



Department
for Education

Academy Schools Sector in England

Consolidated Annual Report and Accounts

For the year ended 31 August 2021
HC 836



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Annexes to the accounts can be found at:

<https://www.gov.uk/government/collections/academies-sector-annual-reports-and-accounts>

Introduction to the Academy Schools Sector Annual Report and Accounts

Academies are independent state schools that are directly funded by the Department for Education (DfE) via the Education and Skills Funding Agency (ESFA). Every academy is required to be part of an academy trust (AT), which is a charity and company limited by guarantee. Every AT enters into a funding agreement with the Secretary of State (SoS) for Education that sets out the requirements for individual academies and the conditions under which grants are paid. There are a number of different types of academies, providing a range of academic provision.

This publication provides an overview of all academy schools in England. It fulfils the reporting requirements of the *Academies Act 2010*¹ alongside the requirement to report on the finances of the sector².

The Academies Act 2010 requires reporting of performance information over the academic year ending 31 July. The 'Accounts Direction' (see annex 4) provided by HM Treasury to DfE defines the academic year as ending 31 August. In order to meet legislative requirements, performance data has been provided for the academic year as defined by the *Academies Act 2010*. However, where relevant, these figures have also been presented in line with the Accounts Direction definition in either footnotes or annexes.

The academies Sector Annual Report and Accounts (SARA) is presented in line with the Government Financial Reporting Manual (FReM), except for the derogations noted in annex 4. The most notable areas for deviations from the FReM are in the staff report and accountability report, primarily due to structural differences between the sector and central government departments, such as the lack of a sectoral board of directors. Where possible, the spirit of the requirements has been followed.

The SARA is structured as follows:

- *Financial performance report* – a summary of the financial position (page 15) and wider performance of the sector;
- *Accountability report* – a summary of DfE's governance structures that provide oversight over the academies sector and also including the sector's remuneration and staff report (page 49); and
- *Financial statements* – the standard reporting requirement required by HM Treasury, including details of related party transactions in the sector (page 87).

¹ Section 11 of the *Academies Act 2010* places a duty on the Secretary of State for Education to prepare, publish and lay an annual report on academies in England before Parliament. This legislation requires the inclusion of information on the academy arrangements entered into and the performance of academies during the year. In relation to performance, the annual report must contain information collected under regulations made under section 537 of the *Education Act 1996* and under the contractual arrangements academies entered into with the Secretary of State for Education.

² In line with the accounting requirements of the FReM (<https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>).

Ministerial Overview

This is my second report as Minister for the School System and the accounts show the resilience of the sector during the most challenging period in recent memory.

The past year saw further modest growth in the number of pupils attending academies (increased by 3.9% to 4,407,902), and the number of schools that are now academies (increased by 4.7% to 9,628), while the number of trusts has fallen slightly to 2,659 a drop of 3.2% reflecting some consolidation in the sector.

The level of academisation varies considerably between phases. 79% of secondary schools are academies compared with 38% of primary schools. 41% of special schools are academies and 44% of alternative provision schools. We expect these trends to continue and believe, as set out in the Schools White Paper in March 2022, that schools are most effective and resilient when part of a strong trust.

Due to the timing of this report, it would be remiss not to mention the current challenges faced not only by the sector but the nation. The increase in rates of inflation and the impact on the cost of living is expected to have a knock on effect on both school budgets and the families they serve in the coming years.

Overall charitable funds for the sector stood at £37 billion at the end of August 2021. In 2020/21 the funding made available to the sector by the department was £28.9 billion (further information is included in note 5), which contributed to the sector's spend of £36 billion (further information in notes 7 and 8).



Indeed, some of these pressures are visible in this year's accounts where income rose by 8.5% to £34 billion, while expenditure rose by 9.3% to £36 billion. Within this, salary costs excluding non-cash costs rose by 12.6%.

These accounts are illustrative of our commitment to financial transparency. The Department has continued to support trusts in deploying appropriate controls over their expenditure, encouraging increased transparency and accountability. Over the coming years financial stability will remain critical.

I am extremely grateful to staff, trustees, volunteers and pupils for their continuing commitment in these challenging times, and for all their hard work and achievements in the 2020/21 academic year.

Baroness Barran
Parliamentary Under Secretary of State for
the School System and Student Finance

Permanent Secretary's Overview

I am pleased to introduce the sixth combined SARA – which sets out the consolidated performance and financial results for all academy schools and trusts in England over the 2020/21 academic year.

2020/21 continued to be a year of unprecedented challenges for the country, and for the academies sector. These accounts show the impact of the peak of the COVID-19 pandemic on the academies sector finances. What the accounts don't show is the massive effort of all the people in sector who worked throughout this period as we moved towards a full reopening of schools to all pupils. The continued dedication, professionalism and sheer hard graft of teachers, support staff, trustees and volunteers during this time was critical to this and I pay tribute to the achievements made in those difficult times.

A further consequence of the pandemic was that some data collections were paused, to enable schools to focus on their critical role in delivering education in those challenging times. As such some data, especially with respect to educational performance, is not included within this annual report but will be included in future years as we return to normal operations. The report provides an accurate reflection of the state of the sector with the information available in 2020/21.



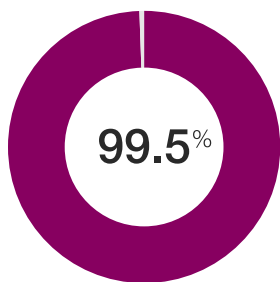
Whilst the sector continued to grow during 2020/21, albeit to a lesser extent than before the pandemic, the uncertainty continued to disrupt plans to convert maintained schools into academies. However, free schools continued to open at a similar rate, with 57 new free schools opening in 2020/21. Overall, more than half of all pupils in state-funded education in England are educated in academies and free schools. This number continues to grow and is expected to increase in future years as part of the plans set out in the Schools White Paper *“Opportunity for all: Strong schools with great teachers for your child.”*

This report remains an important part of our accountability framework, and I am extremely grateful to all academies for their support and co-operation in the preparation of this report.

Susan Acland-Hood
Permanent Secretary
17 January 2023



Key Data: The Academy Sector at a glance



99.5% of ATs (excluding ATs who didn't return their accounts to DfE) received an unqualified audit opinion as at 31 August 2021 (2019/20: 99.5%) (refer to page 55).



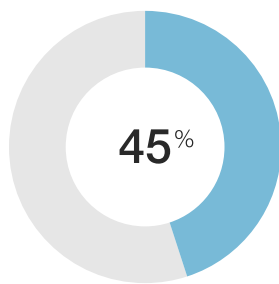
The number of academies has increased during the year to 31 July 2021 to **9,628** (2019/20: 9,200) (refer to page 29).



The number of pupils educated at academies has increased by 3.9% during the year to **4.4 million** (2019/20: 4.2 million). This equates to over half of all pupils (refer to Sector Development).



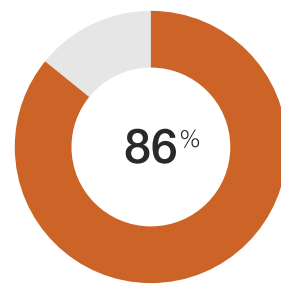
The net current assets as at August 2021 were **£4.9 billion** (compared to £3.9 billion as at 31 August 2020) (refer to page 89 Statement of Financial Position).



At 31 July 2020, **45%** of state-funded schools were operating as academies (compared to 43% at 31 July 2021) (refer to page 30).



The number of ATs³ has decreased during the year to **2,659** (2019/20: 2,743) (refer to page 55).



86% of all academies (8,260 academies) are in an AT with more than one academy (2019/20; 84%, 7,730 academies) (refer to page 31).



