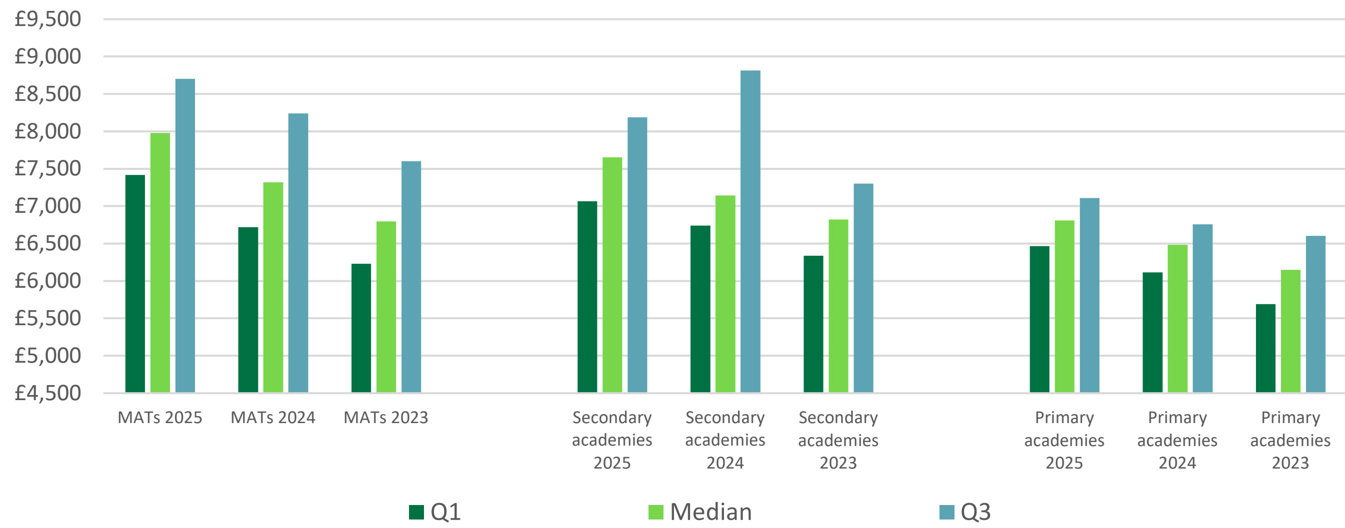
Other income per pupil - average year on year



Total revenue income per pupil

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

Revenue income per pupil



Capital funding

Academies continue to receive basic capital funding through Devolved Formula Capital (DFC), which consists of a £4,000 lump sum per school plus a per-pupil allocation. This funding is set at broadly the same level as that received by local authority maintained schools. In practice, however, the level of funding available through DFC remains relatively modest. For example, a secondary school with around 1,000 pupils typically receives just over £20,000 per year, which is often insufficient to meet the ongoing need to replace IT equipment, maintain facilities and undertake smaller capital repairs. As a result, many academy trusts continue to supplement their capital programmes by making revenue-to-capital transfers, enabling them to invest in essential infrastructure and maintain the quality of their learning environments.

Despite increasing cost pressures, per-pupil capital funding remains unchanged at:

School Type	Per Pupil Rate	Lump Sum
Nursery/Primary	£11.25	£4,000
Secondary	£16.88	£4,000
Post-16	£22.50	£4,000
Special/PRU	£33.75	£4,000

These per pupil rates have applied for a number of years now and 2025-26 are being funded on the same basis. Many sector leaders understandably argue that inflationary increases should be applied to these rates.

School Condition Allocation (SCA) and Condition Improvement Fund (CIF)

In addition to DFC, academies can access capital funding through either the School Condition Allocation (SCA) or the Condition Improvement Fund (CIF), depending primarily on the size of the trust. Larger multi-academy trusts and local authorities receive SCA directly and can allocate funding strategically across their estate based on identified priorities. Smaller MATs and single academy trusts, however, must apply to the CIF programme through a competitive bidding process to secure funding for specific capital projects. The eligibility criteria for SCA continue to be based on scale, with trusts typically needing at least five schools and around 3,000 pupils to qualify for direct allocations.

Capital funding levels and recent announcements

The DfE has continued to increase capital investment in the school estate in response to concerns about building condition and maintenance backlogs. Following the previously announced £1.8 billion capital programme for 2024/25, further funding has been confirmed for subsequent years. For the 2025/26 financial year, the government announced £2.1 billion of capital funding to improve the condition of school buildings, including allocations through SCA and DFC alongside competitive CIF grants.

Total capital funding for education in England will rise to approximately £6.7 billion in 2025/26, including continued investment in the School Rebuilding Programme, which aims to rebuild or significantly refurbish 500 schools over the coming decade. A significant proportion of this funding is directed towards maintenance and condition improvements across the existing estate.

Ongoing concerns about the condition of the school estate

Despite the increased investment, many stakeholders continue to highlight the long-term underinvestment in the school estate. The DfE continues to expect academy trusts to take a strategic approach to estate management, ensuring buildings remain safe, compliant and fit for purpose. Trusts are encouraged to engage with the Good estate management for schools (GEMS) guidance and associated self-assessment tools, which help boards and senior leaders assess the effectiveness of their estate management strategies and identify areas for improvement.

Overall, while capital funding levels have increased in recent years, many trusts continue to face significant pressures in maintaining and improving ageing buildings. As a result, effective estate planning, prioritisation of capital investment and careful use of available funding streams remain critical components of financial and operational sustainability for academy trusts.

Condition Improvement Fund

Condition Improvement Fund (CIF) remains a highly competitive process, with funding awarded to projects that address critical building condition issues, health and safety risks and essential maintenance. CIF funding is allocated across three categories:

- condition (eg. roof replacements, fire safety upgrades)
- condition with expansion (eg. improvements linked to increasing pupil numbers)
- expansion (eg. new classrooms to accommodate growing cohorts)

The DfE expect the majority of projects supported through CIF to involve the replacement of high priority components such as structural elements, boilers and electrics, fire doors and alarms, roof coverings and windows and asbestos removal.

Small projects cannot be funded through CIF due to a minimum project threshold (£20,000 for primary academies and special schools, and £50,000 for secondary academies). The maximum funding available via CIF is £4 million.

The 2025 to 2026 CIF outcome was published in spring 2025 and provides nearly £470 million for 789 projects across 656 different educational establishments.

	Number of successful projects	Total CIF paid	Average per project
CIF 2025/26	789	£470m	£595,691
CIF 2024/25	866	£450m	£519,630
CIF 2023/24	1,033	£456m	£441,433
CIF 2022/23	1,405	£498m	£345,448
CIF 2021/22	1,466	£483m	£329,468

DfE data reveals the likely success rate:

- 1,868 entities applied (45%) of the total 4,124 academies, sixth-form colleges and voluntary-aided schools eligible to apply.
- Applications covered 2,846 projects, meaning just under 28% of projects have received funding.

Success rates vary between education phases:

Phase	Total Number of Eligible Schools	Total Number of Schools Applied	Total Number of Schools Successful	Percentage Applied of Eligible	Percentage Successful of Applied
All-through	51	21	8	41.18%	38.10%
Primary	2,723	1,213	394	44.55%	32.48%
Secondary	939	488	205	51.97%	42.01%
SFC	82	37	16	45.12%	43.24%
Special	322	105	32	32.61%	30.48%
UNDEFINED	7	4	1	57.14%	25.00%
Total	**4,124**	**1,868**	**656**	**45.30%**	**35.12%**

Variation in Condition Improvement Fund (CIF) success rates by school phase is relatively common and generally reflects differences in application behaviour, estate condition, project quality and regional estate pressures, rather than the DfE applying different formal criteria.

Some phases have older or more complex estates, which can influence the nature and urgency of bids. For example, secondary schools often have larger and older buildings (science blocks, sports halls, plant rooms, flat roofs etc.), which are more likely to generate priority condition or compliance projects. These types of projects (eg. structural works, fire safety, roofing, boilers) tend to score more highly in the CIF assessment process.

Secondary schools and sixth-form colleges often have dedicated estates staff and access to professional surveyors or project managers and, as a result, their applications may be better evidenced and align more closely with DfE priorities.

Regional differences are also typical and can arise for several reasons, including:

- some regions have older school estates and greater structural issues
- access to professional support might vary regionally
- the volume of applications in certain regions might impact on success rates, and which school phase the applications were in relation to.

Region	Total Number of Eligible Schools	Total Number of Schools Applied	Total Number of Schools Successful	Percentage Applied of Eligible	Percentage Successful of Applied
East Midlands	334	169	73	50.60%	43.20%
East of England	570	270	106	47.37%	39.26%
London	516	252	94	48.84%	37.30%
North East	187	67	11	35.83%	16.42%
North West	554	262	116	47.29%	44.27%
South East	605	307	109	50.74%	35.50%
South West	476	181	42	38.03%	23.20%
West Midlands	570	215	57	37.72%	26.51%
Yorkshire and the Humber	312	145	48	46.47%	33.10%
Total	**4,124**	**1,868**	**656**	**45.30%**	**35.12%**

It is worth noting that regions with a higher concentration of large multi-academy trusts may show different patterns because these will qualify for SCA instead of CIF. The schools remaining in CIF tend to be smaller trusts or SATs, which may have varying levels of bid expertise. We would also recommend that trusts do take appropriate professional advice since with CIF always heavily oversubscribed the importance of high-quality applications is paramount.

Applications for CIF 2026/27 closed in December 2025, and the DfE plan to announce the outcome in May 2026. This year, trusts were required to clearly set out and evidence the process undertaken in procuring and appointing any technical advice.

School Condition Allowances for larger MATs

For larger multi-academy trusts (MATs), School Condition Allocation (SCA) funding provides a significant and predictable source of capital investment for maintaining and improving the school estate. MATs with at least five academies and more than 3,000 pupils, based on the spring census, are typically eligible to receive SCA directly from the DfE. This means they do not normally need to apply for capital funding through the CIF, which remains the primary route for smaller trusts and single academy trusts.

Unlike CIF, which requires detailed project-by-project bids through a competitive process, SCA funding is allocated annually through a formula. The amount received broadly reflects the size of the trust's estate, taking into account pupil numbers and the number of buildings maintained. This approach allows trusts to take a more strategic and proactive approach to estate management, prioritising projects across the portfolio of schools according to need rather than competing externally for individual projects.

In practice, many larger trusts operate an internal capital allocation process, inviting academies within the trust to submit proposals for capital works. These proposals are typically assessed centrally against factors such as condition surveys, compliance requirements, safeguarding risks and alignment with the trust's long-term estate strategy. This enables central leadership to direct investment towards the most urgent or strategically important projects across the trust's estate.

While SCA offers greater autonomy and flexibility, it also places a greater responsibility on trusts to manage their estates effectively. Trust boards and executive teams are expected to maintain robust estate management arrangements, including up-to-date condition data, clear capital planning processes and appropriate governance oversight. Many trusts draw on the DfE's Good Estate Management for Schools (GEMS) guidance to support long-term estate planning and ensure that funding decisions are transparent, evidence-based and aligned with strategic priorities.

Advantages of SCA Funding

- **Predictability** – Unlike CIF, which is competitive and subject to annual bidding rounds, SCA provides a stable and predictable funding stream. This enables trusts to plan capital programmes over multiple years and address emerging maintenance issues before they become critical.
- **Flexibility** – Trusts have greater discretion over how funding is used, allowing them to prioritise works according to local need rather than strictly aligning projects with CIF assessment criteria.
- **Efficiency** – The formula-based allocation avoids the significant administrative burden associated with preparing CIF bids, allowing trusts to focus more resources on estate management and project delivery.
- **Strategic estate management** – SCA allows MATs to take a whole-trust approach to capital investment, directing funds to schools with the greatest need and coordinating projects across the estate to achieve better value for money.

Overall, SCA provides larger MATs with an opportunity to manage their estates in a more strategic and coordinated way, although this flexibility also requires strong governance and robust long-term planning to ensure the funding is used effectively.

	School Condition Allocations in past 5 years				
	2025/26 Final	2024/25 Final	2023/24 Final	2022/23 Final	2021/22 Final
Total SCA paid	£725.7m (29.4% ▲)	£560.9m (13.3% ▲)	£495.2m (8.8% ▲)	£454.9m (12.3% ▲)	£405.0m (42.3% ▲)
No. of trusts	525 (11% ▲)	473 (11% ▲)	427 (10% ▲)	389 (13% ▲)	343 (18% ▲)

The table shows a significant and sustained increase in School Condition Allocation (SCA) funding over the past five years, both in the total funding distributed and the number of academy trusts eligible to receive it.

