



Department
for Education

Academy trust revenue reserves 2019 to 2020

Ad hoc statistics

July 2021

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Academy Trust revenue reserves

For the academic year 2019/20¹ the Department for Education received financial data from trusts, as part of the academy accounts return (AAR), submitted in early 2021. 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 \(SARA\)](#).

The returns have been collated and here we report on the analysis of academy trust revenue reserves, and compare this to the academic year 2018/19. This analysis uses raw benchmarking data submitted by trusts in the AAR, published on the [Schools Financial Benchmarking website](#). 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 2019 to the end of August 2020, and is the first return that will include part of the impact of the coronavirus pandemic on schools' finances. This time period includes the partial school closures of the first lockdown from March 2020, but not full school re-opening in September 2020.

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 2019/20

- 95.9% of trusts had a cumulative surplus or a zero balance.
- 4.1% of trusts had a cumulative deficit.
- The average revenue reserve across all academy trusts was £1.15 million.
- The average surplus balance, of trusts with a surplus, was £1.22 million.
- The average deficit balance, of trusts with a deficit, was £376,000.
- The total cumulative surplus across all academy trusts was £3.17 billion.
- The total cumulative deficit across all academy trusts was £42.1 million.
- The total net financial position of all academy trusts was a cumulative surplus of

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

£3.13 billion.

The 2019/20 position and change 2018/19

Trusts and academies – The total number of trusts listed has reduced by 3.8% between 2018/19 and 2019/20 but the number of academies has increased by 6.5% (excluding trusts without academies and trusts and academies without complete financial information). This indicates some consolidation in the sector with fewer Single Academy Trusts (SATs) and more academies being part of Multi-Academy Trusts (MATs). The average number of academies in trusts has increased from 3.12 to 3.45 during the period.

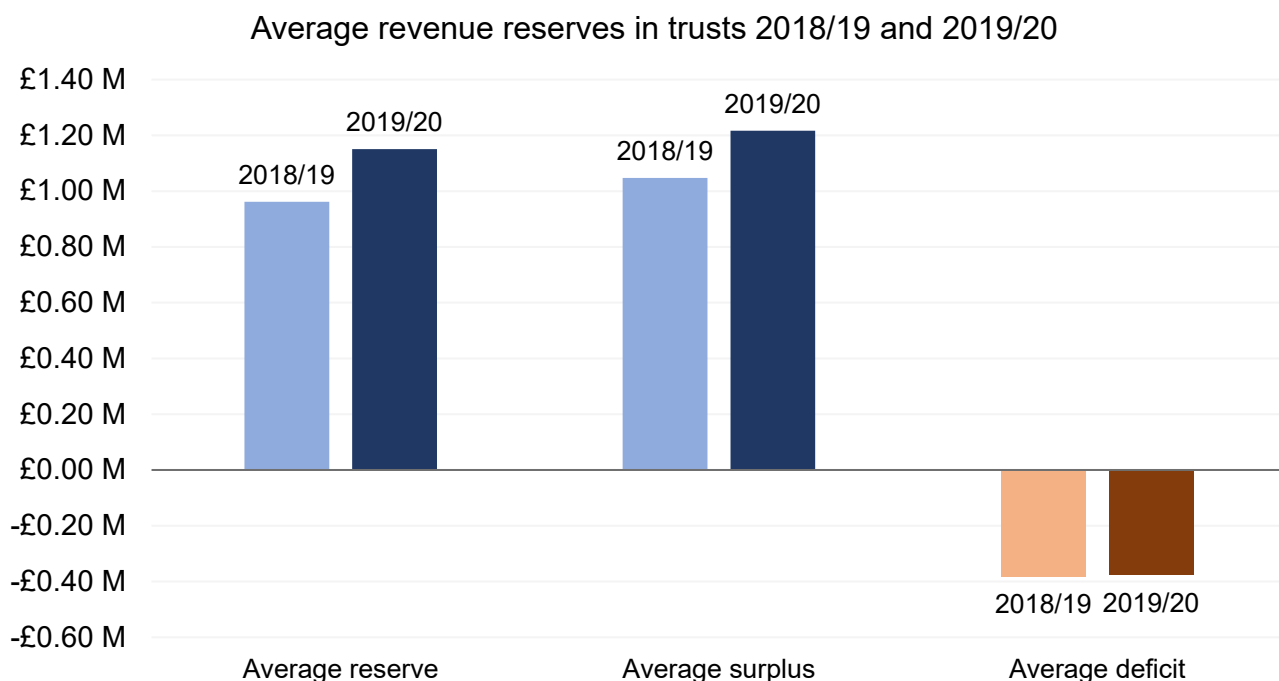
Trusts in surplus – Trust level data from 2019/20 shows 95.9% of trusts (2,604) had a cumulative surplus or a zero balance. This is an increase of nearly 2 percentage points from 94.0% of trusts in 2018/19.

Trusts in deficit – 4.1% of trusts (112) had a cumulative deficit. This is a decrease of nearly 2 percentage points from 6.0% of trusts in 2018/19.

Reserves across the sector – The total cumulative surplus of trusts with positive reserves was £3.17 billion. Trusts in a cumulative deficit had a total deficit of £42.1 million. In 2018/19 the total cumulative surplus was £2.8 billion against a total cumulative deficit of £64.4 million.

Trusts average reserves – In 2019/20 average revenue reserves across academy trusts were £1.15 million, compared to £0.96 million in 2018/19, an increase of 20%. In 2019/20 the average surplus balance was £1.22 million, compared to £1.05 million in 2018/19, an increase of 16%. The average deficit balance in 2019/20 was at £376,000, compared to £381,000 in 2018/19, a decrease of 1.3%.

Trusts average reserves as a percentage of income – average academy trust reserves as a percentage of a trust's income stood at 11.4% in 2019/20, compared to 10.8% in 2018/19.



Comparisons with maintained schools

The latest published data on maintained schools' finances can be found at LA and school expenditure, Financial Year 2019-20 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk). In 2019-20 88% of maintained schools had a cumulative surplus or zero balance, and 12% had a cumulative deficit. Maintained schools' finances are reported on a financial year basis, while academy trusts report their finances on an academic year basis.

The impact of the first months of the COVID-19 pandemic was captured by the academy trust data, which covered September 2019 to August 2020, but not by the LA maintained schools' data, which covered April 2019 to March 2020. Given that the pandemic will have changed schools' cost pressures, income and expenditure, the different reporting periods mean it is difficult to compare maintained schools' and academy trusts' financial position between 2019-20 and 2019/20.

Methodology

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

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 revenues 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 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 ‘NS’ (no submission) 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 income”. 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.



Department
for Education

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