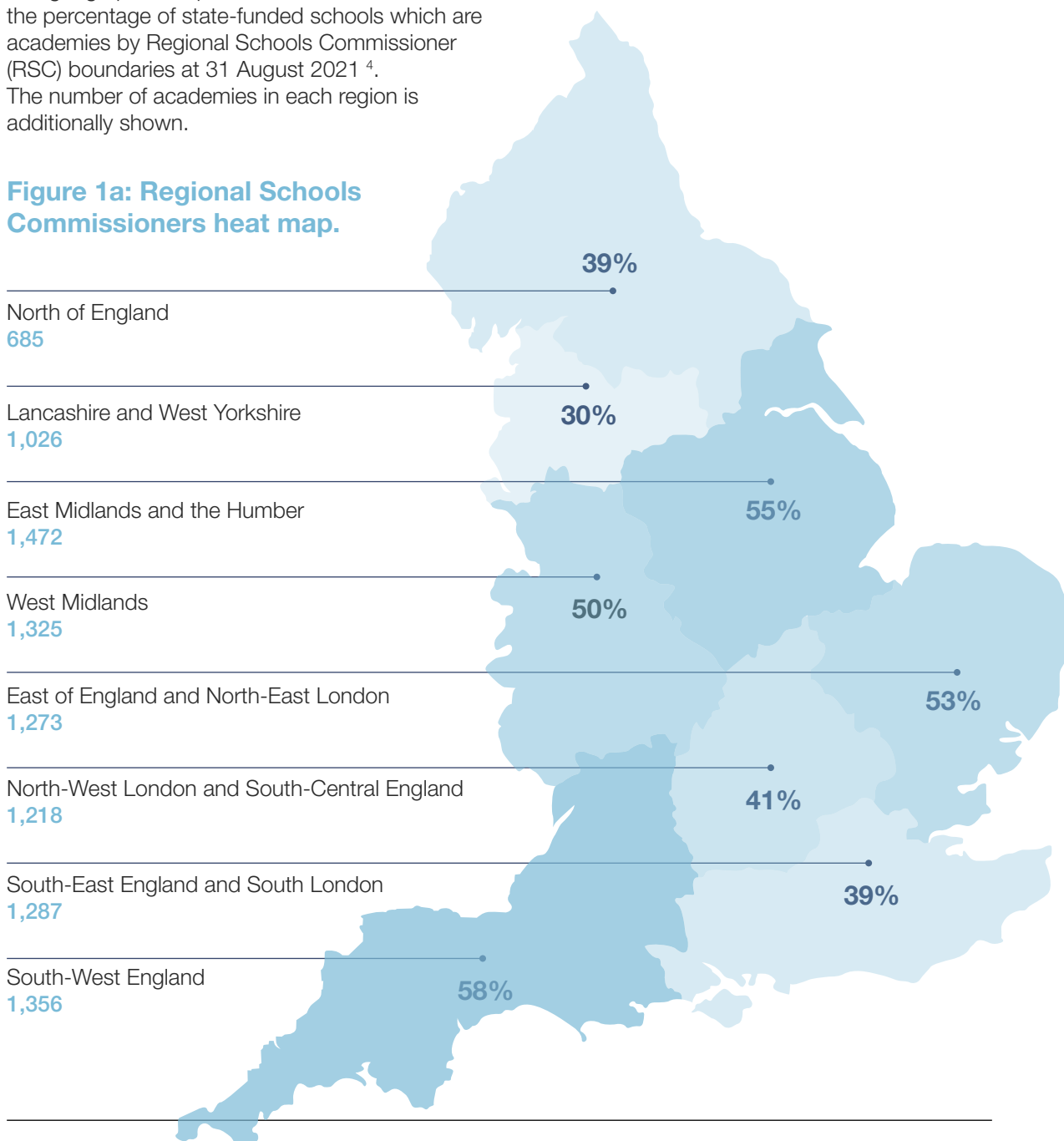
£518 million (£70 million 2019/20) additional income was provided to ATs during the period to cover costs incurred due to COVID-19. This includes £458 million of funding provided by DfE. (£42 million 2019/20) (refer to Note 6).

³ During the year the number of ATs has decreased. This is primarily due to reorganisation within the sector, with a decrease in the number of single academy trusts and multi academy trusts with only one academy and a trend towards academies being in multi academy trusts with two or more academies.

Geographical Analysis

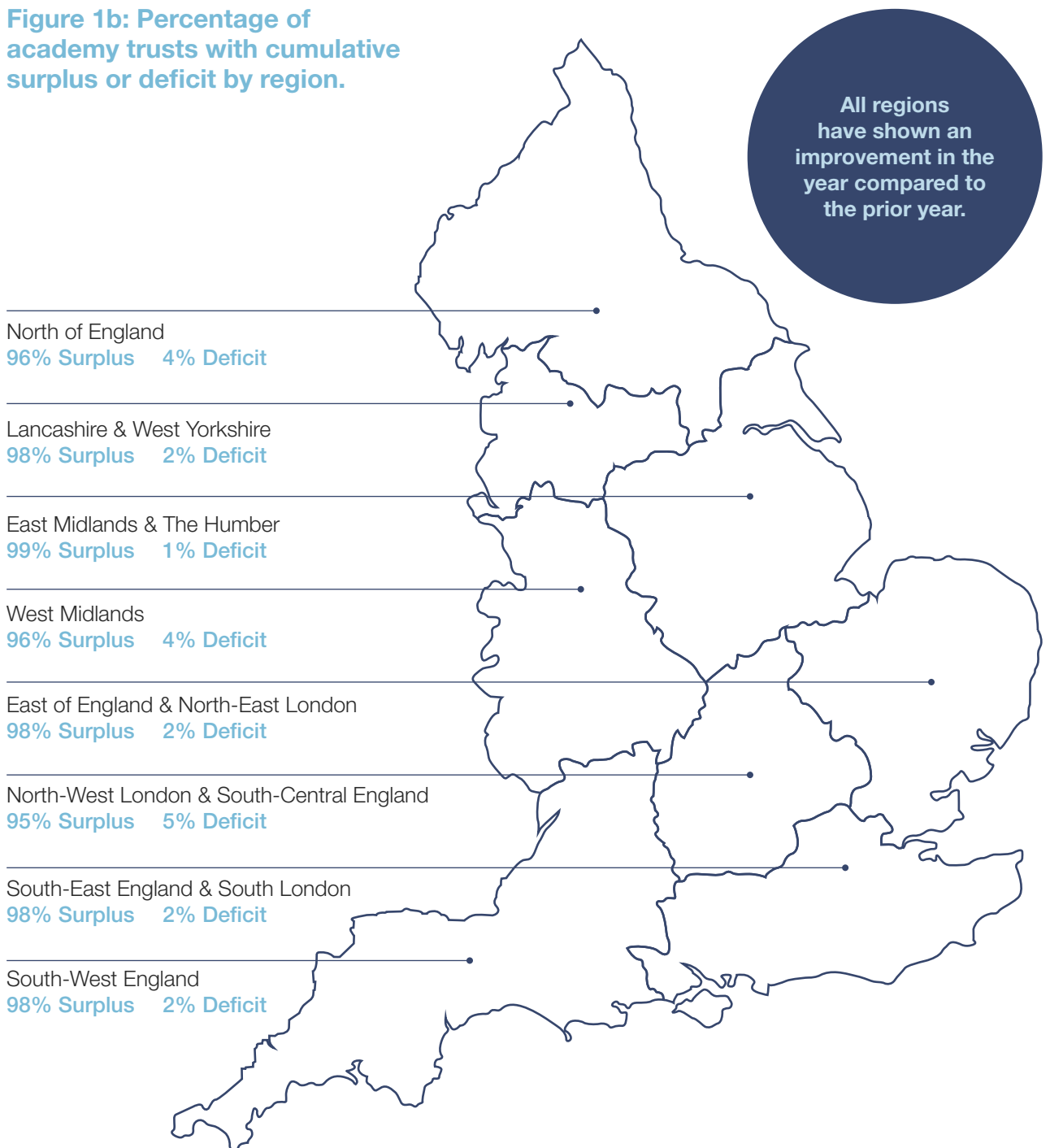
The geographical representation below shows the percentage of state-funded schools which are academies by Regional Schools Commissioner (RSC) boundaries at 31 August 2021 ⁴. The number of academies in each region is additionally shown.

Figure 1a: Regional Schools Commissioners heat map.



⁴ From Summer 2022 under the Future DfE programme the Regions changed and have been aligned to the 9 regions used across the rest of government. Changes to the way the Department for Education (DfE) will operate from 1 April 2022 onwards (publishing.service.gov.uk). This will be updated in the next SARA.

Figure 1b: Percentage of academy trusts with cumulative surplus or deficit by region.





Financial Performance Report

Financial Performance

Financial Overview

Together with the preceding Introduction, Ministerial Overview, Permanent Secretary’s Overview, Key Data and Geographical Analysis, this overview is intended to provide a brief summary of the academy sector, its purpose and its performance during the year.

Figure 2a: Income and expenditure in 2020/21 – reconciliation of revenue reserves.