Total SCA funding has increased by nearly 80% over the five-year period. The most notable increase occurs in 2025/26, where funding rises by 29.4% compared with the previous year, reflecting the government's continued focus on improving the condition of the school estate. This uplift aligns with wider capital investment commitments made by the Department for Education to address maintenance backlogs, building safety concerns and ageing infrastructure across schools in England.

Alongside the increase in funding, the number of trusts receiving SCA has also risen steadily, from 343 trusts in 2021/22 to 525 in 2025/26. This growth broadly reflects the continued expansion and consolidation of the academy sector which we have explored in our summary of the sector section, above. As more MATs grow in size, they transition from relying on CIF to SCA allocations, increasing the total number of trusts funded through this route.

SCA received	Number of trusts		
	2025/26 round	2024/25 round	2023/24 round
Over £5m	9	5	4
£1m – £5m	270	178	157
£500k - £1m	221	232	205
Less than £500k	25	58	61
	473	**473**	**427**

School Rebuilding Programme

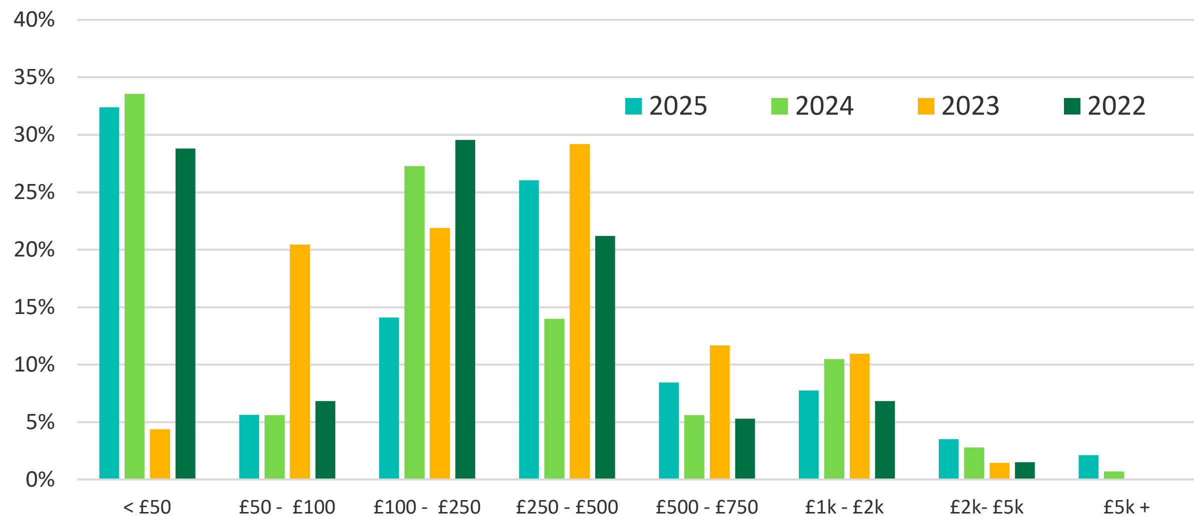
The School Rebuilding Programme (SRP) is the government's long-term initiative to rebuild or significantly refurbish schools in England with buildings in the poorest condition. As of February 2026 the programme includes 519 schools, with the Department for Education aiming to start around 50 projects each year. The programme is intended to run over a decade and forms a central part of the government's wider capital investment in the school estate.

Despite progress, concerns remain about the scale of need relative to the pace of delivery. A significant number of pupils continue to be educated in buildings requiring major refurbishment or replacement, highlighting the ongoing challenge of maintaining an ageing school estate. The issue has been further highlighted in recent years by the discovery of Reinforced Autoclaved Aerated Concrete (RAAC) in a number of school buildings, which has required urgent remediation and, in some cases, accelerated rebuilding.

Funding pressures also remain a key consideration. While the government has committed substantial capital funding to the programme and continues to support around 50 rebuilds per year, commentators have noted that investment in school infrastructure remains below historical levels in real terms. As a result, while the SRP represents an important step in addressing estate condition issues, the pace and scale of rebuilding continue to be areas of ongoing debate within the sector.

At the current delivery rate, completing the existing pipeline of projects will take over a decade, and this represents only a portion of the total school estate in England. Ensuring that all schools are maintained in safe and effective condition will therefore require continued long-term investment and strategic estate planning across the sector.

Spread of capital funding per pupil



The proportion of trusts receiving less than £50 per pupil has increased markedly, reaching around one-third in 2025. This suggests a growing share of trusts receiving minimal capital support in a given year.

There has been a decline in mid-range allocations (£100–£250). In 2022 this band accounted for close to 30% of trusts, but by 2025 it has fallen to around 14%.

Higher funding bands remain uncommon. Funding above £1,000 per pupil consistently represents a small minority of trusts (generally under ~10%). Very high allocations (£5k+ per pupil) are rare and sporadic, reflecting isolated major projects or rebuilding works.

The future

The transition towards a direct National Funding Formula (NFF) began in 2023/24 and continued through 2024/25, with the Department for Education increasingly limiting the discretion previously held by local authorities in distributing funding to schools. Under the direct NFF approach, mainstream school funding is now largely determined using the national formula, with only limited adjustments made at local authority level.

The NFF represents a significant shift from the previous system, where local authorities could substantially vary the distribution of funding between schools within their area. The move to a nationally determined formula aims to improve transparency and consistency, ensuring that schools with similar characteristics receive similar levels of funding regardless of their location.

Funding allocations under the NFF continue to be determined using a range of factors, including:

- pupil characteristics (such as age, deprivation indicators and eligibility for free school meals)
- additional needs (including special educational needs and low prior attainment)
- geographical factors (such as area cost adjustments reflecting regional labour costs)
- school characteristics (including school size and sparsity).

The phased implementation of the direct NFF allowed for transitional protections to smooth changes in funding and prevent sudden reductions for individual schools. However, as the system has bedded in, some schools have experienced material shifts in funding levels as allocations have moved closer to the national formula.

Looking ahead to 2026 and beyond, the NFF is expected to remain the central mechanism for distributing core school funding. Government announcements in the Autumn 2025 Budget reiterated commitments to targeted investment in areas such as SEND provision and school estates, although there remains limited clarity over long-term funding settlements for the sector. The Government has indicated that it will absorb the growing cost pressures associated with SEND provision when the statutory override allowing local authorities to carry deficits expires in 2028, though the mechanism for funding this commitment has yet to be set out in detail.

Other announcements focused on relatively small-scale initiatives rather than core funding increases. These include £5 million for secondary schools to purchase new library books (around £1,400 per school), alongside a £10 million commitment to ensure that every primary school in England has a library by 2029, targeting the approximately 1,700 schools currently without one. The Government also announced £18 million over two years to upgrade up to 200 playgrounds across England, although further detail on the location and delivery of this funding has not yet been confirmed.

> The National Funding Formula represents a significant shift from the previous system, where local authorities could substantially vary the distribution of funding between schools within their area.

Fixed assets and capital expenditure

What do we mean by capital expenditure?

Capital expenditure means the expenditure incurred in relation to the acquisition, construction or improvement of school buildings and the acquisition of equipment, computers, office furniture and vehicles.

Academy trusts (apart from church academies for which the freehold premises is generally owned by a diocese or other religious body) are required to reflect the value of freehold premises they own or occupy under long term lease arrangements in their accounts at the value transferred in on conversion. Fixed assets will therefore usually be the largest item on the balance sheet but it is an area which can often be overlooked by trustees.

How is capital expenditure funded?

Currently, schools obtain funding for capital expenditure through Devolved Formula Capital grants which is intended for small-scale projects and the Condition Improvement Fund (CIF) which offers both grants and loans for more significant capital projects. As set out on page 27, above, schools with pupil numbers above 3,000 are eligible for annual School Condition Allocation (SCA) instead of CIF.

As Responsible Bodies, it falls to academy trusts to manage their school estate. This represents a significant risk area for trustees to grapple with as many schools occupy older buildings which are costly to maintain and can require major capital outlay to ensure continued safety and functionality. It is our experience that academy trusts' applications for CIF funding are often hit and miss while larger MATs can find that SCA funding is insufficient. It is now five years since the DfE identified a total cost of £11.4bn for remedial work to repair or replace defective elements in schools. The government's Autumn 2024 Budget allocated additional funding of £3.5 billion specifically towards school rebuilding programmes and general maintenance and improvement of school buildings. The impact of this funding is beginning to be felt in the capital spending data below.

	Average total spend		Average total spend per pupil	
	2025	2024	2025	2024
	£'000	£'000	£	£
Primaries	27	29	80	91
Secondaries	434	309	288	263
MATs	1,153	895	309	302

The data shows that for secondaries and MATs there was an increase in both total average capital outlay and the average spend per pupil compared to 2023/24. For primaries the reverse has been the case although the decrease is relatively small. Total average spending at primary schools remains considerably lower than at other types of school and this is fundamentally down to the size of the school estate and pupil numbers with primary schools typically being smaller in size.

In the upper quartile we have seen MATs spending £3.2m on average at £546 per pupil compared to £3.5m in 2023/24 at £523 per pupil. For comparison, the upper quartile of primary schools has spent just £122,000 on average in 2024/25 at £321 per pupil.

The average capital spend for all types of academy in 2024/25 was £509,000 at £293 per pupil, compared to £456,000 at £256 per pupil in 2023/24.

Although it is difficult to read too much into the figures due to the different ways that academies treat their capital expenditure, the general downward trend in total spending per pupil over the three years appears to have stabilised and even reversed slightly. We anticipate that, as academy trusts start to feel the benefits of the additional capital funding noted above, there will be a further increase in average spend per pupil across all types of schools.

What are the accounting requirements for capital expenditure?

Accounting for capital expenditure can be a confusing area because the timing of its recognition does not necessarily match up with the associated income. Grants and other capital income are recognised in full once the academy trust is entitled to it, the amount can be estimated reliably, and it is probable the funds will be received. This can result in large surpluses being reported in the Statement of Financial Activities but which are ringfenced in a Restricted Fixed Asset Fund. Over time this fund is reduced as depreciation charges are expensed against the balance.

Where trusts have received CIF or SALIX loans towards the costs of capital projects, the outstanding balance on these loans is set against net book value of the related assets in the Restricted Fixed Asset Fund. Repayments of these loans is usually by way of a deduction from GAG. As a result, trusts should make a transfer from the Restricted GAG fund to the Restricted Fixed Asset Fund equal to the loan repayments.

Another area of confusion is determining whether expenditure is capital or revenue in nature. Accounting standards require academy trusts to capitalise expenditure on fixed assets and depreciate them over their expected useful life. There is a tendency to think of capital items as being expensive, but where do we draw the line? Typically, there will be a capitalisation threshold in the region of £1,000 - £5,000 below which expenditure is not capitalised depending on the size of the academy trust. Higher limits may be used for bulk or group purchases made on one order, but some larger academy trusts set higher limits.

Additionally, the nature of capital projects, especially those funded via CIF grants, can sometimes be more akin to maintenance, but in most cases the costs should still be capitalised. An alternative approach is difficult to justify due to the enhancement of assets and extended ongoing benefit that the capital funding has provided.

Fixed assets are therefore an area requiring both judgement and estimation which can result in different accounting treatments being applied across the sector.

What lies ahead for estate management?

In April 2025 the DfE published its 'school estate management standards' guidance setting out four levels, with all schools expected to be at level 1 (baseline) with the aim of progressing to at least level 3 (fully effective).

The guidance is concise and includes useful pointers for the activities that academy trusts should undertake in each area of estate management. There are also a number of useful links provided in the document to additional resources and guidance.

More recently published guidance sets out the requirements for regular condition surveys to help academy trusts assess and understand the physical state and level of deterioration of a building and plan more appropriate maintenance strategies and accurate building investments. A comprehensive survey should be commissioned at least every five years.

The government has also recently published a policy paper setting out a ten year plan for renewing the education estate. It is clear that, in planning for capital expenditure, academy trusts are expected to take a more strategic view with a focus on proactive management and long-term strategic maintenance. A new digital service - Manage Your Education Estate - has just been launched with the aim of bringing together existing guidance data, tools, programmes and funding in one place. Trustees and senior management with responsibility for estate management should ensure they familiarise themselves with this new online resource.

Other issues

In our last benchmarking report we highlighted changes in how academy trusts will be required to account for leases with 'right of use' assets being recognised on the balance sheet when previously operating leases were 'off balance sheet'. Ahead of this change in financial reporting, the DfE allowed academy trusts to enter into a number of leasing arrangements from 1 September 2024 which would otherwise not been permitted. We have seen little evidence that academy trusts have taken advantage of this new power but we anticipate more capital items appearing on balance sheets in 2026/27 which will be the first academic year in which the new lease reporting standard is application.

