



# Academy revenue reserves 2016 to 2017

## Summary

At the end of the academic year 2016/17:

- 91.6% of trusts had a cumulative surplus and 2.3% had a zero balance.
- 6.1% of trusts had a cumulative deficit.
- 94.5% of academies were in trusts that had a cumulative surplus with 1.2% in a trust with a zero balance.
- 4.3% of academies were in trusts that had a cumulative deficit.
- The total net financial position of all academy trusts was a cumulative surplus of £2.4 billion.
- The average reserves in trusts was £791,000.

## Introduction

For the academic year 2016/17<sup>1</sup> the Department for Education received financial data from 3,018 trusts, containing a total of 7,015 individual academies. This has now been collated, although this data is not yet audited and subject to revision prior to publication in autumn 2018, we are able to report on what that data shows. We can compare these results to the previous academic year and the financial positions of schools in 2009-10<sup>2</sup>.

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

Throughout this note 'surplus' refers to positive cumulative revenue reserves and 'deficit' refers to negative cumulative revenue reserves. This note does not look at in-year changes to academy reserves.

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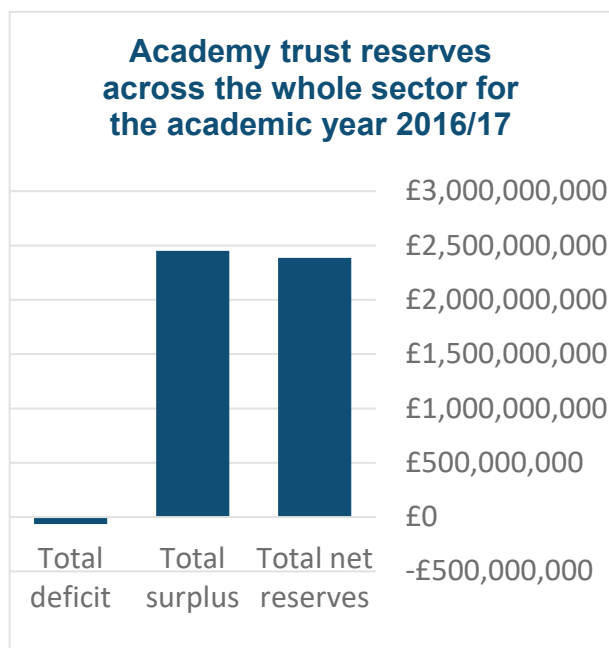
<sup>1</sup> Throughout this note 2016/17 refers to the academic year and 2016-17 refers to the financial year. The difference is due to local authority maintained schools reporting on a financial year basis, while academy trusts report their finances on an academic year basis.

<sup>2</sup> We selected 2009-10 for a long-term comparison. This is the year before major structural school reforms following the Academies Act 2010.

## 2016/17 position and change from 2015/16

**Trusts in surplus** - Trust level data from 2016/17 shows 93.9% of trusts (2,833) had a cumulative surplus or zero balance. This is a decrease of 0.6 percentage points from 94.5% of trusts in 2015/16. 95.7% of academies (6,715) were in trusts that were in surplus or breaking even at the end of 2016/17.

**Trusts in deficit** - 6.1% of trusts (185) had a net deficit. This is an increase of 0.6 percentage points from 5.5% of trusts in 2015/16. Smaller trusts are more likely to have a deficit. This means that only 4.3% of academies (300) were in trusts that were in deficit at the end of 2016/17.



In terms of total reserves across the academy sector, the net position of the trusts that had positive reserves was **£2.5 billion**. Trusts in cumulative deficit had a total net deficit of **£65.0 million**. This means the net position for the whole academies sector was a positive reserve of **£2.4 billion<sup>3</sup>**. In 2015/16 the total cumulative surplus was £2.3 billion, against a total cumulative deficit of £50 million. This means that the net position for the academies sector was a positive reserve of £2.2 billion at the end of 2015/16.

The DfE also published data on local authority (LA) maintained school reserves last year. For the 2016-17 financial year it was reported that

9.1% of maintained schools (1,461) had a cumulative deficit, 90.0% (14,498) had a cumulative surplus and 0.9% (147) had a zero revenue balance.

## Comparison to historical reserves in 2009-10

We have also compared these figures to the 2009-10 financial return.

In 2009-10 9.1% of schools were in cumulative deficit.<sup>4</sup>

There are 2 ways to calculate a sector wide percentage of schools in deficit to compare with the proportion of schools in deficit in previous years.

1. We can look at the proportion of maintained schools and trusts, without looking at the number of academies within each trust. This shows that a combined 8.6% of schools

<sup>3</sup> Numbers are rounded to 1 decimal place.

<sup>4</sup> Published data for 2009-10 covers local authority maintained schools only, reflecting the fact that almost all schools were maintained at this point.

and trusts were in cumulative deficit. This is 0.5 percentage points lower than the 9.1% of schools in deficit in 2009-10.

2. By combining the 2016-17 percentage of LA maintained schools with the percentage of academies that were in trusts with a cumulative deficit in 2016/17 we see that 7.6% of schools were either in cumulative deficit or were within a trust that was in cumulative deficit. This is 1.5 percentage points lower than in 2009-10.

## References

1. [Consolidated annual report and accounts for the year ended 31 August 2016](#)
2. [School level and LA level finance data: 1999 to 2012](#)

[Expenditure by Local Authorities and Schools on Education, Children and Young People's Services in England, 2016-17](#)

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