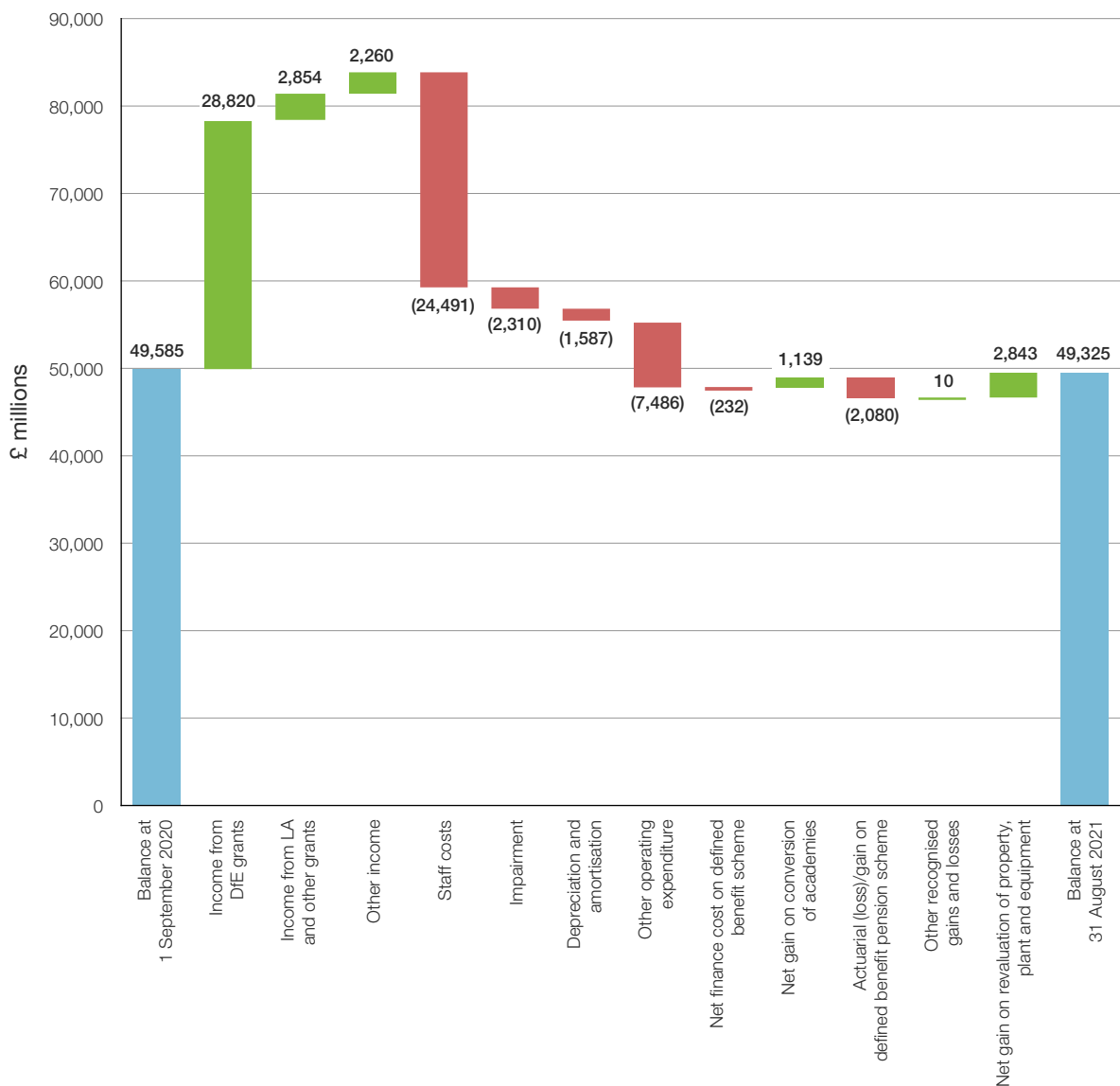
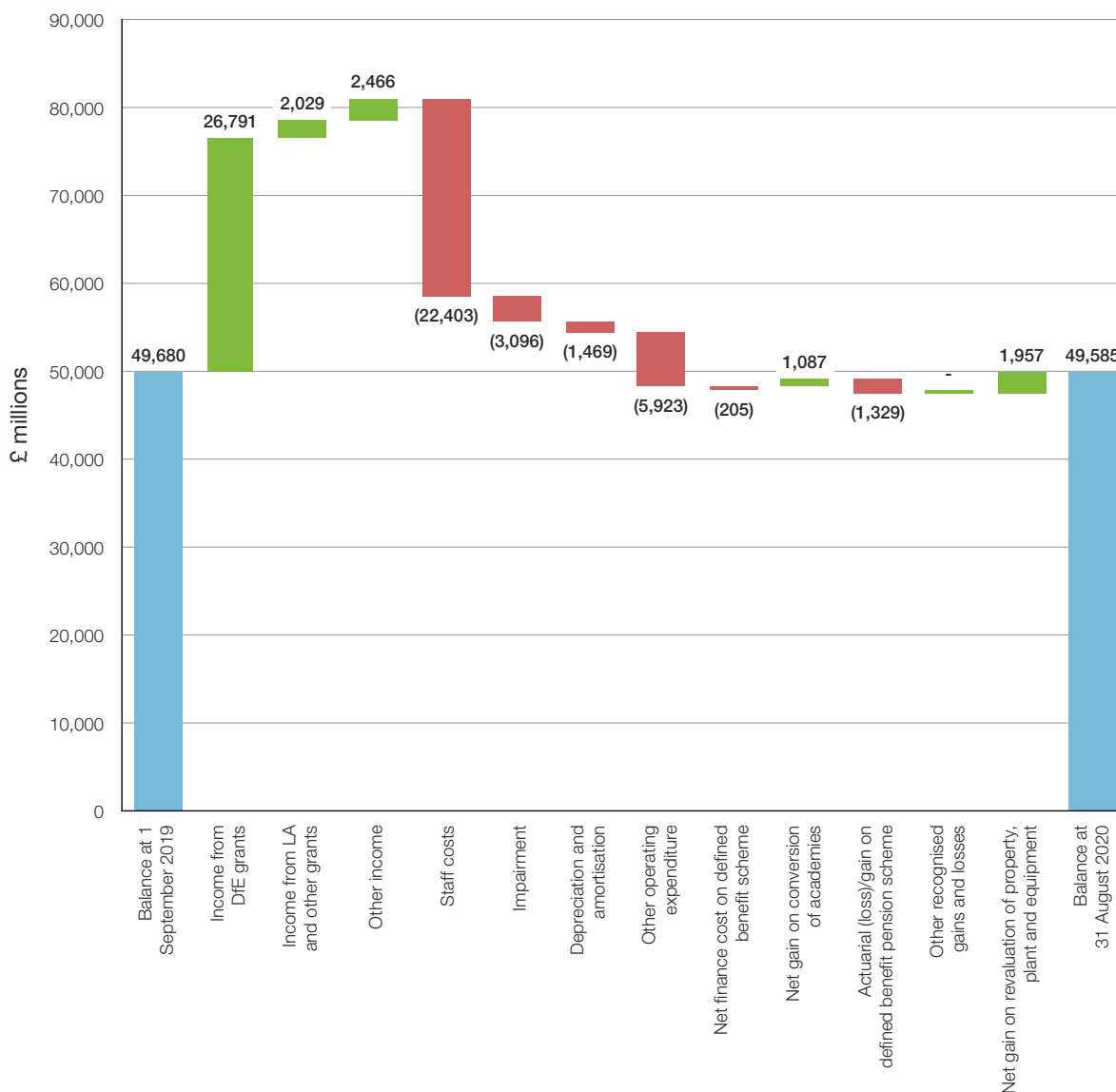


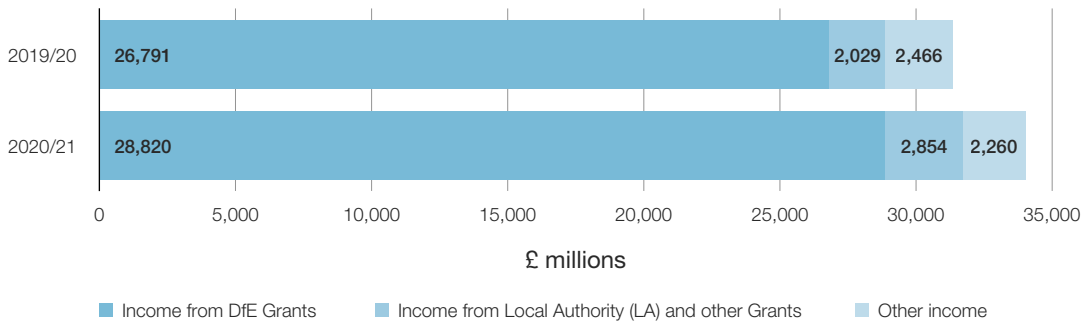
Figure 2b: Income and expenditure in 2019/20 – reconciliation of revenue reserves.

Figures 2a and 2b reconcile the opening and closing Charitable Funds and Revaluation Reserve position in the current and prior years respectively.

The Statement of Consolidated Net Expenditure (SoCNE) has returned a bigger deficit in the current year compared to the prior year. As outlined below, this is largely driven by increased operating expenditure and an actuarial loss on defined benefit pension schemes, which has been offset by increased gains on revaluation of property, plant and equipment. This is discussed further on page 23. The nature of these losses is a movement on the Statement of Financial Position (SoFP) driven by market conditions caused in part by COVID-19 rather than being an indication of any deterioration of financial management within the sector. Significant elements of the movement, significant either because they are large in value or are exceptional in nature, are discussed on the following pages.

Income

Figure 3: Income in 2020/21 and 2019/20



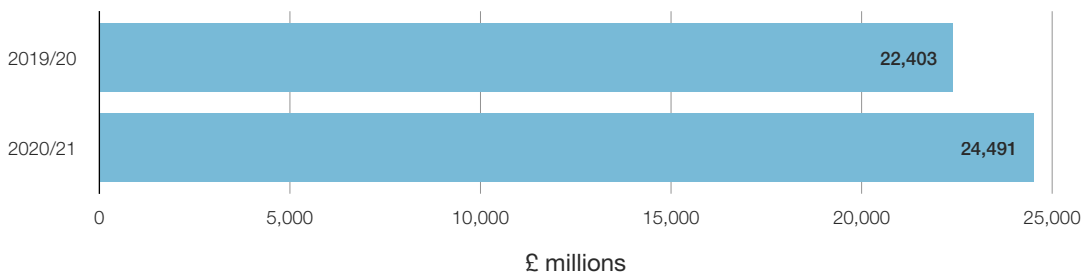
Income is largely comprised of grants, both from the Department and from other sources including Local Authorities (LAs). The largest element of grant income that ATs receive, the General Annual Grant (GAG), is driven by pupil numbers, and is impacted as follows:

- The increase in the academy sector pupil numbers (3.9%) following LA maintained schools converting to academies
- An increase to the minimum funding per pupil and additional funding which has been included within the scope of this grant in the current year.

In addition, included within grant income in the current year is £518 million of COVID-19 support (2019/20 £70 million) which is further discussed in note 6. Other income is down on previous years largely linked to the impact of COVID-19 affecting fundraising and letting activities within the sector.