An emerging issue in estate management is PFI contracts. Although these are not new, having originated under the New Labour government before the turn of the millennium, many PFI contracts are approaching the end of their 25 year term. While some of these arrangements have been very successful, there are cases where schools have found that maintenance has not been up to standard and they now face taking on financial responsibility for buildings in very poor condition. It is crucial that any schools with PFI contracts in the latter stages of the term should take steps to review building condition and engage with the PFI contractor to seek resolution. Affected academy trusts may wish to seek legal advice regarding exiting these contracts.

As Responsible Bodies, it falls to academy trusts to manage their school estate. This represents a significant risk area for trustees to grapple with as many schools occupy older buildings which are costly to maintain and can require major capital outlay to ensure continued safety and functionality.

Cash at bank balances

The results from 2024/2025 have shown a continuation of financial pressure on academies. Unfortunately, this does not look like it will improve in the short term. The increasing staff costs and overall rise in overhead expenses have further strained sector budgets, significantly impacting the cash flow of trusts.

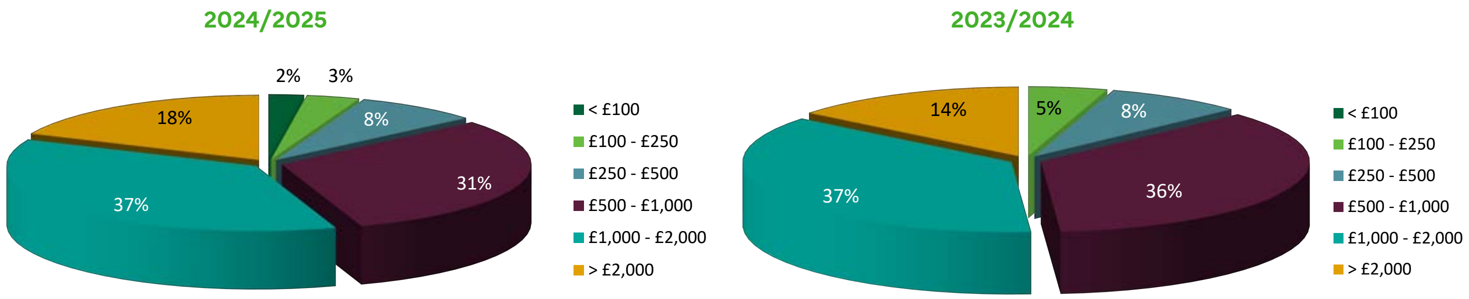
The Core Schools Budget grant, amounting to £688 million, has been announced to support the academy sector for 2025-2026. This funding is intended to cover known pay awards, employer contributions and rising overall costs. However, it is likely that this grant will not fully cover all additional expenses incurred by academies, necessitating the need for further funding sources or cost-saving measures.

The September 2025 National School Trust Report annual survey of accounting officers, conducted by CST in partnership with Edurio, showed Trust CEOs were slightly more positive this year about the financial sustainability of their trusts, with 51% very or quite confident (45% in 2024). Financial sustainability has been highlighted as top priority by 64% of trusts, with it being noted as the most challenging aspect.

A common misconception is that the cash balance represents available free cash. However, part of this balance is often allocated for supplier payments. It's crucial not to view the bank position in isolation, as timing is important and some of the funds may be unspent allocations intended for the next financial year.

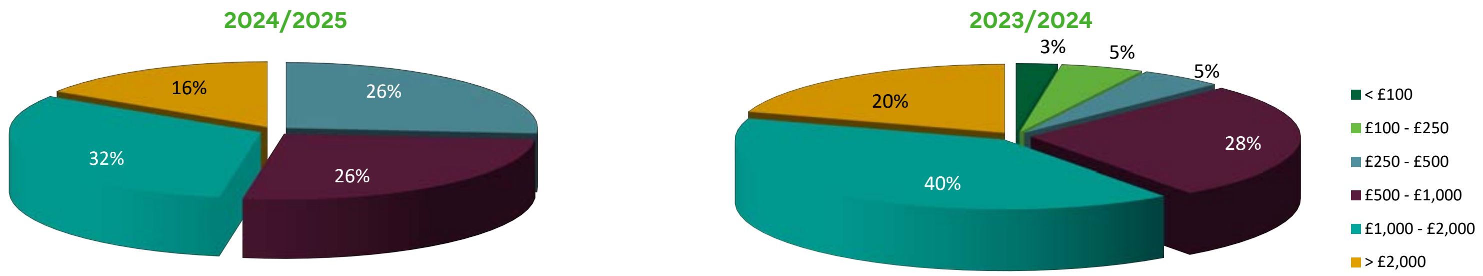
In all trusts within our sample we see the largest percentage of cash balances held in the top two ranges and this is consistent across MATs, secondaries and primaries. However the actual value on average has dropped and there is an increasing number which fall into the less than £100 per pupil categories.

Range of cash balances held (per pupil) – MATS



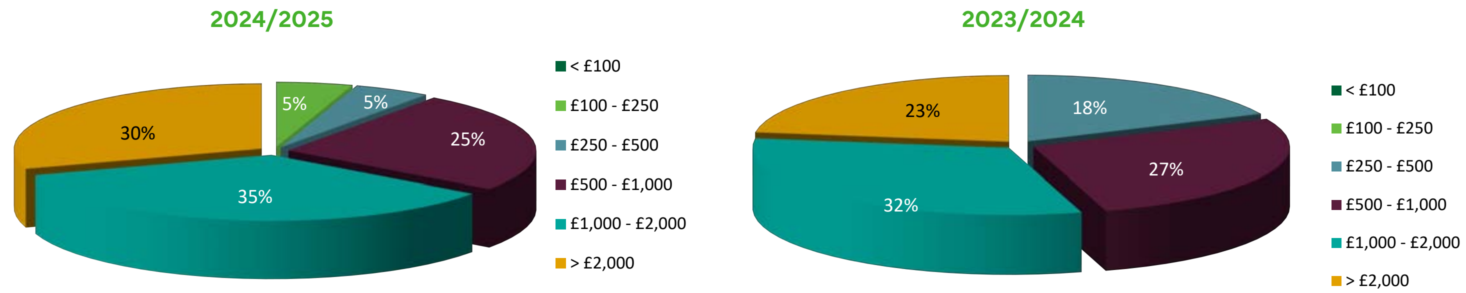
In a positive turn, there has been an increase in the number of MATs in the top two ranges which has increased from 51% to 55% of all trusts in the sample. The number of trusts in the lowest ranges up to £500 has remained at 13%, however there has been a shift of 2% of these now being below £100. This highlights the additional financial constraints being experienced by trusts.

Range of cash balances held (per pupil) – Secondaries



Secondary academies have continued to hold a greater amount of cash per pupil on average than any other trust. However, the percentage of secondary academies in the top two ranges has decreased from 60% to 48% with a large shift towards £250-£500 per pupil. At the opposite end of the scale we have seen an 8% reduction in secondary schools with below £250 per pupil to 0%.

Range of cash balances held (per pupil) – Primaries

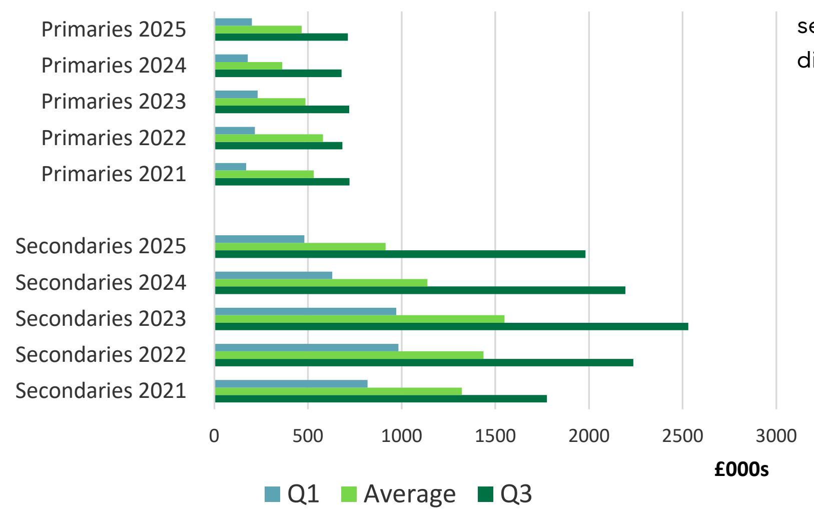


The overlying trend seen for primary academies is the increase in polarisation between the lowest and highest ranges. This is suggesting that there is greater inequality in financial positioning between primary academies. Primary academies are holding on average more cash per pupil than last year. The top two ranges have increased from a combined 55% to 65%. This has shown tighter controls over costs in a number of trusts this year. At the other end of the scale there has been an increase in the lowest tier of below £100 from 0% to 5%, plus a sharp fall in the second lowest tier from 18% to 5%.

Cash held per pupil 2024/2025				Cash held per pupil 2023/2024			
	Q1	Average	Q3		Q1	Average	Q3
Secondary academies	486	993	1,615	Secondary academies	602	1,388	1,773
Primary academies	939	1,352	2,026	Primary academies	648	1,112	1,647
MATs	703	1,049	1,620	MATs	714	1,012	1,606

The table above demonstrates that the MATs have been able to maintain a consistent average of cash held per pupil between this year and last. This reduced volatility is largely due to the MATs ability to pool resources, and more stable reserve management policies. The secondary academies have shown a significant drop in the average of 28%, indicating that they are holding much less cash overall, suggesting they are more cash-constrained. However, primary academies reserves have strengthened substantially, suggesting fewer primaries are in financial stress.

Cash balances per pupil head at 31 August

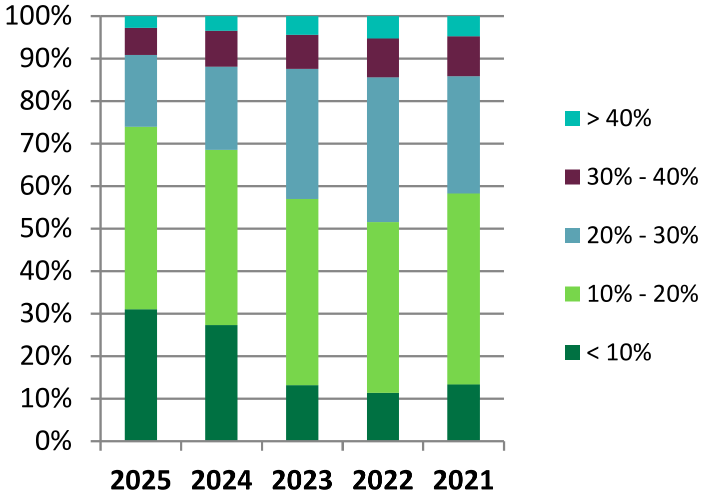


As shown in the chart below, there has been a decrease in average cash at bank balances for secondaries and an increase in average cash at bank balances for primaries. The secondary cash balance has seen a reduction from £1.1 million to £900k this year and for primary academies there has been an increase to £467k from £360k. Primaries are steadily improving their cash-per-pupil position across all quartiles with fewer low-resilience schools, stronger average reserves and strong growth in the upper quartile. Secondary schools have shown a consistent deterioration in cash reserves year on year, especially since 2023. The gap between the upper and lower quartile results continues to be vast with the financial positions of primaries and secondaries moving in opposite directions, by 2025 the divergence is the greatest in the five-year series.

Cash balance vs recurring levels

Comparing cash balances against recurring revenue income is an alternative and useful way of reviewing levels of cash. On 31 August 2025, 43% of trusts held cash of between 10-20% of their recurring income. With cash balances generally decreasing, there was an increase in the number of trusts in the bottom range this year. The percentage of trusts holding a cash balance that equates to over 40% of their recurring income remains stable at 3% (2024: 3%). As expected with the general trends seen throughout all data this year, a larger proportion of academies in 2025 have low cash reserves of <10%. This previously stable category saw a sharp increase in 2024 from circa 13% for 2021-2023, up to 27% in 2024. This increase has continued into 2025 with a further increase to 31%, reiterating the increased financial pressure of academies and the deterioration in liquidity.

Cash balance: recurring income ratio



Reserves

The DfE does not prescribe a required level of reserves to be held by a trust but suggests the onus should be on the trustees themselves to decide on the appropriate level to cover known upcoming capital projects and unforeseen expenditure. The only mandatory requirements are that a policy is in place, it is explained in the financial statements and is clear. The policy should also note the level of reserves held and the reason for holding those reserves including details on any designated funds.

