



Department  
for Education

# **Academy trust revenue reserves 2020 to 2021**

**Ad-hoc statistics**

**April 2022**

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## Academy trust revenue reserves

For the academic year 2020/21<sup>1</sup> the Department for Education received financial data from trusts, as part of the academy accounts return (AAR), submitted in early 2022. These are submitted for the preparation of the annual accounts prepared by the DfE for the academies sector, known as the [Sector Annual Report and Accounts \(SARA\)](#).<sup>2</sup>

The returns have been collated and here we report on the analysis of academy trust revenue reserves, and compare this to the academic year 2019/20. This analysis uses raw benchmarking data submitted by trusts in the AAR, published on the [Schools Financial Benchmarking website](#).<sup>3</sup> Revenue reserves data submitted in the AAR is further audited prior to the production of the SARA. This can involve some amendments being made to the data, not reflected on the Schools Financial Benchmarking website, which can result in very minor differences to the revenue reserves figures in the SARA.

We report on academy reserves at the trust level rather than on individual academies. This is because trusts are legal entities responsible for academies, including their finances.

This accounts return covers September 2020 to the end of August 2021, and includes part of the impact of the coronavirus pandemic on schools' finances. This time period includes the full school re-opening in September 2020, partial school closures from January to March 2021, before full re-opening after that point.

Throughout this note 'surplus' refers to positive cumulative revenue reserves and 'deficit' refers to negative cumulative revenue reserves.

## Summary

At the end of the academic year 2020/21

- 97.4% of trusts had a cumulative surplus or a zero balance.
- 2.6% of trusts had a cumulative deficit.

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<sup>1</sup> Throughout this note 2019/20 refers to the academic year and 2019-20 refers to the financial year.

<sup>2</sup> Sector Annual Report and Accounts <https://www.gov.uk/government/collections/academies-sector-annual-reports-and-accounts>

<sup>3</sup> Schools Financial Benchmarking website <https://schools-financial-benchmarking.service.gov.uk/Help/DataSources>

- The average revenue reserve across all academy trusts was £1.48 million.
- The average surplus balance, of trusts with a surplus, was £1.53 million.
- The average deficit balance, of trusts with a deficit, was £318,000.
- The total cumulative surplus across all academy trusts was £3.96 billion.
- The total cumulative deficit across all academy trusts was £22.24 million.
- The total net financial position of all academy trusts was a cumulative surplus of £3.94 billion.

## The 2020/21 position and change from 2019/20

**Trusts and academies** – The total number of trusts listed has reduced by 2.4% between 2019/20 and 2020/21 but the number of academies has increased by 3.9% (excluding trusts without academies and trusts and academies without complete financial information). The average number of academies in trusts has increased from 3.45 to 3.68 during the period.

**Trusts in surplus** – Trust level data from 2020/21 shows 97.4% of trusts (2,582) had a cumulative surplus or a zero balance. This is an increase of 1.5 percentage points from 95.9% of trusts in 2019/20.

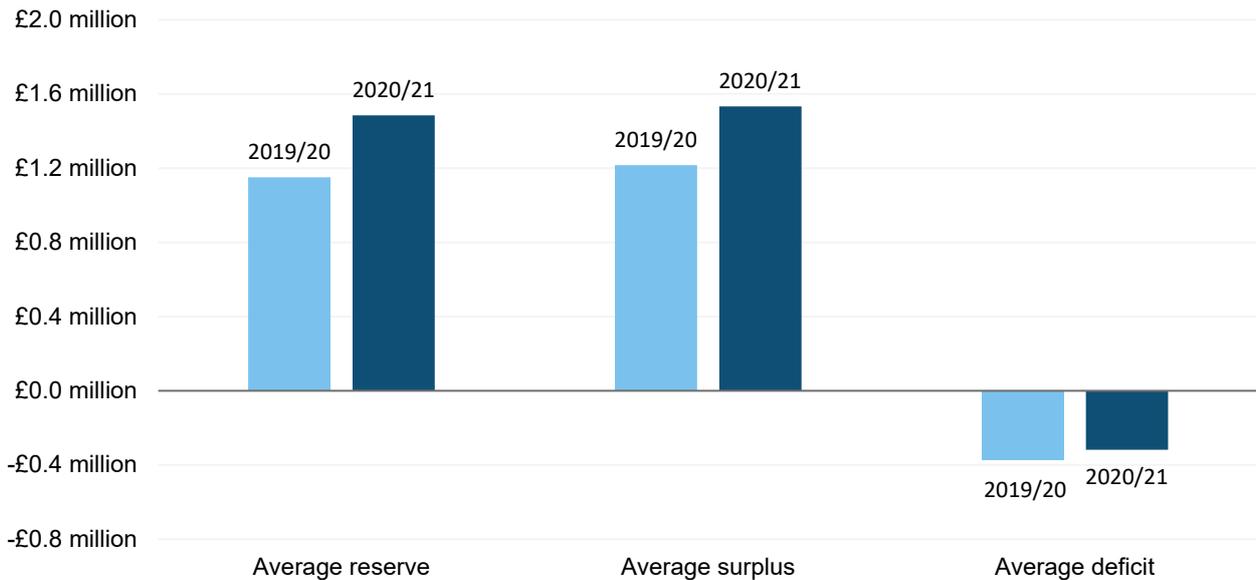
**Trusts in deficit** – Trust level data from 2020/21 shows 2.6% of trusts (70) had a cumulative deficit. This is a decrease of 1.5 percentage points from 4.1% of trusts in 2019/20.