Staff Costs

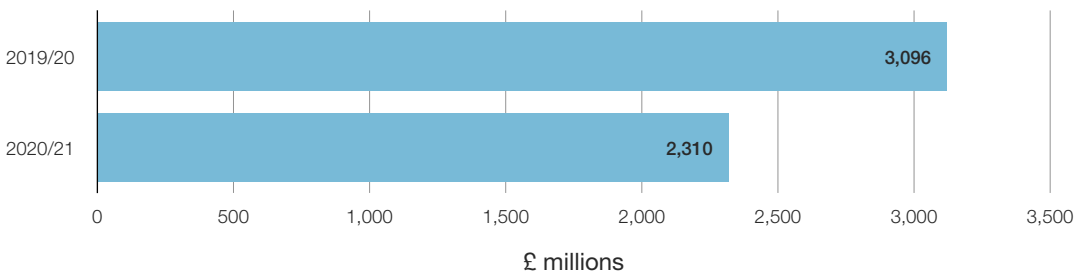
Figure 4: Staff Costs in 2020/21 and 2019/20



Staff costs have increased by 9.3% which can be attributed to academies converting during the reporting period and the average pay rise. A further breakdown of staff costs can be found in the Remuneration and Staff Report on page 70 and in note 7.

Impairment

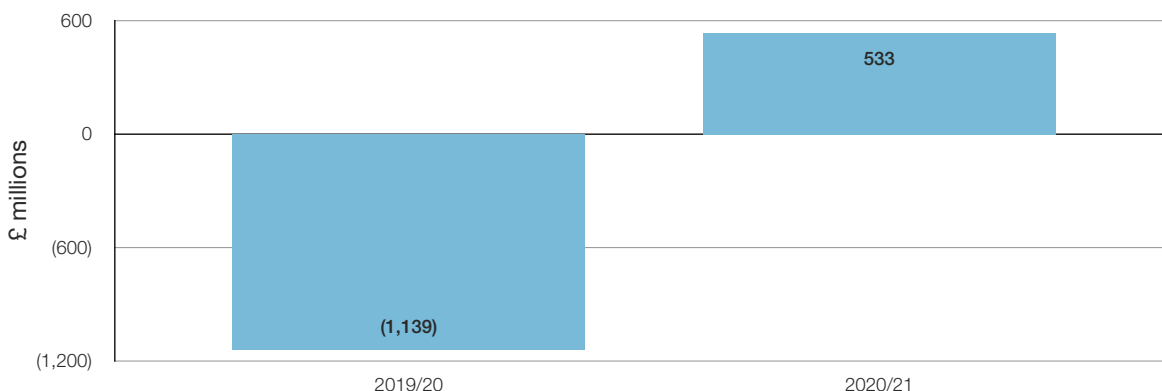
Figure 5: Impairment in 2020/21 and 2019/20



The impairment charge in 2020/21 decreased from 2019/20. The level of the impairment charge recognised across the estate does not represent a reduction in the underlying condition of academies’ land and buildings assets, but rather a change in market prices – particularly for buildings. More information on the property, plant and equipment valuation methodology can be found in note 2.

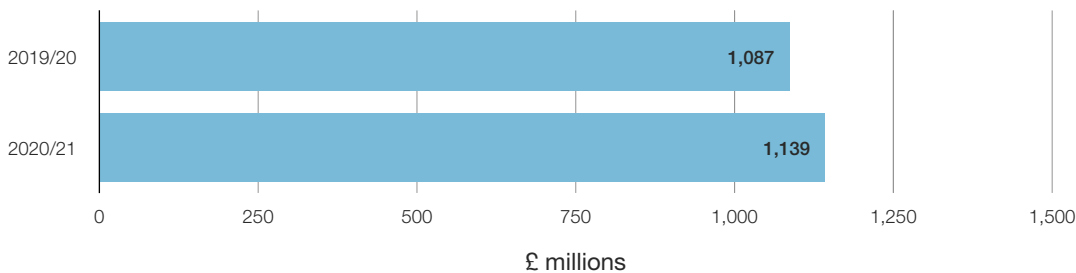
Figure 6 below shows the increase in land and buildings values of £0.5 billion (2019/20: decrease £1.1 billion). The net increase in land and buildings values year on year is driven by a higher revaluation gain (charged to the revaluation reserve) of £2.8 billion (2019/20: £2.0 billion). The primary reason for a revaluation gain are changes in the market conditions (i.e. changes in land prices), combined with the change in valuation methodology from the change in valuers, rather than it reflecting a change in the condition of the estate. The 2021/22 accounts will be the last time we expect significant changes due to the change in valuers due to completion of a full quinquennial cycle.

Figure 6: Net Revaluation Movement in 2020/21 and 2019/20



Net gain on conversion to academies

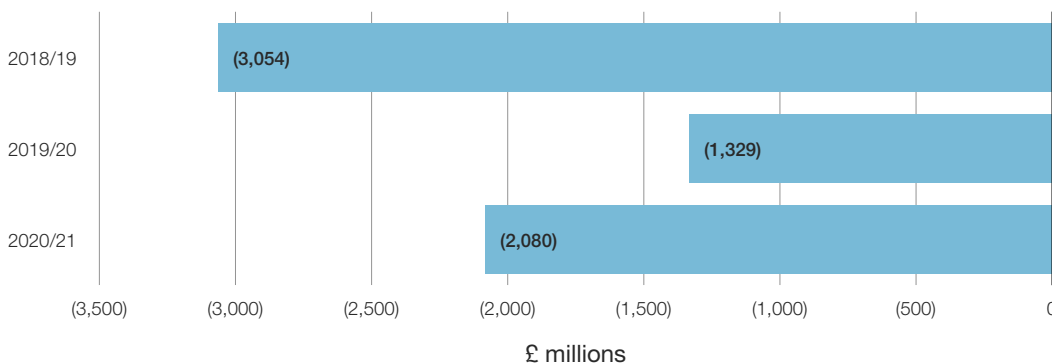
Figure 7: net gain on conversion to academies in 2020/21 and 2019/20



The net gain on conversion of academies has increased, however there continued to be a reduced number of schools converting to academies during 2020/21 due to COVID-19 in comparison to pre Covid trends. This is due to the Department, along with trusts and schools, focussing on safely keeping schools open during the pandemic. In 2020/21 476 schools converted to academy status, compared to 474 in 2019/20 (see figure 13 in Annex 1), and 908 in 2018/19 pre Covid.

Actuarial (Loss)/Gain on Defined Benefit Pension Schemes

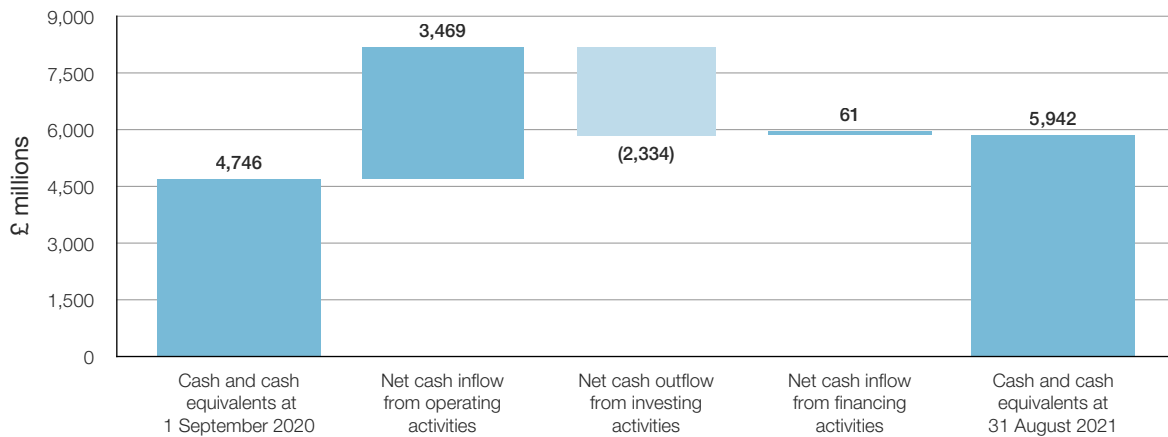
Figure 8: actuarial (loss)/gain on defined benefit pension schemes in 2021/20, 2019/20 and 2018/19



The actuarial loss in 2020/21 is predominantly driven by changes in actuarial assumptions, particularly a decrease in the discount rate. Discount rates are subject to fluctuation, which has been considerably more volatile as a result of COVID-19. Due to the nature of how actuarial losses are calculated and the market conditions driving the previous three years, it is anticipated that this decrease during 2020/21 may be reversed in future years. More information on the actuarial gain/loss on defined benefit pension schemes is provided in note 15.