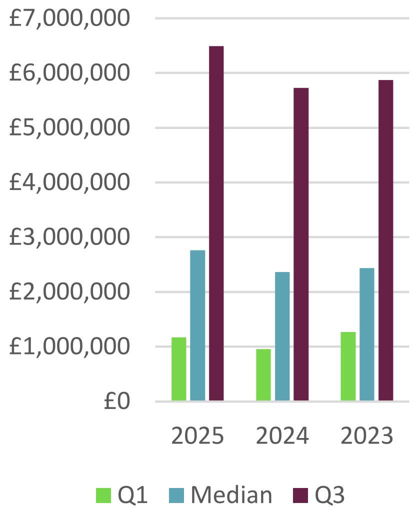
Currently the DfE tend to look at trusts who are holding reserves of less than 5% of income for possible financial vulnerability but, at the same time, they are questioning trusts who are holding more than 20% of income to ensure compliance with the ATH.

The graphs on the right look at the revenue income held per different trusts. It is clear that a greater level of revenue income reserves is held by MATs, with general increases in both MATs and primaries. However, secondaries have continued to see a downward trend reiterating the financial pressure which the sector is currently experiencing.

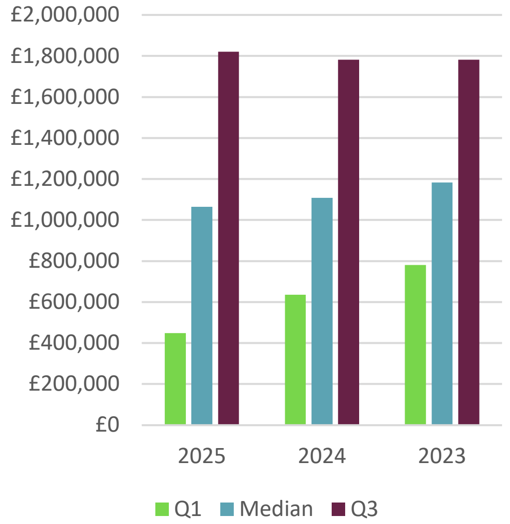
The difference between the lower quartile and upper quartile results again show significant variance between the financially stronger trusts and those who run on much tighter finances and reserves. The top 25% of secondary academies have maintained a level of roughly £1.8m of revenue income reserves. The lowest quartile has seen a gradual decrease over the past three years, with reserves falling from £635k in 2024 to £448k in 2025. Primary academies top 25% has seen a welcome positive movement to £551k in 2025 from £502k in 2024. The larger movement for primary academies is in the median which has seen a increase of £104k from £206k in 2024 to £311k in 2025, further highlighting the disparity between the positions of secondaries and primaries.

There is an increasing variance between the highest quartile and lowest for all trusts. The level of free reserves generally arises when trusts can are generating their own income and suggests trusts should try and increase the number of opportunities for self-generating income.

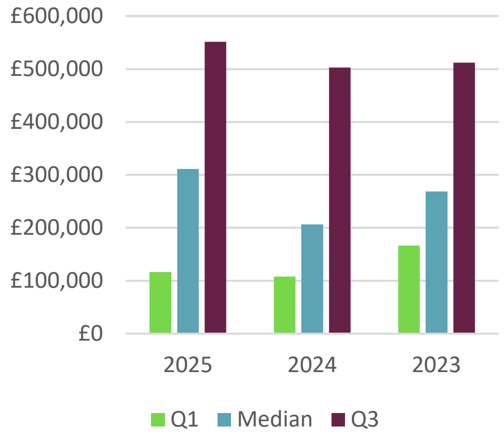
Total revenue income reserves at year end (MATs)



Secondary academies



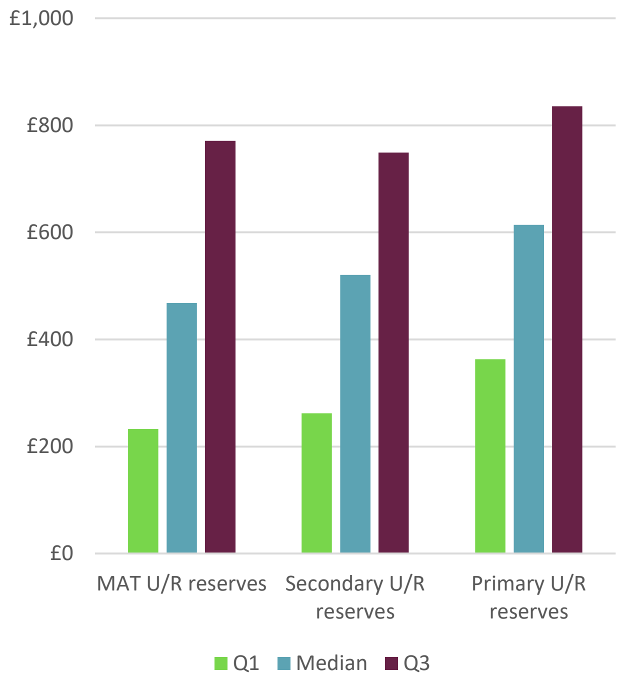
Primary academies



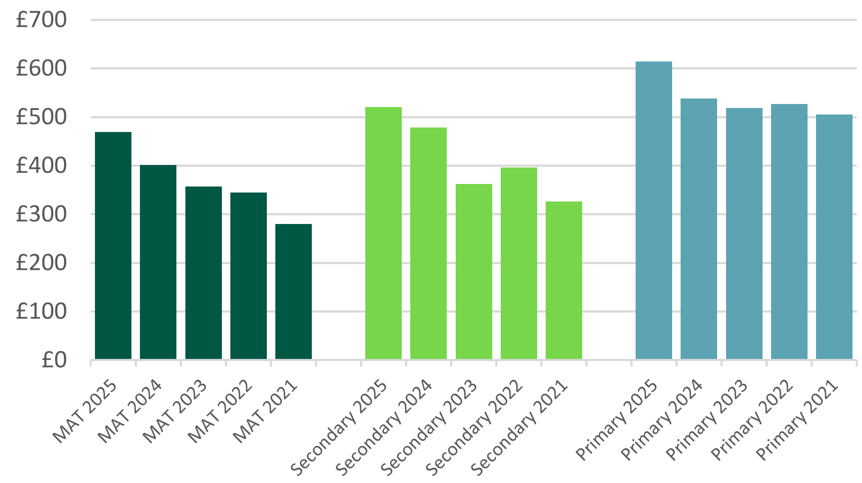
The results become more comparable when we consider the unrestricted 'free' reserves on a per pupil basis. These results show that primary school academies continue to hold the highest unresticted reserves per pupil, likely due to needing to have relatively higher reserves to cover unforeseen costs that all academies can face despite having lower pupil numbers.

Comparing the 2025 results to 2024 we can see that the unrestricted income reserves per pupil have increased for all trusts. MATS appear to be building unrestricted reserves year on year in a steady controlled way, likely due to strategic building of central reserves. The levels are the lowest across all trust categories, likely due to reserves being spread across many schools, therefore diluting the per pupil figure. Secondaries have shown more volatility over the past five years, appearing more sensitive to cost pressures and funding changes, with strong improvement in the past two years. Primaries have maintained strong and resilient per pupil reserve levels, consistently outpacing secondary and MAT averages, with strong growth in 2025. The overall upwards trend across all categories indicates a broad strengthening of financial resilience across the sector.

Total unrestricted revenue income reserves per pupil at 31.8.2025



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



Surplus or deficit

The Academy Trust Handbook requires trusts to ensure that revenue reserves - after taking into account any brought forward balances - remain positive at all times. In addition, trusts must ensure that their bank accounts do not become overdrawn.

Reserves of a capital and revenue nature arise from the following income streams:

- funds received for specific purposes which are revenue in nature, such as the trust's General Annual Grant (GAG) for each academy, which should be spent on meeting the trust's broad educational objectives
- funds received for general purposes which are not subject to any restrictions and commonly arise from donations and income generated from the academy trusts own activities. These funds are available for general use to be used at the discretion of the trustees to further the academy trusts charitable purpose
- funds received for capital purposes in the form of:
  - Devolved Formula Capital (DFC)
  - Condition Improvement Fund (CIF)
  - School Condition Allocation (SCA).

Capital funds, although mainly received from the DfE, may also be received from:

- a sponsor
- local authority
- private donations.

The DfE does not require any specific level of resources, either of a percentage or monetary amount, as long as the combined total of the trust's restricted and unrestricted reserves are not in deficit. The level of reserves a trust decides to hold is likely to depend on both short and long-term factors including:

- type and size of academies within the trusts
- demographics
- capital condition of the trust's estate
- estate strategy
- future plans.

The DfE does not require a specific level of reserves to be held either as a percentage or a monetary amount, with the only requirement that trust restricted and unrestricted reserves should not be in a deficit position. Around 80% of trusts hold reserves of around 5% of total income. This may vary depending on each trust's individual requirements with many trusts holding one or even two months' expenditure to protect against cashflow fluctuations.

For some trusts, a lower level of reserves, especially if much below 5% of income, could suggest financial vulnerability. However, if trustees are assured that there are:

- sufficient reserves for any unforeseen circumstances, and
- funds are in place to maintain the school estate,

then holding reserves of less than 5% would be deemed to be acceptable.

Correspondingly, trusts may hold a high level of reserves, which is defined by the National Audit Office and Public Accounts Committee as 20%, because of current or planned capital projects which are supported by capital donations or capital grant funding. Where trusts are holding reserves of 20% or more purely for contingency purposes, this would be hard to justify as any excess reserves should be for the benefit of pupils' education.

In practice, the size of the trust heavily influences the percentage of reserves a trust is likely to hold.
For example, SATs tend to hold a higher percentage of trust income than MATs, as MATs risks are spread across a larger number of academies.

To assess a trust's operating performance for the current year, the focus is generally on the increase in revenue reserves, rather than movements in capital reserves or changes in the local government pension scheme balance.

Accordingly, when calculating operating performance, certain items included within the net movement in funds reported in the Statement of Financial Activities (SOFA) should be excluded. An illustrative table is provided alongside to demonstrate the items that are typically removed from this calculation to reach the operating result.

	(£000s)
Overall net movement in funds for the year per SOFA	**550**
Decrease attributable to fixed asset fund	600
LGPS actuarial gain	(750)
LGPS service and interest costs	212
Increase in revenue funds during the year	**612**
Add: Transfers from revenue to capital to fund fixed asset additions	340
Less: Revenue funds inherited from joining academy Trust	(425)
Operational surplus on revenue funds before transfers to capital	**527**

In August 2025, there were 22,529 state schools in England educating around 8.5 million pupils aged 4 to 19 years old. 10,699 of these schools with over 3.4 million pupils were maintained schools funded by local authorities, with the remaining 11,830 schools being academies with over 5 million pupils.

Inflation for 2024/25 has remained constant at around 3.5% and was expected to fall to 2.5% during 2025/26. However, following the Iran war and the resulting increase in fuel prices, inflation is now expected to be between 4% and 5%. This will have the effect of putting increased pressures on school budgets caused by:

- rising energy and operational costs
- expected increases in pay by staff.

Other pressures on school finances will be caused by falling pupil numbers, which for the first time in over a decade has fallen by over 59,000 pupils. This reduction in pupil numbers is currently mainly being felt by primary schools, although pupil numbers in academy schools are expected to peak in 2027, before they also start to fall.

With pupil numbers falling fast and capacity projected to increase, the percentage of unfilled primary school places is expected to rise from 13% to 17% over the next five years. This potential over capacity may however be offset by increasing numbers of pupils being transferred from independent schools. This increase could come following the government's policy change to levy VAT on school fees on top of employer national insurance costs which are both placing increasing financial pressures on independent schools with resulting fee increases that may not be affordable by some parents.

Spare space can create opportunities for academies as it enables academies to undertake activities that would not normally be possible. However, the cost of having so many unfilled places is likely to outweigh the benefits and cause budgetary pressures.

The most obvious way for academies to reduce costs is to reduce staff, which accounts on average for up to 80% of an academy's expenditure. Another possibility is for academies to pool resources with other academies located nearby or consider joining a MAT.

The government's proposed Children's Wellbeing Bill, which is expected to come into force on 1 September 2026, will require all academies and maintained schools to cooperate with local authorities on school admissions and place planning, which will enable pupil numbers to be more evenly spread across all schools.