**Reserves across the sector** – The 2020/21 data shows the total cumulative surplus of trusts with positive reserves was £3.96 billion. Trusts in a cumulative deficit had a total deficit of £22.24 million. In 2019/20 the total cumulative surplus was £3.17 billion against a total cumulative deficit of £42.1 million.

**Trusts average reserves** – In 2020/21 average revenue reserves across academy trusts were £1.48 million, compared to £1.15 million in 2019/20, an increase of 29%. In 2020/21 the average surplus balance was £1.53 million, compared to £1.22 million in 2019/20, an increase of 26%. The average deficit balance in 2020/21 was at £318,000, compared to £376,000 in 2019/20, a decrease of 15.5%.

**Trusts average reserves as a percentage of income** – average academy trust reserves as a percentage of a trust's total income stood at 12.9% in 2020/21, compared to 11.4% in 2019/20.

Average revenue reserves in trusts 2019/20 and 2020/21



## Comparisons with maintained schools

The latest published data on maintained schools' finances can be found at [LA and school expenditure, Financial Year 2020-21](#).<sup>4</sup> In 2020-21 91.1% of maintained schools had a surplus revenue balance, and 8.4% had a negative revenue balance (deficit). Maintained schools' finances are reported on a financial year basis, while academy trusts report their finances on an academic year basis.

## Methodology

To calculate academy trust reserves we use the Academy Accounts Return (AAR) data which is published on the [School Financial Benchmarking site](#).<sup>5</sup>

In this data, trusts are referred to as "Central Services". To calculate reserves at the trust level we add the academy revenue reserves for individual academies to the revenue reserves of the trust (or central services as referred to in the data). The calculation is provided in the published data as "Sum of Trust + Academy Revenue Reserve". The

<sup>4</sup> LA and school expenditure <https://explore-education-statistics.service.gov.uk/find-statistics/la-and-school-expenditure>

<sup>5</sup> Schools Financial Benchmarking site <https://schools-financial-benchmarking.service.gov.uk/Help/DataSources>

process is the same for Multi-Academy Trust (MATs), where one trust is responsible for many academies, and Single Academy Trusts (SAT), where one trust is responsible for just one academy, as SATs submit their financial return at an academy and central services level.

We include trusts that submit a part-year academy return, but we exclude trusts that do not have academies associated with them during an academic year or have incomplete financial information. This means we exclude the trusts submitting 'DNS' (did not supply) or 'NA' (not applicable) labels in the AAR data. We then sum the total number of trusts in 'surplus or zero balance', and 'deficit' to calculate the surplus and deficit percentages. Similarly, we use the 'surplus or zero balance' and 'deficit' labels to calculate the averages across the academy sector.

To calculate the total income, we use both the central income provided by the DfE, and the self-generated income earned by the trust. This calculation is provided in the published data and is referred to as "Total combined income (acads+trust) with errors removed". We add the individual academy income to the income of the academy trust. We then calculate total trust reserves as a percentage of total income and divide one by the other to calculate the average across the sector. Where we need to match data between an academy and its trust we match based on the "Company Number". For clarity we will be publishing a spreadsheet with our calculations to accompany this statistical note.



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