Cash and cash equivalents

Figure 9: movement in cash and cash equivalents (net of overdraft)

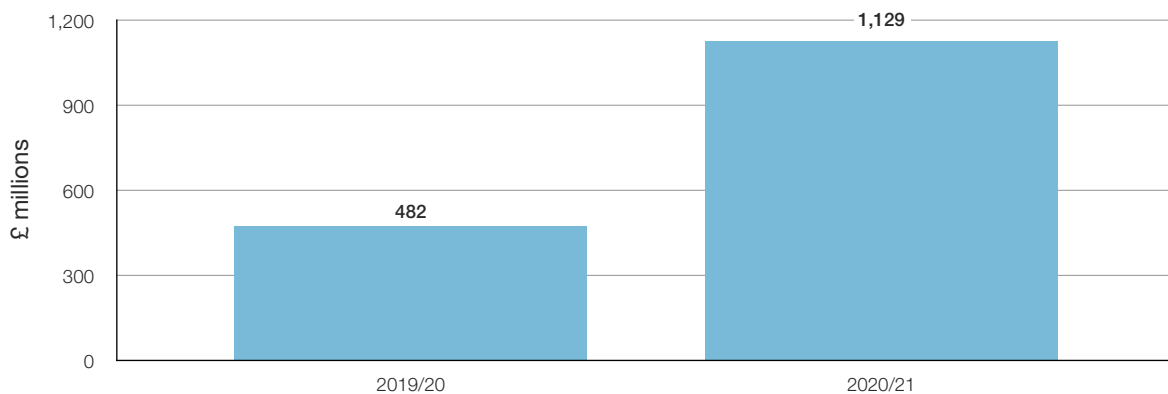


During the year, the value of cash and cash equivalents held by the sector has increased by £1,196 million as follows:

- Operating activities: The majority of the increase is generated by ATs as part of their day-to-day operations. Although the sector has returned an operating deficit in 2020/21, much of this is attributable to non-cash expenditure. After non-cash operating expenditure is added back, the sector has had a net inflow of cash from its usual operating activities.
- Investing activities: Most of this cash was used to fund the purchase of property, plant and equipment.
- Financing activities: £61 million of this is due to schools converting to academies.

This resulted in a net £1,129 million increase in cash before considering cash on conversion. This is shown in figure 10 below.

Figure 10: Increase in cash and cash equivalents excluding cash on conversion in 2020/21 and 2019/20.



Statement of Financial Position:

The net assets of the sector recognised in these accounts have remained broadly consistent at £49.3 billion as at 31 August 2021 (compared to £49.6 billion as at 31 August 2020). This is due to an increase in the land and buildings asset value and an offsetting increase in the pension deficit.

When excluding property, plant and equipment and pension liabilities, which are less directly impacted by day-to-day management decisions, the sector's net assets have increased to £4.8 billion compared to the prior year (2019/20 £3.8 billion), an increase of £1.0 billion. This increase is mainly attributable to cash held within the sector.

Distribution of assets and liabilities by category:

Assets	2020/21	2020/21	2019/20	2019/20
	£billion	%	£billion	%
Land and buildings	58.8	83.8%	56.3	85.2%
Other property, plant and equipment	3.7	5.3%	3.4	5.1%
Cash and cash equivalents	5.9	8.4%	4.7	7.1%
Receivables	1.7	2.4%	1.6	2.4%
Other	0.1	0.1%	0.1	0.2%
Total⁵	70.2	100%	66.1	100%

Liabilities	2020/21	2020/21	2019/20	2019/20
	£billion	%	£billion	%
Pension deficit	(17.9)	86.1%	(13.9)	83.6%
Payables	(2.9)	13.9%	(2.7)	16.3%
Other	<(0.1)	0.1%	<(0.1)	0.1%
Total⁶	(20.8)	100%	(16.6)	100%

The land and buildings value has increased as a result of new academies joining the sector during the year. (see note 2).

The pensions deficit has increased as a result of lower returns on LGPS pension assets and changes in actuarial assumptions, in particular a reduction in the discount rate, as outlined in the actuarial gain/loss on the defined benefit scheme section above. The discount rate at the start of the year drives the estimated current service cost and therefore the previous year's increase in discount rate has also resulted in a significant increase in the current service cost in the current year compared to prior year. This increase in the pension deficit does not alter the amount of cash ultimately required to settle these liabilities and thus has no bearing on the financial sustainability of the sector in the near future.

⁵ The total assets of £70.2 billion shown in this table is £0.1 billion different to the total shown in the Statement of Financial Position of £70.1 billion due to rounding as a result of formatting this table in billions.

⁶ Total % for 2020/21 doesn't add to 100% due to roundings.

Statement of Comprehensive Net Expenditure

The SoCNE for the current year has remained in a net deficit, as a result of:

- gains on conversion remain lower than pre Covid. Number of conversions in 2020/21 were similar to the prior year, which is discussed above;
- other non-cash items contributing to the net deficit in the current year, including the actuarial loss on the defined pension scheme, which in turn is dependent on the discount rate which has reduced in the year; and
- an increase in other operating expenditure, which relates to an increase from the prior year in building maintenance and repair costs (refer to page 109 for further information).

Income and expenditure by category:

Income	2020/21	2020/21	2019/20	2019/20
	£billion	%	£billion	%
Revenue grant income	28.9	85.0%	26.1	83.4%
Capital grant income	2.8	8.2%	2.7	8.6%
Other income	2.3	6.8%	2.5	8.0%
Total	34.0	100%	31.3	100%

Expenditure	2020/21	2020/21	2019/20	2019/20
	£billion	%	£billion	%
Staff costs	24.5	68.3%	22.4	68.1%
Other operating costs	11.4	31.7%	10.5	31.9%
Total	35.9	100%	32.9	100%

During the year to 31 August 2021, the number of academies within the sector increased by 5%. This has driven the increase in pupil numbers in the sector with over half of all pupils now educated in an academy. This is one of the main drivers for the year-on-year increase in income of £2.7 billion from £31.3 billion to £34.0 billion. In addition, there has been an increase in the GAG income in the current year which is linked to pupil numbers but has additionally seen an increase due to the funding per pupil increasing in the current year. This is discussed in more detail on page 18.

Expenditure has increased by £3.0 billion from £32.9 billion to £35.9 billion. However, when excluding non-cash costs in both years, the underlying increase in expenditure is 12.6% which is higher than the increase in income. More detail on non-cash costs can be found in note 8.

Staff costs make up a significant proportion of total expenditure and these costs have increased by 9.3% in the year. Average permanent staff numbers within the sector have increased by 4.3%, indicating that staff costs per employee are slightly higher than in 2019/20. These increases are consistent with the increased number of academies in the sector this year and pay rises, which are further discussed below in the emoluments section.

Emoluments paid in the sector

ATs have reported staff emoluments including salary, employer pension contributions and other benefits received during the year.

Number of ATs paying at least one individual above £150,000 or between £100,000 and £150,000 during the year, this includes salary, employer pension contributions and other benefits:

	2020/21: Number of ATs paying at least one individual above this ⁷	Proportion of ATs in sector	2019/20: Number of ATs paying at least one individual above this	Proportion of ATs in sector
Emoluments of £150k or more	563	21.1%	473	17.0%
Emoluments of between £100k – £150k	1,841	68.8%	1,772	63.5%

There has been an increase in individuals paid between £100,000 and £150,000 and paid more than £150,000 which is due to salary increases and subsequent impact on pensions. These salary and employer pension contribution rate increases are further outlined in the Remuneration and Staff Report on page 70.

Illustrative examples are shown below to support the impact of pay rises and pension contribution increases on the movement between the pay bands from 2018/19 to 2020/21. This supports the increase in numbers of trusts paying at least one individual greater than £100,000 and greater than £150,000 in the current year.

Less than £100,00

	2018/19	2019/20	2020/21
Salary	77,000	80,000	82,000
Average Pay increase	3.5%	2.75%	2.75%
Net salary	80,000	82,000	84,000
Employer's pension %	16.48%	23.68%	23.68%
Employer's pension contribution	13,000	19,000	20,000
Total	93,000	101,000	104,000

Emoluments Banding	90,000-100,000	100,000-110,000	100,000-110,000
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⁷ The figures in the above table are based on whether an AT reported any individuals being paid over £100,000 (but less than £150,000) or greater than £150,000. As a result, the numbers within this table could include the same AT within the £100,000 – £150,000 and the greater than £150,000 section.

More than £100,000

	2018/19	2019/20	2020/21
Salary	112,000	116,000	119,000
Average Pay increase	3.50%	2.75%	2.75%
Net Salary	116,000	119,000	122,000
Employer's pension %	16.48%	23.68%	23.68%
Employers pension contribution	19,000	28,000	29,000
Total	135,000	147,000	151,000

Emoluments Banding	130,000-140,000	140,000-150,000	150,000-160,000
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The Department continues to reinforce the message to the sector that there is need for robust evidence-based processes in setting pay, and to ensure that pay of leadership teams in the sector is transparent, proportionate and justifiable. The Department's requirements for setting executive pay are set out in the Academy Trust Handbook. Support on setting executive salaries, and on what ATs should or must publish online in relation to pay, is set out in guidance on gov.uk.⁸

Executive pay based on 2021/22 data is currently under review, to identify outlier levels of leadership pay across similar ATs. Academy trust pay includes those responsible for leading individual schools. Unlike LA maintained schools, it also includes those charged with financial and educational oversight of Multi Academy Trust groups of schools, and those leading the Central functions such as Finance, School Improvement and HR across those organisations.

Cumulative AT Revenue Deficits⁹

The SoFP shows that the sector as a whole is reporting a net surplus, however there are a number of ATs in a net deficit position. There were 337 ATs with a surplus greater than £3 million, which represents 13.0% of ATs with a surplus/deficit reported in the year. The total aggregate cumulative deficit for 2020/21 has reduced from 2019/20, as has the number of ATs in cumulative deficit. There were 70 ATs with a cumulative deficit (see figures 11a-11c below), which represents 2.7% of ATs with a surplus/deficit reported in the year.