The table below at December 2025 details the number and size of trusts over the last three years and shows an increasing number of academies - 11,830 (2024: 11,375) while the number of trusts is falling - 2,100 (2024: 2,181).

Trust Size	Academies, free schools, studio schools and UTCs			Trusts	Trusts	Trusts	% Trusts	% Trusts	% Trusts
	2026	2025	2024	2026	2025	2024	2026	2025	2024
1	950	1,028	1,119	950	1,028	1,119	45.2%	47.1%	48.9%
2	288	322	396	144	161	198	6.9%	7.4%	8.6%
3-5	1,264	1,290	1,425	320	328	365	15.2%	15%	15.9%
6-10	2,713	2,792	2,683	349	360	348	16.6%	16.5%	15.2%
11-20	3,438	3,182	2,686	239	220	186	11.4%	10.1%	8.1%
21-30	1,207	1,008	867	50	41	35	2.4%	1.9%	1.5%
31-40	1,212	1,069	940	34	30	27	1.6%	1.4%	1.2%
40+	758	684	630	14	13	12	0.7%	0.6%	0.5%
Total	11,830	11,375	10,746	2,100	2,181	2,290	100%	100%	100%

Despite the increase in revenue and capital funding of more than £2 billion during 2024/25, academies are struggling to make ends meet as a result of:

- higher staff costs
- inflation of more than 4% not being fully funded from budgets
- falling pupils rolls creating excess capacity
- inadequate funding for schools' capital projects not covered by DfE or CIF funding.

Academies will need to reduce costs by:

- reducing staffing
- looking for innovative ways of utilising any space capacity
- collaborating with other nearby academies to pool resources
- merging with larger multi academy trusts.

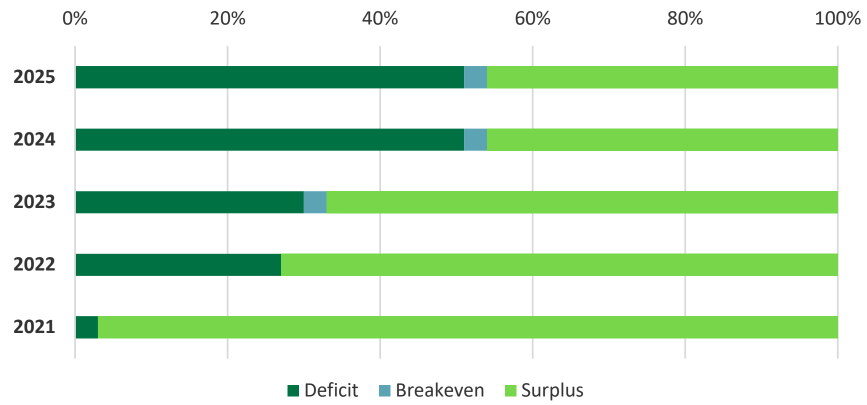
GAG result

Our assessment of financial performance focuses on the General Annual Grant (GAG) surplus or deficit - being GAG income less expenditure allocated to GAG - rather than the overall movement in revenue funds. This is because GAG represents the core, recurring funding for an academy, while most other restricted funds are typically fully utilised within the year. A financially sustainable position generally requires at least a breakeven GAG outturn, with surpluses needed to build reserves over time. An overall revenue surplus can be misleading where it is driven by self-generated income that may not be reliable or recurring, thereby masking an underlying GAG deficit. In addition, movements in total revenue funds can be distorted by factors such as revenue-to-capital transfers and the transfer of revenue balances on conversion or transfer of schools. These factors can obscure underlying performance and are not readily adjusted for across large datasets, making GAG a more consistent and meaningful measure.

Secondaries

The number of secondary academies reporting a GAG deficit has remained remarkably consistent with the previous year, with around 50% of trusts being in deficit. Overall there is no significant worsening in the GAG performance of most single academy trusts during 2025.

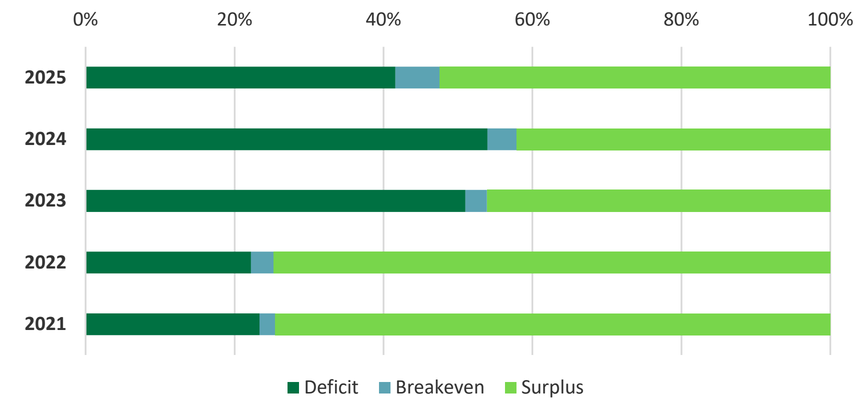
GAG result: secondaries



Primaries

Primary single academy trusts, after many years of increasing GAG deficits, have managed to arrest the decline from 55% in 2024 to 40% in 2025. This is probably because of under-performing primary schools being absorbed within multi academy trusts, so the standalone primary schools that are left are those with stronger finances.

GAG result: primaries

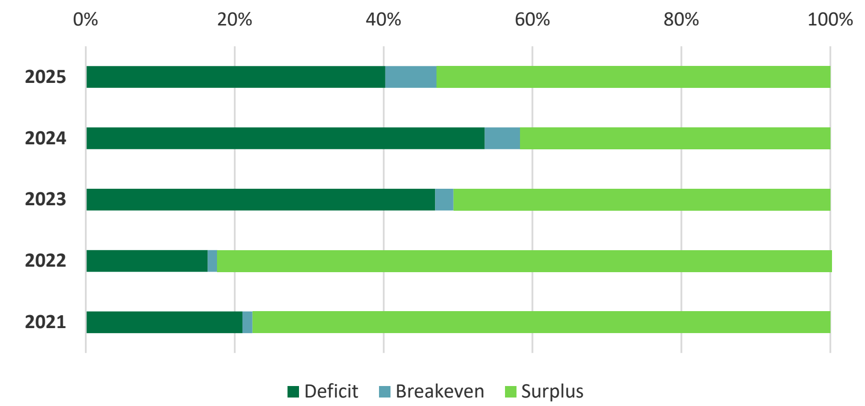


MATs

Multi academy trusts by their nature are of varying size, although 95% comprise fewer than 20 academies.

Similarly to primary academies, the number of MATs reporting a GAG deficit has reduced from 55% in 2024 to 40% in 2025. This decrease in GAG deficits is largely due to the additional funding provided by the DfE during 2024/25.

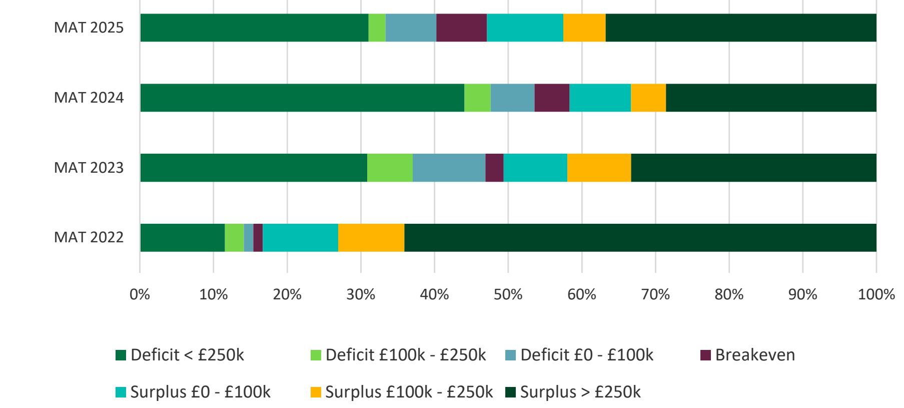
GAG result: MATs

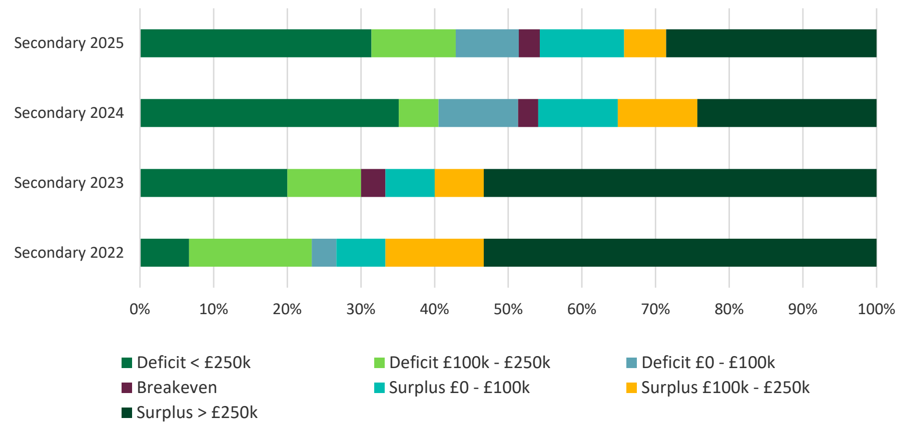


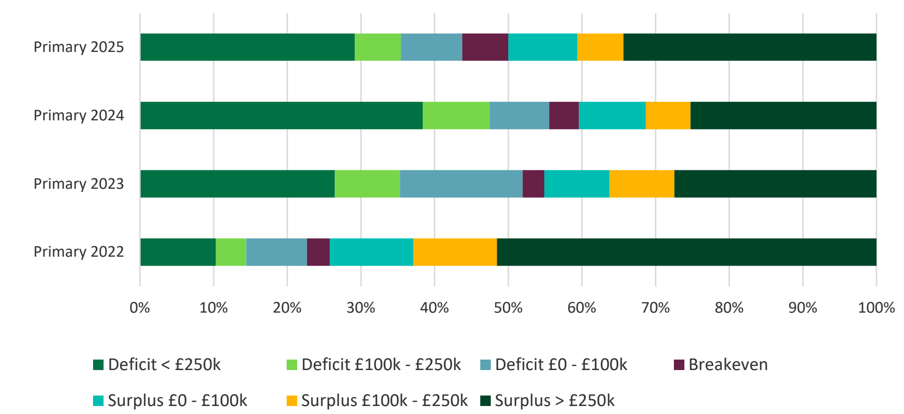
Across the sector generally, the proportion of trusts with a GAG deficit has fallen from 50% to 42%. This is a result of trusts benefitting from the introduction of additional DfE funding during 2024/25 and underperforming smaller academies being absorbed within larger multi academy trusts.

However, with increasing pressure on government and education finances it is expected that GAG deficits will worsen during 2025/26 as a result of:

- increasing staff costs
- falling pupil numbers in the primary sector
- rising inflation from 3% to 5%.

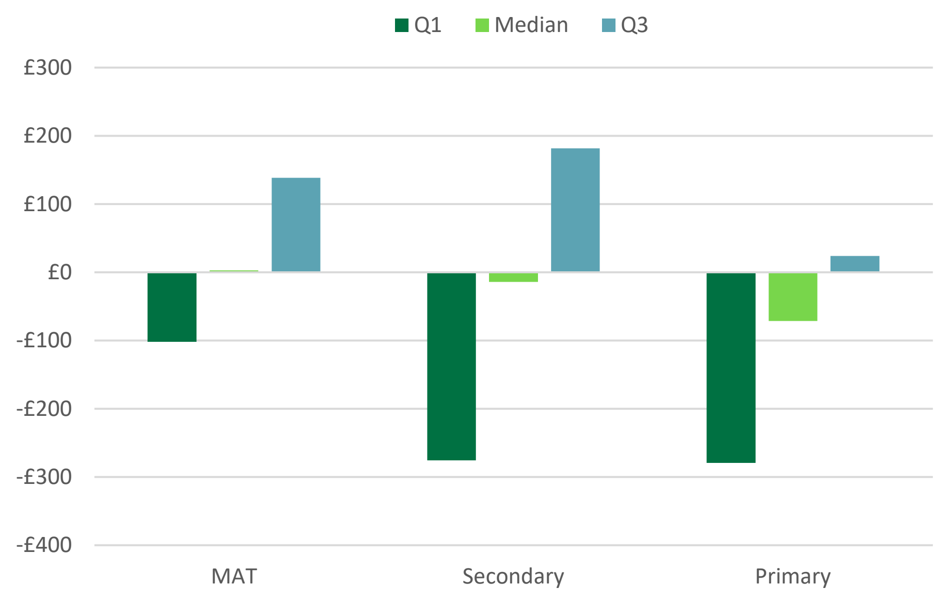






On a per pupil basis, there has been a significant decrease in the number of secondary and primary academies incurring a GAG deficit from £400 per pupil in 2024 to £300 per pupil in 2025. It is expected, however, that GAG deficits will worsen during 2025/26 because of unfunded pay awards and inflationary pressures.