Any AT reporting a cumulative deficit will be supported by the ESFA and must also agree a recovery plan with the ESFA to return to strong financial health¹⁰. Where an AT is reporting a cumulative deficit, it may require financial support, as part of that recovery plan.

Decisions on financial support are made on a case-by-case basis and if approved, would be to ensure education provision and secure the trust's long term sustainability. If approved, financial support will be repayable to the ESFA within an agreed timeframe. Non-repayable funding will only be considered where there is no other reasonable means to protect pupils' interests¹¹. A listing of ATs that received additional financial support in 2020/21 is provided in annex 9.

The ESFA applies appropriate conditions to any funding approved to ensure the receiving AT delivers improvements in financial management, compliance and governance. In the most serious cases the ESFA may seek a Qualified Floating Charge (QFC) to protect public funds – during 2020/21 one QFC was issued (2019/20: one).

⁸ <https://www.gov.uk/government/publications/setting-executive-salaries-guidance-for-academy-trusts>

⁹ Throughout this section "surplus" refers to positive cumulative revenue reserves and "deficit" refers to negative cumulative revenue reserves reported by an AT. Revenue reserves excludes capital income/expenditure and pension deficits.

¹⁰ <https://www.gov.uk/government/publications/academy-trust-financial-management-good-practice-guides/academy-trust-deficit-recovery>

¹¹ <https://www.gov.uk/government/publications/financial-support-for-academy-trusts-in-financial-difficulty>

Figure 11a: Number of ATs with cumulative revenue surplus/(deficit)

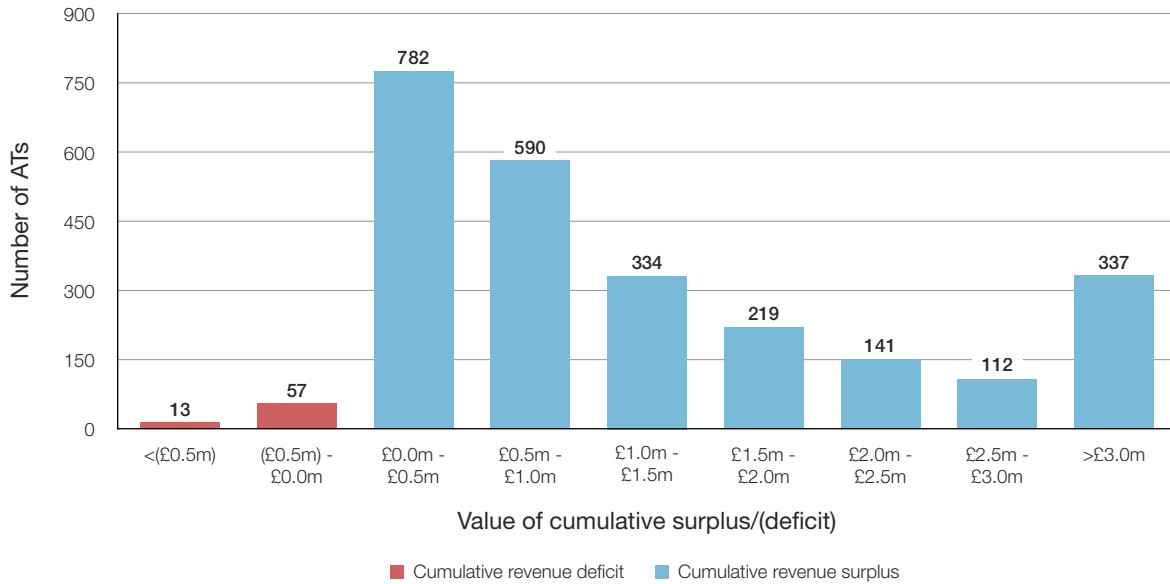


Figure 11a shows the majority of ATs have a cumulative revenue surplus.

Figure 11b: Analysis of ATs with cumulative revenue surplus/(deficit) by size of AT

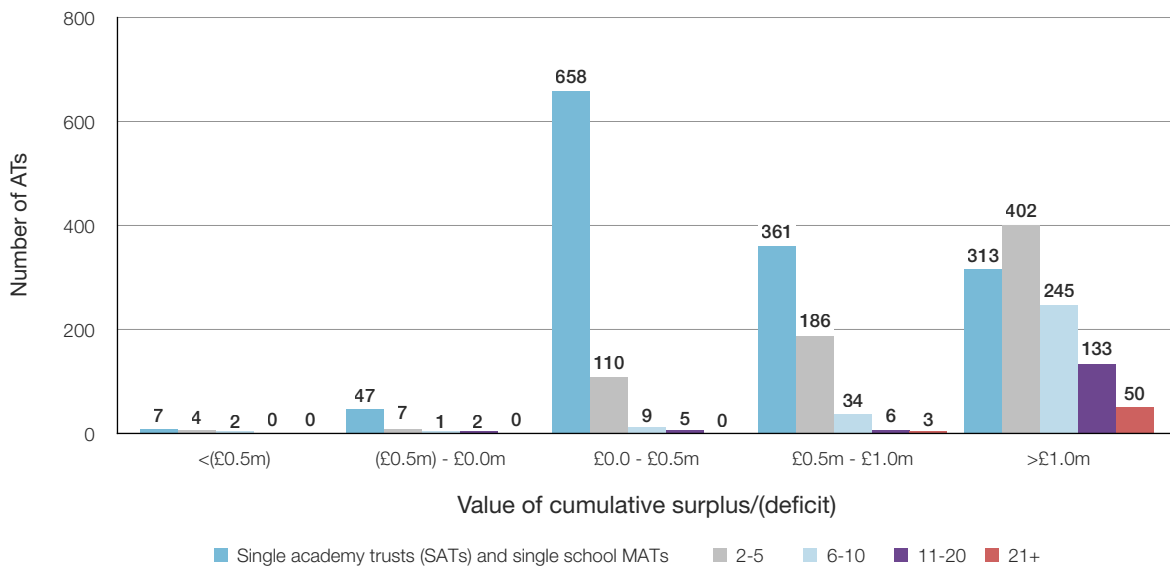


Figure 11b shows that the majority of ATs have a cumulative revenue surplus. This is consistent throughout all sizes of AT.

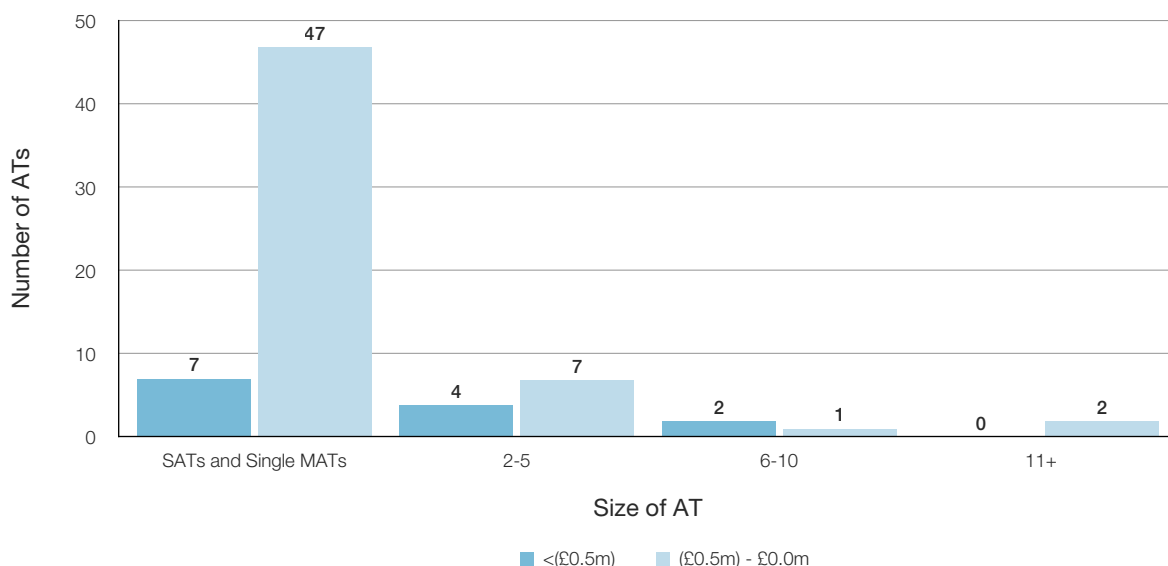
Figure 11c: Analysis of ATs with cumulative deficits by size of AT

Figure 11c shows that the majority of ATs with a cumulative revenue deficit are ATs with only one academy.

Number of ATs in cumulative deficit at 31/08/2021	Proportion of ATs in cumulative deficit at 31/08/2021	Number of ATs in cumulative deficit at 31/08/2020	Proportion of ATs in cumulative deficit at 31/08/2020
70	2.7%	110	4.1%

The above table and figure 11a present the proportion of those ATs with a cumulative deficit as a percentage of all ATs with a cumulative deficit or surplus reported within the SARA in 2020/21 and 2019/20 respectively. This differs slightly from the data published on the schools financial benchmarking website which is based on the raw data as submitted by ATs ¹². Figure 11b presents the cumulative deficit and surplus by size of ATs and figure 11c presents those ATs with a cumulative deficit in 2020/21 by size of AT. Annex 10 additionally details those trusts reporting a cumulative deficit in 2020/21.