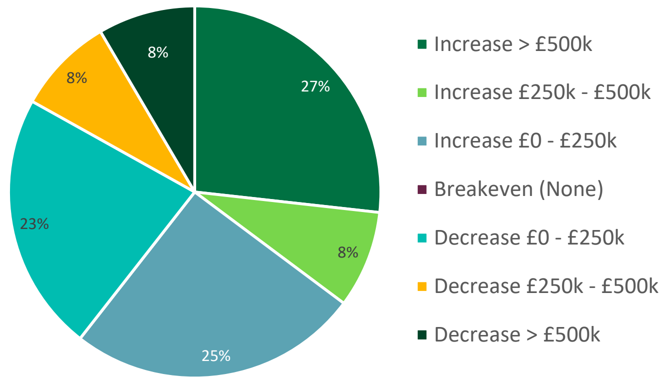
Per pupil GAG result



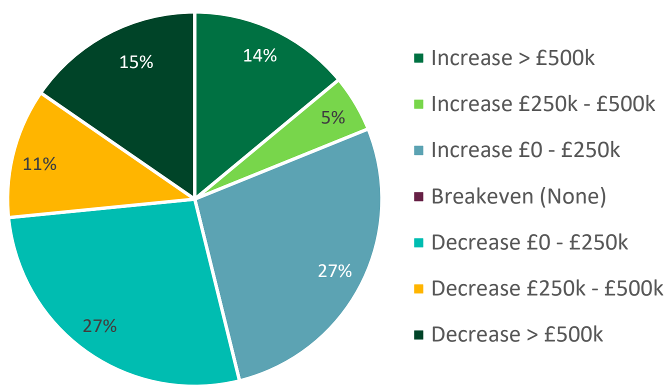
Across all trusts

In 2025, 60% of academy trusts have continued to see their revenue funds increase compared to 46% in 2024. This is a welcome reversal of the trend of reserves being depleted over the previous 12 months and is largely because of the additional funding provided by the new government. Whether the increase in reserves will continue remains to be seen, as the government faces increasing pressures to balance public sector finances.

Movement in revenue funds during 2024/25



Movement in revenue funds during 2023/24



Reasons for surplus or deficit

There has been a welcome improvement in the number of trusts' revenue resources increasing over the academic year from 46% in 2024 to 60% in 2025, however it is unlikely that the trend will continue during 2026 because of increasing pressures from:

- inflation potentially increasing to 4% or more
- increasing energy and establishment costs
- unfunded pay awards
- reserves being used for capital projects not funded by the DfE.

Governance and audit findings

Trustees are now overseeing trusts at a time when major changes create a demanding environment that requires boards to remain focused, informed and forward looking.

Reforms come alongside familiar pressures: constrained finances, workforce challenges and variability in governance capacity. For trustees, this heightens the need for disciplined oversight, clear priorities and decision making rooted in strong evidence.

This period of change also brings opportunity. Trustees can use this moment to test whether existing priorities are still the right ones, strengthen governance processes and ensure the trust is strategically positioned for the future. Above all, strong governance will be key to sustaining improvement and ensuring every child across the trust continues to benefit from high quality education and ambitious life opportunities.

Risk management

Effective risk management sits at the heart of strong governance within Academy Trusts. As organisations operating in a complex, highly regulated environment, trusts must ensure that strategic risks are identified early, understood clearly and managed proactively. This responsibility extends across the entire trust, but trustees hold a unique role in providing independent oversight, ensuring that risk considerations shape decision making and underpin long term sustainability.

To fulfil this role well, boards need high quality, evidence driven systems that provide timely insight into the trust's operational, financial, educational and compliance risks. Establishing consistent processes for risk assessment, escalation, progress monitoring and reporting enables trustees to challenge assumptions, scrutinise performance and maintain assurance across multiple schools. These systems also support clear prioritisation, ensuring leadership attention and resources are directed to the areas of greatest impact.

In an environment where cyber security threats continue to rise and technological change, including AI, is accelerating, trusts must remain vigilant and adaptive. Strong risk management is not solely about mitigating potential harm; it is also about recognising opportunities for innovation, improving efficiency and equipping pupils with the skills needed for a rapidly evolving world.

Strategic governance is critical during a period of shifting expectations, regulatory change and increasing public accountability. New requirements, funding pressures and developments in inspection frameworks challenge trusts to strengthen their systems, refine their strategic planning and remain unwaveringly committed to delivering high quality education. Boards and governance professionals play a central role in navigating this landscape, ensuring decisions are grounded in evidence, inclusive of diverse perspectives and aligned with the trust's long term vision.

By embedding disciplined risk management, innovation and maintaining robust assurance, Academy trusts can enhance organisational resilience and drive better outcomes for every pupil. Strong governance is not simply about meeting compliance requirements; it is a cornerstone of trust wide excellence and a catalyst for sustained improvement.

Alongside our financial benchmarking, we continue to analyse a wide range of non-financial factors that provide essential context for a trust's overall organisational health. These include governance structures, leadership capacity, risk management processes, internal control frameworks and the strength of trust-wide financial oversight.

To deepen the insight of this report, we incorporate themes emerging from our annual review of Audit Findings Reports (AFRs) issued to our academy trust clients. This analysis helps identify recurring control weaknesses, variations in compliance with the Academies Trust Handbook (ATH) and common challenges faced by trusts of different sizes and phases.

Governance and organisational maturity increasingly influence a trust's financial outcomes, capacity for growth and resilience in a challenging operating environment. For that reason, our benchmarking aims to reflect not just what the numbers show, but also the systems and leadership behaviours that underpin them.

Changes in Accounting Officer and CFO

The Accounting Officer (AO) is central to the trust's governance and financial stewardship, holding statutory responsibility for propriety, regularity and value for money. A change in AO therefore represents a significant governance event. Transitions must be carefully managed to protect continuity, reassure stakeholders and ensure the board continues to receive appropriate information and assurance.

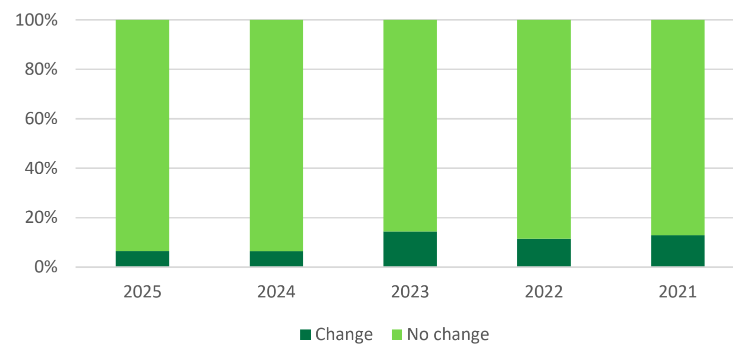
Although movement in senior roles is expected over time, particularly due to retirement, progression into regional or sector leadership roles, or performance related concerns, the sector has continued to experience relatively low AO turnover. In 2024/25, 7% of trusts underwent an AO change, similar to the previous year's 6%. This stability is encouraging, particularly given the wider pressures on leadership recruitment across education.

Even with this stability, trusts must ensure that:

- succession plans are in place
- deputies or CEOs-in-waiting receive appropriate development
- transitional handovers are documented and thorough
- governance structures do not become dependent on a single individual.

A well-managed change of AO should strengthen rather than destabilise a trust.

Academies with Accounting Officer change during the year



The CFO role continues to evolve rapidly, reflecting the growing scale and complexity of academy trusts. Today's CFO must combine technical competence with strategic leadership, risk insight and the ability to contribute meaningfully to trust wide decision-making. As trusts grow, CFOs often oversee estates, procurement, ICT and wider operational services in addition to finance alone.

This broadened remit has intensified recruitment challenges. Many trusts, particularly those in geographically competitive labour markets, report difficulty attracting candidates with both:

- sector specific understanding
- professional accountancy qualifications and financial leadership experience.

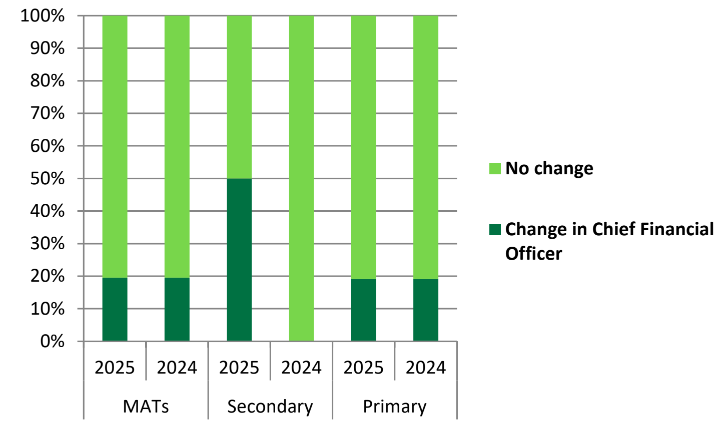
The DfE now expects larger trusts, commonly taken to mean those with over 3,000 pupils, to appoint CFOs with relevant professional qualifications or equivalent experience. It also emphasises that finance teams must be properly trained and resourced, and that CFOs should have access to ongoing CPD.

Turnover patterns in 2024/25 reflect these pressures:

- Primary trusts: 19% (unchanged from 2024)
- Secondary trusts: 50% (up from 0%, though influenced by smaller numbers)
- MATs: 20% (unchanged from 2024)

These figures demonstrate the continued volatility around CFO recruitment and underline the need for robust succession planning, competitive remuneration structures and effective staff development programmes to retain skilled professionals.

CFO changes



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

A strong audit process remains a fundamental pillar of governance, providing independent assurance and valuable challenge to trustees. A well conducted audit examines the effectiveness of internal controls, financial management discipline, record keeping and compliance with both statutory requirements and ATH expectations.

Although Audit Findings Reports (AFRs) are not public documents, they are shared with trustees and submitted to the DfE with the financial statements each December. Boards, supported by their audit and risk committees, must ensure management responds promptly and proportionately to all audit recommendations.

The statutory audit is complemented by two additional layers of assurance that are unique to academy trusts:

1. **Regularity review** – assesses whether public money has been used as intended, providing assurance over compliance with propriety and regularity standards.
2. **Internal scrutiny** – conducted by a separate provider and reporting directly to trustees, reviewing key systems, controls and risk management arrangements.

Together, these create a three tiered assurance model that is more comprehensive than that of most other charitable or public bodies.

Some trusts choose to change auditors periodically to obtain fresh perspectives. New audit teams may identify issues not previously highlighted, reflecting different methodologies or greater sector experience. However, frequent auditor rotation is not always beneficial, as effective auditing depends on a detailed understanding of the trust's systems and risks.

Trusts must also navigate an increasingly challenging audit market. Capacity constraints, rising regulation and cost pressures have led some firms to exit the academy sector. As a result:

- audit fees may increase faster than inflation
- availability of experienced audit teams is tightening
- audit timelines can be more demanding.

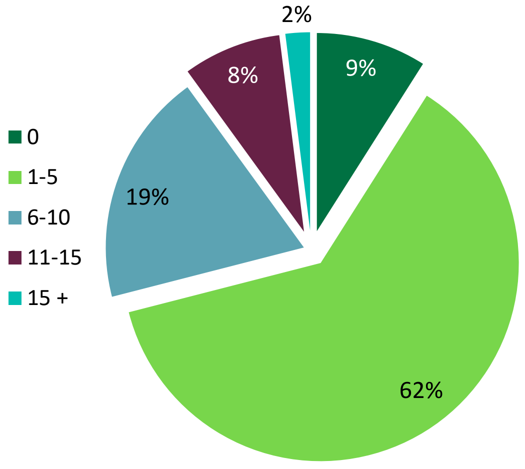
Given these pressures, changing auditors too frequently may not be in trusts' best interests. Trusts need to demonstrate value for money when procuring audit services, similar to other goods or services, but cost should not be the primary factor. The quality of the audit, the firm's client service, communication and reporting are all important and need to be carefully considered.

The DfE has a good practice guide to help trusts choose a new auditor. It provides details on the work of an auditor and best practices for finding and selecting an auditor who will provide a high-quality, cost-effective and efficient audit. The ATH states that trusts should retender their external audit contract at least every 5 years. Note that this is a 'should', defined in the ATH as 'minimum good practice which trusts should apply unless they can demonstrate that an alternative approach better suits their circumstances.' This does mean that trusts that are able to benchmark their audit fees against other similar sized trusts might be able gain assurance the audit fee provides value for money by alternative means.

There is no right or wrong time for an academy trust to go out to tender. The best practice guide explains that good auditing requires a thorough understanding of the audited entity, so changing auditors too often can be counterproductive. Another option is to rotate the audit partner within an audit firm, similar to how listed companies rotate audit partners every five years, to ensure the firm and senior audit team remain independent.

Most trusts receive between 1 and 5 recommendations, typically reflecting minor control weaknesses or opportunities to strengthen processes. A small proportion (9%) achieve a completely clean report, a noteworthy achievement given the breadth of ATH compliance requirements and the increasing complexity of trust operations.

No. of audit findings report (AFR) points 2024/25



	2024/25	2023/24	2022/23	2021/22	2020/21
No issues raised	9%	8%	10%	6%	11%
1 – 5 issues	62%	76%	63%	74%	75%
6 – 10	19%	14%	19%	16%	9%
11 -15	8%	2%	7%	4%	5%
15+	2%	0%	1%	0%	0%

The audit process should be an invaluable tool for building efficiencies and system improvements that benefit the trust as a whole. Audit recommendations play a crucial role in maintaining and developing internal control systems.

There is a clear distinction between lower-risk points, where action is not time-critical, and more serious issues that pose a risk to trust funds or involve significant breaches of the Academies Trust Handbook. Trusts should ideally aim to address all audit issues, though this is not always practical. More serious issues should be resolved promptly.

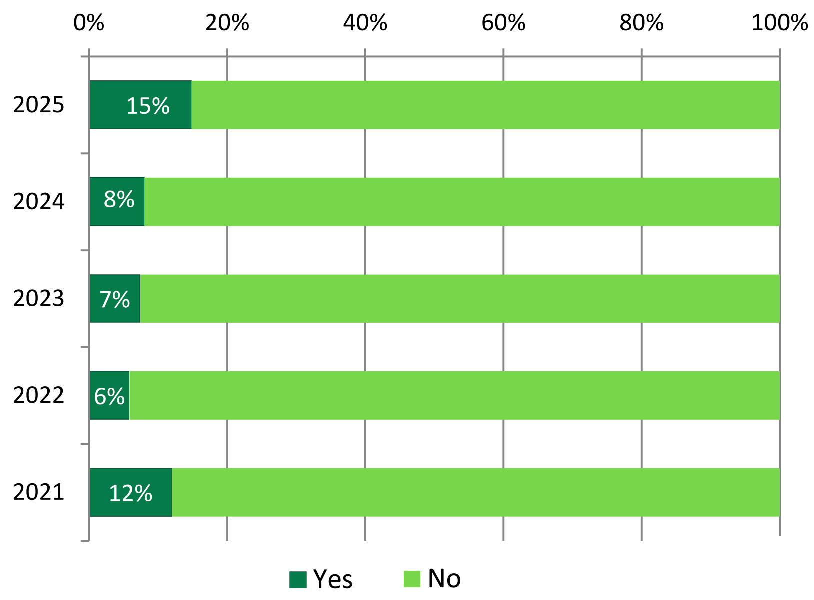
The DfE's internal scrutiny requires a different firm to be appointed for this work, offering a fresh perspective on various topics and helping the trust develop its systems and improve internal controls. Many trusts use a recommendation log to track both external auditors' and internal scrutiny recommendations, ensuring timely resolution. This log should be discussed at every audit committee meeting to ensure the finance team addresses any identified issues.

Although 9% of trusts achieved the 'holy grail' of no issues in their audit findings report, this remains rare due to the complex rules and regulations of the Academies Trust Handbook (ATH). There are over 100 'must' requirements of the ATH, not including general UK GAAP accounting rules, the annual DfE Accounts Direction, the Charity SORP and Charity and Company law.

The common issues identified during our 2024/25 audits include:

- non-compliance with related party rules
- inconsistent or insufficiently detailed management accounts
- going concern considerations or challenges around reserves
- weaknesses in fund accounting and internal financial reporting
- procurement control failures (eg., purchase orders, authorisation)
- delayed or incomplete reconciliations
- capital expenditure issues and fixed asset register maintenance
- delays in providing audit evidence or inaccuracies in core records.

Trusts with high risk/priority audit findings report points



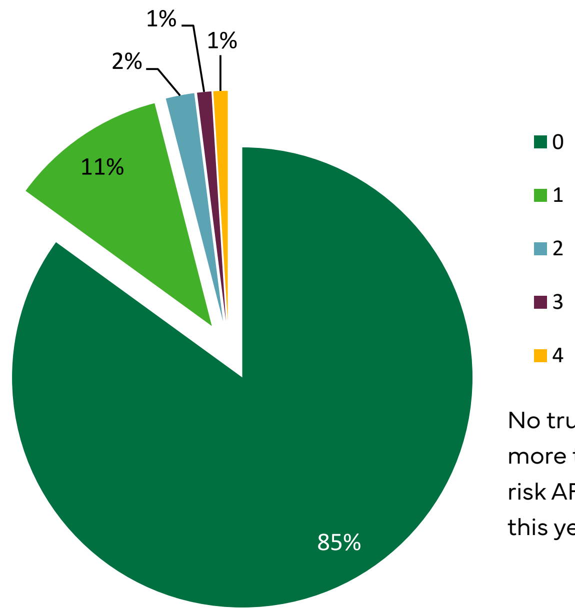
High risk findings remain rare and usually relate to:

- going concern risks
- material breaches of procurement or related party rules
- serious financial control breakdowns
- significantly delayed financial records.

The majority of trusts with a high risk issue have only one such point.

Number of high risk or priority AFR points

Trusts should track all recommendations - statutory audit, regularity and internal scrutiny, using a central log reviewed regularly by the audit and risk committee. The DfE monitors unresolved medium or high recommendations through the annual Accounts Return, so repeated issues may trigger further scrutiny.



No trusts with more than 3 high risk AFR points this year.

Related party transactions

Related party transactions (RPTs) continue to be an area of heightened regulatory interest and public scrutiny. While RPTs can be legitimate and beneficial - especially where linked parties offer specialist knowledge, facilities, or services - they must be transparently managed and fully compliant with ATH requirements.

The DfE's requirements for related party transactions are complex, and the ATH requires that:

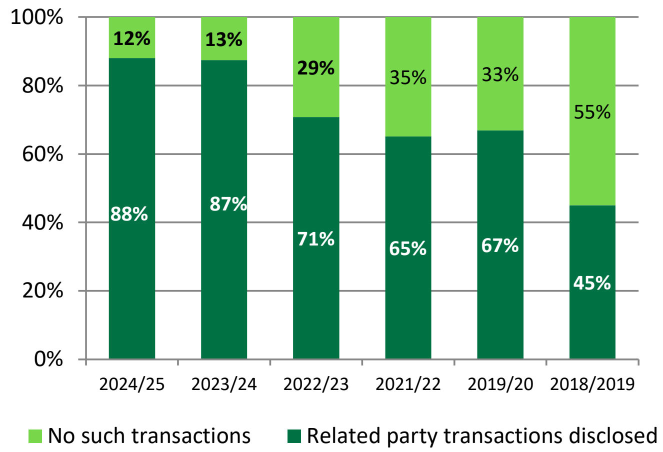
- trusts act even handedly with related parties
- no individual gains preferential treatment or financial benefit
- all conflicts of interest (actual or perceived) are managed robustly
- appropriate declarations and prior approvals are in place.

A perceived conflict of interest can cause reputational damage even where the transaction itself is appropriate and well controlled. Trustees therefore need a strong understanding of the rules and should regularly review their conflicts register.

Finance teams and trustees need to be familiar with the related party section of the ATH. It is important to review this guidance regularly to prevent inadvertent breaches. Trustees must manage perceived conflicts of interest as diligently as real ones. A perceived conflict of interest arises when an individual or organisation has a personal, professional, or financial interest that may influence their impartiality or decision-making. Even without an actual conflict, the perception of one can undermine public trust and confidence.

Trustees must manage personal relationships with related parties to avoid conflicts of interest, promoting integrity and openness and recognising that some relationships may attract greater public scrutiny.

Academies wth related or connected party transactions



In 2024/25, 88% of trusts reported at least one RPT, continuing the upward trend across recent years (87% in 2023/24; 71% in 2022/23).

This increase reflects:

- improved awareness and reporting
- greater transparency
- changes in trust structures (eg., shared services, sponsorship arrangements)

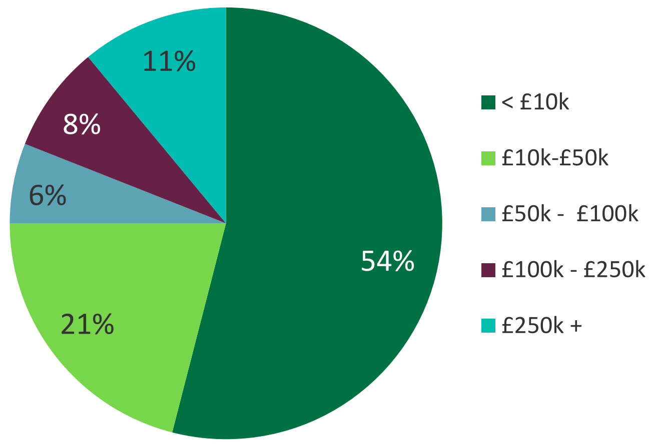
Over half of trusts (54%) reported transactions below £10,000, with higher value RPTs (11%) typically relating to legitimate lease costs, donations, or pre-conversion consultancy services.

Controls and culture are equally important. Strong financial systems should prevent inappropriate transactions, but a healthy organisational culture, where concerns can be raised without fear, is critical in guarding against undue influence or poor decision-making.

The DfE has become more assertive in challenging and, in some cases, declining approval requests. Trusts should therefore be prepared to evidence:

- competitive benchmarking
- clear value for money
- appropriate documentation
- robust trustee oversight.

Value of highest related party transaction



SECR reporting and climate action plans in multi-academy trusts

As environmental reporting becomes increasingly central to governance, large multi academy trusts (MATs) are now expected to deliver not only strong educational outcomes but also credible emissions reporting and meaningful climate action. The Academy Trust Handbook 2025, strengthened DfE climate requirements, and mandatory Streamlined Energy and Carbon Reporting (SECR) regulations for in scope trusts have established sustainability as a core compliance obligation.

We highlight here how trusts are responding - drawing on national SECR guidance, the Count Your Carbon Statistics Report (2026) and examples from real MAT climate action plans - to illustrate what leading practice now looks like.

The changing compliance landscape

Under the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, MATs exceeding the "large company" thresholds (turnover >£36m, assets >£18m, or 250+ staff) and consuming more than 40,000 kWh annually must include energy and carbon emissions disclosures in their trustees' report.

The Academy Trust Handbook 2025 places environmental responsibility alongside finance and safeguarding as a governance responsibility. Trust boards are encouraged to:

- report and measure their environmental impact
- ensure transparent SECR disclosures
- integrate carbon reduction into estates strategies
- embed sustainability within leadership and decision making

With the number of MATs within the scope of SECR continuing to increase, the sector is rapidly professionalising its approach.

What the national data tells us about school emissions

The Count Your Carbon (2026) dataset provides one of the clearest national snapshots of emissions in educational settings. Based on c.1,600 school submissions:

- transport activities (pupil commuting, staff travel, vehicles, trips) make up c.40% of emissions
- energy use (electricity and fuel) accounts for c.27%
- food and procurement contribute c.32%
- waste and water collectively contribute <1%.

Average emissions intensities vary significantly:

- Primary schools: 0.72 tCO_2e per pupil
- Secondary schools: 0.95 tCO_2e per pupil
- All through schools: 1.20 tCO_2e per pupil
- SEND settings: 1.80 tCO_2e per pupil (reflecting higher staff ratios and site needs).

The dominance of Scope 3 emissions (72%) - largely travel, food, and supply chain activity - underscores why MAT level coordination is essential.

How large MATs are approaching SECR and climate action plans

Leading trusts are now treating sustainability as a systems challenge - something achievable only through group wide coordination, estate wide planning and collective procurement.

Case studies

United Learning – Centralised energy policy and carbon champions

United Learning, one of the UK's largest MATs, introduced trust wide Carbon Neutral Champions and a standardised energy management policy designed to reduce costs and emissions simultaneously. Economies of scale in procurement and building upgrades have strengthened reporting quality and enabled consistent SECR submissions.