The deficit figures above are calculated from cumulative revenue reserves and exclude capital income and expenditure and pension deficits. The total aggregate cumulative deficit for 2020/21 was £22 million (£42 million for 2019/20), compared to total cumulative aggregate surplus of £4.0 billion (£3.2 billion for 2019/20). Included within the current year number of ATs with a cumulative deficit figure are 51 ATs that also reported a cumulative deficit in the prior year. ESFA are working with these ATs to support them back to a financially sustainable position.

¹² <https://schools-financial-benchmarking.service.gov.uk/Help/DataSources>

Cash balances

	2020/21 £m	2019/20 £m	% change
Total cash balances	5,942	4,747	25.2%
Average balance per academy	0.7	0.5	19.6%

The total value of cash held by the sector has increased by 25.2% (£1.2 billion) from £4.7 billion to £5.9 billion. The percentage of cash held to operational expenditure has improved at 16.5% in 2020/21 compared to 14.4% in 2019/20 (which represents approximately two months cash expenditure). The sector is encouraged to manage its cash position carefully and avoid becoming overdrawn. The total value of overdrafts held by the sector is stable at £0.2 million. The total number of ATs with an overdraft at the reporting date was three, which represents 0.1% of all ATs at year end (2019/20: ten ATs representing 0.4% of all ATs at year end).

Related party transactions

	2020/21 number of transactions	2019/20 number of transactions	% change	2020/21 value of transactions £m	2019/20 value of transactions £m	% change
Paid	1,645	1,807	(9.0%)	56	87	(35.6%)
Received	871	921	(5.4%)	83	72	15.3%

Related party transactions can offer the best option for an AT. The number of payments received from related parties and payments to related parties have decreased year on year, whereas the value of payments made has decreased and payments received has increased. Given the nature of these transactions, it is important that we deliver oversight to ensure ATs are even-handed in their relationship with a related party. This includes a requirement for open and transparent procurement, conflicts of interest to be adequately and appropriately managed, and for goods and services exceeding £2,500 to be provided at cost without profit. The Department is actively managing governance risks around related parties. In April 2019, new reporting arrangements were introduced¹³, where ATs must declare their intention to enter into an agreement with a related party before confirming it with their supplier. They must also seek approval from the ESFA before they agree any related party transaction exceeding £20,000 with the supplier – whether as a single contract, or cumulative value with the same supplier. This reporting requirement relates to new or renewing agreements made on or after 1 April 2019 and is in addition to existing reporting arrangements. ATs should continue to disclose related party transactions in their annual financial statements. Details of types of related party transactions can be found in note 3.

Within the LA sector, in response to a consultation on financial transparency, changes have been implemented requiring schools to append a list of related party transactions to their response to the question in the Schools Financial Value Standard (SFVS) about their arrangements for managing related party transactions. Furthermore, additional columns have been inserted into the Chief Financial Officer Assurance Statement to allow the number and value of each transaction to be disclosed. This data will be collected for the financial year from 2021-22 onwards.

¹³ <https://www.gov.uk/government/news/esfa-introduces-new-arrangements-for-related-party-transactions>

Sector Development

The number of schools operating as academies in England continued to grow in 2020/2021, with an increase in the number of academies of 5% between 31 July 2020 and 31 July 2021. Figure 12 shows the growth in the number of academies over recent years.

Whilst the figures in this section show a similar trend to previous years, the number of conversions and the time they took will have been affected by the COVID-19 pandemic. This is due to the schools system focussing on the safe re-opening of schools during the start of the pandemic. Consequently, the number of schools converting to academy status after April 2020 decreased and the average time for the conversion process to conclude increased during 2020/21.

Figure 12: Net total of academies and free schools¹⁴ opened (by academy type)^{15, 16}
(source: <https://get-information-schools.service.gov.uk/>)

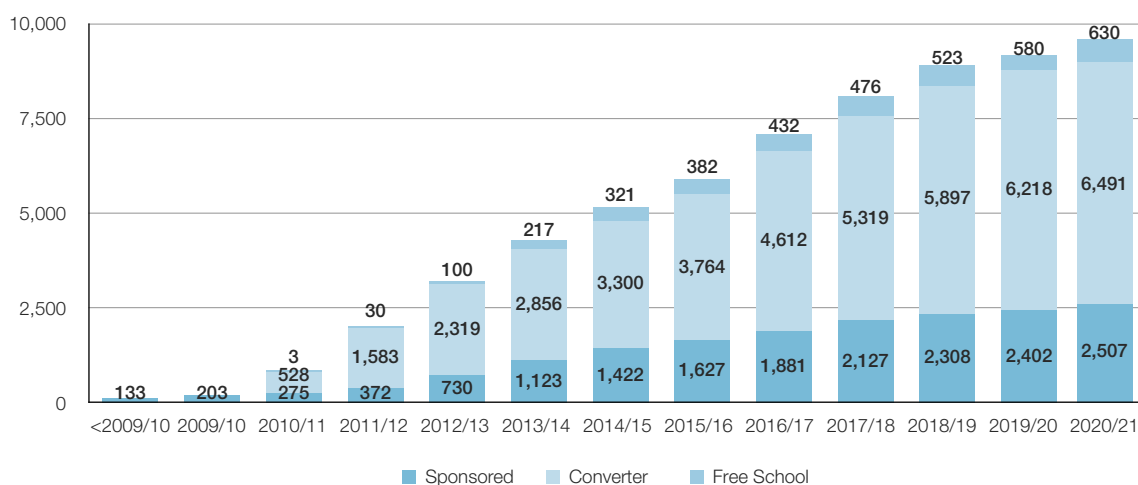


Figure 12 shows the number of academies that were open at 31 July 2021, broken down by different types of provision.

¹⁴ Free School Figures include studio schools and University Technical Colleges (UTCs), but exclude City Technology Colleges (CTCs)

¹⁵ This figure shows the number of academies open as at 31 July each year, taking into account any closures during that year. Between 1 August 2020 and 31 July 2021, 41 academies closed. These are listed in annex 1. During August 2021, a further 19 academies closed. The academies that closed during August 2021 are also listed in annex 1.

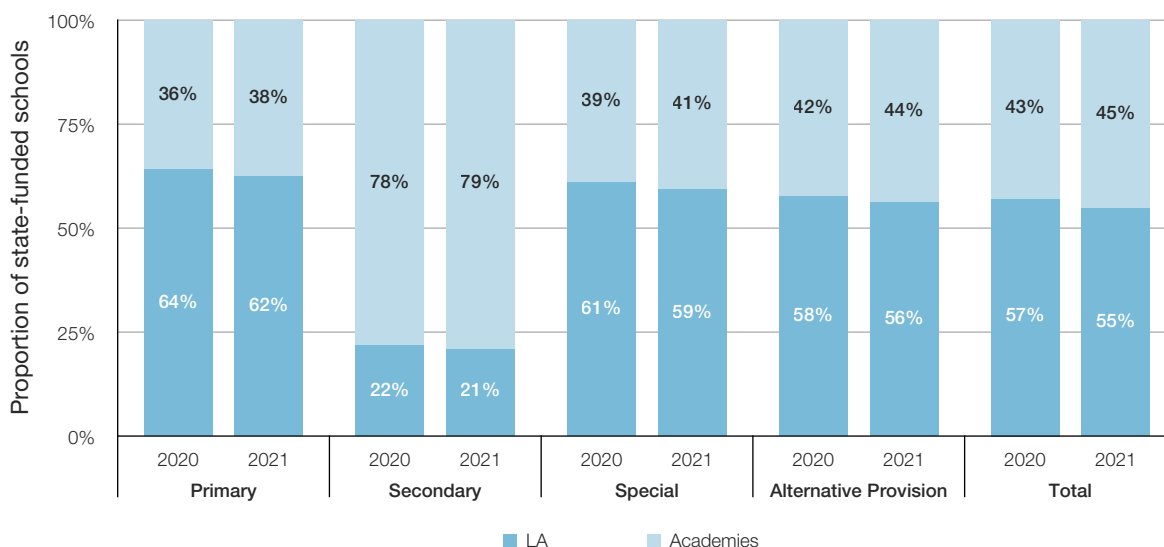
¹⁶ Free schools are a type of academy. They are brand new state-funded schools. Suitable sponsors – which can include local parents, teacher groups and academy trusts – can apply to the Secretary of State for Education to open a free school through the regular wave application rounds. Further information on the most recent free school application wave is available here: <https://www.gov.uk/government/publications/free-school-application-guide>; Converter academies are usually strongly performing schools, or schools on an upward performance trajectory, prior to converting to academy status; Sponsored academies are usually underperforming schools prior to converting to academy status. They are run via an AT by sponsors; For further details of types of academies please see annex 7.

Figure 13: Number of academies and free schools¹⁷ by type and provision open at 31 July 2021, including the number opened during the year to 31 July^{18, 19} (source: <https://get-information-schools.service.gov.uk/>)

	Provision type					Total
	Academy type	Primary	Secondary	Special	Alternative provision	
Total open at 31 July 2021	Sponsored	1,624	777	78	28	2,507
	Converter	4,481	1,656	278	76	6,491
	Free school	221	299	61	49	630
	Total	6,326	2,732	417	153	9,628
Number opened in year to 31 July 2021	Sponsored	71	32	12	3	118
	Converter	250	33	7	4	294
	Free school	23	15	17	2	57
	Total	344	80	36	9	469

At 31 July 2021, 45% of state-funded schools were operating as academies, although this proportion varied by type of provision, as shown in figure 14. While academies accounted for 79% of all secondary provision, they accounted for between 38% and 44% of other types of provision. Additionally, as there are fewer state-funded secondary schools than primary schools, a smaller number of secondary academies represents a bigger proportion of state-funded secondary schools.