Oak Multi Academy Trust – Whole trust sustainability strategy

Oak Trust's Sustainability Strategy (2025–2030) demonstrates a whole school approach across the "Six Cs": culture, curriculum, community, campus, careers and CPD. This includes:

- integrating climate literacy into teaching
- estate wide actions on procurement, energy use and biodiversity
- required reporting of Climate Action Plan progress to local governing bodies.

This framework supports accurate SECR reporting by improving the quality and consistency of underlying data.

Barton Court Academy Trust – Net Zero Commitments by 2050

BCAT has committed to net zero by 2050, aligned with DfE strategy, and is implementing actions across decarbonisation, infrastructure resilience, biodiversity and green skills. Their Climate Action Plan includes measurable objectives and an executive summary to ensure transparency - an approach that aligns strongly with good SECR governance.

Common efficiency measures taken by MATs

Drawing on the sector examples above and the emissions profile in the Count Your Carbon (2026) report, MATs are prioritising the following interventions:

Energy efficiency (aligned to 27% of emissions)

- LED lighting upgrades
- unified energy procurement to secure better tariffs
- classroom sensor systems and heating optimisation
- solar PV on larger secondary and all through sites.

These actions directly support Scope 1 & 2 reductions and improve accuracy of SECR reporting.

Travel and commuting (largest category at c.40%)

- promotion of active travel (walk/cycle)
- car sharing schemes for staff
- adjusted start/finish times to reduce single car travel
- use of low emission minibuses.

This is especially relevant where pupil commuting alone contributes c.21% of total emissions.

Food and procurement (32% combined)

- shifting towards lower emission meal options
- evaluating carbon impact per £ of procurement
- trust wide controls on IT, catering and facilities procurement.

The Count Your Carbon (2026) spend to emissions analysis highlights the carbon intensity of professional services, manufactured goods and IT equipment - prompting trusts to embed carbon considerations into tendering processes.

Moving towards integrated Climate Action Plans

The DfE included an expectation for all education settings to have Climate Action Plans by 2025 in their Sustainability and climate change strategy for education. 2026 benchmarking data suggests trusts that centralise sustainability leadership - assigning sustainability leads, conducting site energy audits, and tracking KPI dashboards - perform better at both SECR compliance and carbon reduction.

What good looks like in 2026

The strongest MATs in the sector now display three key characteristics:

1. **Integrated governance** - SECR and sustainability are board level issues.
2. **High quality data** - consistent, trust wide carbon and energy reporting systems.
3. **Targeted interventions** – focusing on the biggest emitters: travel, energy, food and procurement.

With Scope 3 emissions dominating and SECR extending to hundreds of MATs, the trusts that act now - embedding sustainability across education, estates and finance - will be better positioned for future regulatory expectations and operational cost pressures.

UHY's final thoughts

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

As in previous years, we have included the average data sheet on **pages 59-60**, which allows you to compare your academy trust against similar trusts. Should you wish, we would be happy to plot your key data onto graphs for comparison with the averages.

To conclude, we offer some key reminders that we believe are always worth revisiting:

For trustees

The responsibility for the trust's strategic direction lies with the trustees. However, it is equally important for them to hold executive leaders accountable for both the educational performance of the trust and its pupils, as well as for the management of staff performance. Trustees are also responsible for overseeing and ensuring effective financial performance.

To fulfil these duties, trustees must ask the right questions and maintain a healthy level of scepticism in response to the answers. We recommend that new trustees review the ATH Schedule of Musts and that all trustees revisit these requirements annually. This useful tool is an optional resource but is an excellent way of ensuring that your trust is fully compliant, and it can often be a good idea to build a review of the Schedule of Musts into the programme of internal scrutiny.

The following resources can be very helpful:

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

For CFOs

The CFO in an academy trust is responsible for the strategic leadership and operational management of the trust's finances. Working closely with the Accounting Officer and the board of trustees, the CFO ensures that the trust maintains strong financial management, effective budgeting and robust financial controls.

The role includes preparing and monitoring the trust's budgets, financial forecasts and management accounts, ensuring that trustees have clear and reliable financial information to support decision-making. The CFO is also responsible for ensuring compliance with the Academy Trust Handbook, maintaining appropriate financial systems and processes and supporting the trust in achieving value for money in the use of public funds.

More broadly, the CFO helps ensure the long-term financial sustainability of the trust, advising the board on financial risks, funding changes and strategic investment decisions. The DfE provides a wealth of data to help compare your trust against others, or even to benchmark individual academies within your trust. We recommend the following resources:

- 'My financial insights tool' comparison of financial performance against statistically similar schools across nine different cost categories.
- Compare school performance service
- Financial Benchmarking and Insights Tool

Audit Committees

The Audit Committee plays an important role in supporting the board of trustees by providing independent scrutiny of the trust's financial management, internal control systems and risk management processes. Its purpose is not to manage finances directly, but to ensure that appropriate assurance is in place so the board can be confident that public funds are being used properly and that the trust is operating within regulatory requirements.

The committee typically oversees the trust's internal scrutiny arrangements, ensuring that a programme of internal audit or internal review work is carried out each year and that any findings or recommendations are addressed by management. It also monitors the effectiveness of financial controls, risk management frameworks and governance processes, helping to identify weaknesses or emerging risks that may require attention from the board.

In addition, the Audit and Risk Committee provides oversight of the external audit process, including reviewing the audit plan, considering the findings of the external auditors and ensuring that any issues raised are appropriately resolved.

By bringing together independent oversight of risk, assurance and financial reporting, the committee provides the board with greater confidence that the trust's governance arrangements are robust and that appropriate systems are in place to safeguard assets, manage risks and ensure accountability for the use of public funds.

Accounting Officers

The AO in an academy trust holds personal responsibility for ensuring that the trust uses public funds appropriately and in accordance with the requirements set out by the DfE. The role carries a high level of accountability, as the AO must ensure that the trust operates with regularity, propriety and value for money and that resources are used efficiently to support the trust's educational objectives.

A key aspect of the role is ensuring that financial management and governance arrangements across the trust are robust and transparent, and for providing assurance to the board of trustees that public funds are being managed responsibly.

AOs are expected to uphold the Seven Principles of Public Life (the Nolan Principles), which underpin standards of conduct across public service. These principles are:

- **Selflessness** – acting solely in the public interest and in the interests of pupils and the trust.
- **Integrity** – avoiding placing oneself under obligations that could improperly influence decision-making.
- **Objectivity** – making decisions impartially, fairly and on merit.
- **Accountability** – being answerable for decisions and actions, and submitting to appropriate scrutiny.
- **Openness** – acting transparently and sharing information where appropriate.
- **Honesty** – declaring any private interests that could relate to official duties.
- **Leadership** – promoting and demonstrating these principles through behaviour and decision-making.

By adhering to these principles, the AO helps to ensure that the academy trust maintains high standards of financial stewardship, ethical conduct and public accountability.

Members

The role of members within an academy trust is distinct from that of trustees and is primarily focused on oversight rather than operational governance. Members act as the trust's constitutional guardians, ensuring that the trust's governance arrangements remain effective and that the board of trustees is fulfilling its responsibilities. In practice, members are expected to adopt an "eyes-on, hands-off" approach, maintaining awareness of the trust's activities while not becoming involved in the day-to-day decision-making carried out by trustees.

Members exercise their influence largely through a small number of formal powers, such as appointing and removing trustees, amending the trust's articles of association and holding the board to account for the overall governance of the trust. In exceptional circumstances they may also direct trustees to take specific action, for example where there are serious concerns about governance standards, safeguarding arrangements, or compliance with the trust's funding agreement. This ability provides an important safeguard where the board has failed to address significant issues.

Although some trusts maintain closer links between members and the board - for example by appointing one or more trustees as members - DfE guidance strongly encourages a majority of members to remain independent of the board. This helps ensure that members can provide objective oversight and act as an effective check and balance within the trust's governance structure.

Next steps

If you have any questions at all, or would like to discuss any of the insights we have shared through this year's benchmarking report, please speak to your usual UHY adviser, or contact one of our specialist academies team, whose contact details can be found on **page 62**.

Where does your academy fit within the results?

	Your academy	MATs Average 2024/25	Secondary academies Average 2024/25	Primary academies Average 2024/25
Non financial data				
Number of teachers		Not included as highly dependent on number of academies in the MAT	65	19
Number of admin and support staff			52	34
Number of management staff			7	4
Number of pupils			1,149	397
Pupil to teacher ratio		18	17	22
Income				
Total revenue income per pupil		£7,977	£7,651	£6,807
% of total income		100%	100%	100%
Grant income per pupil		£7,546	£7,423	£6,207
Grant income % of total income		96%	97%	94%
GAG income per pupil		£5,820	£6,081	£4,854
GAG % of total revenue income		72%	79%	72%
Other income per pupil		£344	£354	£389
Other income % of total income		4%	4%	6%
Capital grant funding per pupil		£294	£47	£28
Capital grant funding % of total revenue income		3%	1%	0%
Expenditure				
Total expenditure per pupil		£8,118	£7,974	£7,103
GAG expenditure per pupil		£5,726	£6,090	£4,938
GAG % of total expenditure		71%	75%	69%
GAG result		N/A - dependent on academies in MAT	£(17,000)	£(20,500)
GAG result per pupil		(3)	(14)	(71)
Staff costs per pupil		£6,071	£5,976	£5,470
Staff costs % of total expenditure		76%	74%	76%
Teaching & ed support staff costs per pupil		£5,000	£4,808	£4,539
Teach & ed support staff % of total staff costs		84%	85%	86%

	Your academy	MATs Average 2024/25	Secondary academies Average 2024/25	Primary academies Average 2024/25
Support/Non-teaching staff costs per pupil		£985	£879	£642
Non-teaching staff costs % of total staff costs		16%	14%	13%
Supply teacher costs per pupil		£134	£97	£50
Supply teacher costs % of staff costs		2%	2%	1%
Light and heat costs per pupil		£123	£133	£85
Light and heat % of total expenditure		1%	2%	1%
Buildings & grounds maintenance per pupil		£83	£88	£62
Maintenance % of total expenditure		1%	1%	1%
Cleaning and refuse per pupil		£63	£103	£69
Cleaning and refuse % of total expenditure		1%	1%	1%
Educational supplies and services per pupil		£275	£320	£323
Educational supplies and services % of total		4%	4%	5%
Examination fees per pupil		£48	£120	£-
Examination fees % of total costs		1%	2%	0%
Staff development per pupil		£19	£17	£25
Staff development % of total costs		0%	0%	0%
Technology costs per pupil		£84	£57	£42
Technology costs as % of income		1%	1%	1%
Balance sheet				
Total reserves held		£2,761,698	£1,063,778	£311,000
Total reserves held per pupil		£762	£1,016	£847
Unrestricted reserves held		£1,607,000	£591,000	£175,000
Unrestricted reserves held per pupil		£468	£521	£614
Movement in revenue reserves		£279,000	£(103,000)	£16,500
Movement in revenue reserves per pupil		79	(108)	49
LGPS deficit per pupil		9	-	-
Capital expenditure per pupil		£309	£288	£80
Cash and bank balances held per pupil		£1,049	£993	£1,352

Our sector experience

Our education teams within our UHY offices work with around 200 trusts, representing over 600 academies and free schools across the UK. This includes many large and growing MATs, supporting them through their growth and with forward planning.

We work with numerous clients in the education sector, including academy schools, free schools and independent schools.

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

UHY are a leading UK firm of accountants and auditors driven by our purpose of helping you prosper. Our academy client base includes old style sponsored academies, new converter academies and MATs.

As the expansion of the academies programme continues our number of clients in this rapidly changing sector has increased significantly.

Our experts enjoy the challenge of this exciting and rapidly changing sector. We keep ourselves up to date with all the DfE requirements so that we can keep you abreast of regulatory and other changes. We also prepare regular Academy Schools Updates on topical issues that affect trusts and maintain a dedicated academies blog, which we aim to update weekly. We also produce summaries of the changes in each new issue of the Academies Trust Handbook and the Academies Accounts Direction, adding our own comments and insights to provide an easily digestible summary of each new edition.

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

A selection of our key academy contacts

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Combining national expertise with a tailored local service

Our UHY Hacker Young experts across our offices nationwide provide the best advice because we understand both local needs and the national picture.

All our member firms and our teams within them are driven by our purpose of helping you prosper, and this applies across all that we do for our clients, our teams and our communities.

We see ourselves as more than just accountants and our goal is to understand your definition of prosperity and to work out how we can help you in your pursuit of that.

UHY

Helping you prosper