Figure 14: Proportion of state-funded schools operating as academies by provision type at 31 July 2021^{20, 21} (source: <https://get-information-schools.service.gov.uk/>)



¹⁷ Free school figures include studio schools and UTCs but exclude CTCs.

¹⁸ Restated for 31 August 2021 in annex 1.

¹⁹ Sponsored academies are established and managed by sponsors from a wide range of backgrounds, including high performing schools and colleges, universities, individual philanthropists, businesses, the voluntary sector, and the faith communities. Converter academies are former schools which have chosen to convert to academy status.

²⁰ As at 31 August 2021, 45% of schools were operating as academies.

²¹ Further detail can be found in annex 2.

Academies as a proportion of state-funded provision continued to vary by Local Authority (LA). Of the 152 LAs with state-funded schools in England, 151 offered state-funded primary provision. 52 LAs had at least 50% of their state-funded primary provision operating as academies. All except one LA that had some state-funded primary schools had some that were academies, showing that academies are prevalent throughout England. Five LAs had over 90% primary academy provision, with four having less than 5% primary academy provision.

State-funded secondary level provision was provided by 151 LAs. All LAs that provided secondary state-funded provision had secondary academies, with nearly four out of five state-funded secondary schools being an academy. There were 21 LAs where all secondary provision was through academies, and a further 136 where 50% or more were academies. All LAs had at least 10% of their secondary provision being academies.

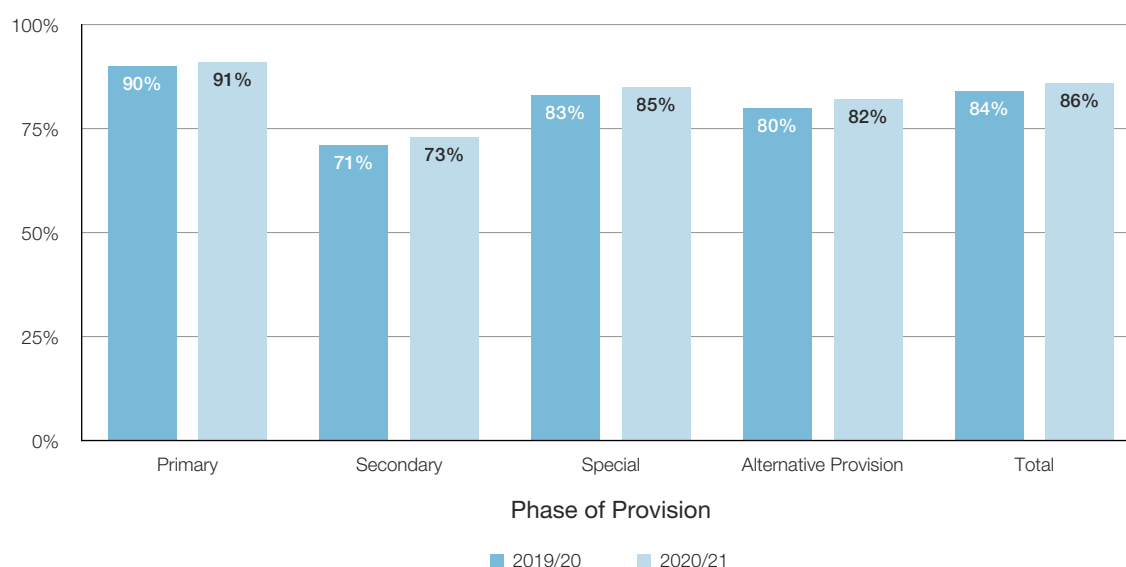
State-funded special provision was offered by 150 LAs. 27 of these LAs had no academy special provision and 15 LAs had 100% academy provision.

There were 141 LAs with state-funded alternative provision, of which 58 LAs had no academy alternative provision. There were 63 LAs with 50% or more – including 37 with 100% academy alternative provision.

Multi Academy Trusts

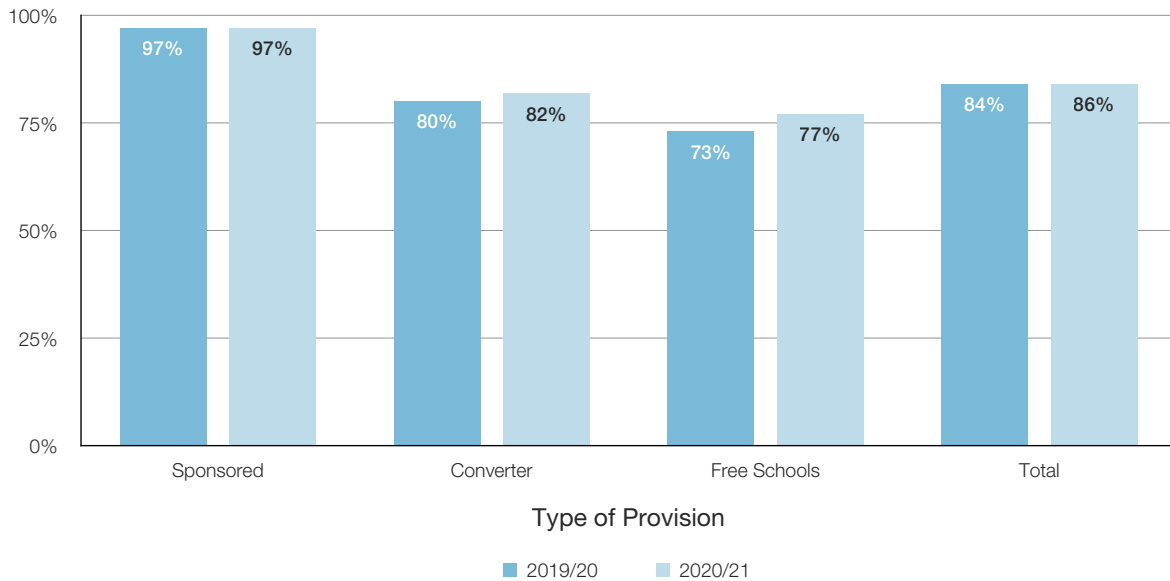
At 31 July 2021, there were 8,240 (86%) academies (including free schools, studio schools and UTCs) in trusts with more than one academy, forming 1,198 multi academy trusts, (compared to 7,730 academies in 1,192 multi academy trusts with more than one academy at 31 July 2020). There were 1,386 academies, free schools, studio schools and UTCs in a single academy trust, or in a MAT with only one academy. Figures 15a & 15b show the number of MATs broken down by phase and type of academy.

Figures 15a and 15b: Percentage of academies in a trust with more than one academy as at 31 July 2021 by phase and type^{22, 23}.



²² Restated for 31 August 2021 in annex 1. Available at: <https://get-information-schools.service.gov.uk/>

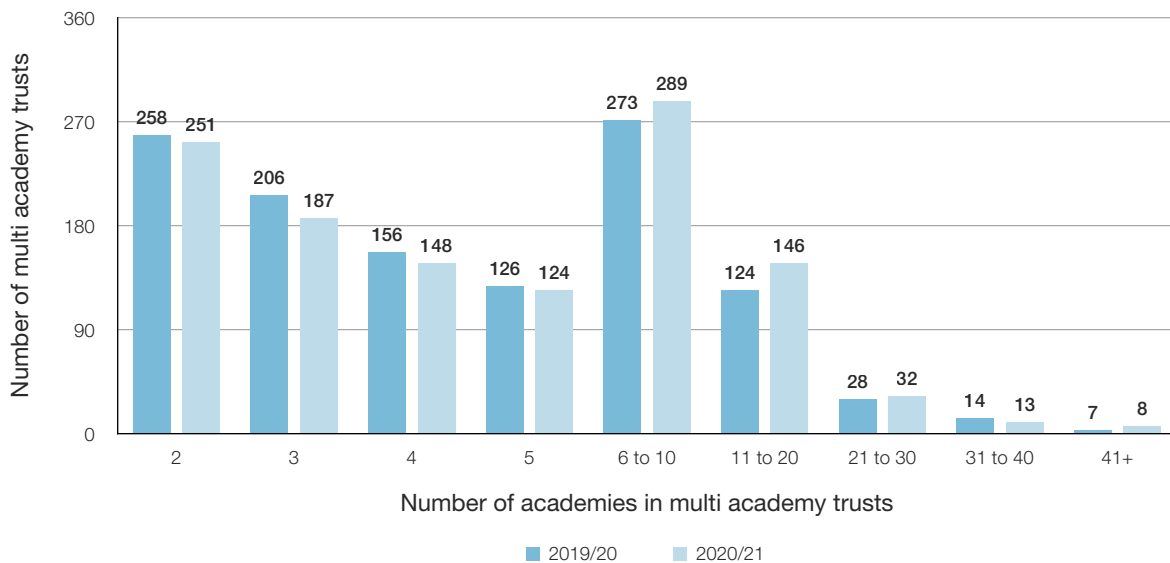
²³ Sponsored academies are established and managed by sponsors from a wide range of backgrounds, including high performing schools and colleges, universities, individual philanthropists, businesses, the voluntary sector, and the faith communities. Converter academies are former schools which have chosen to convert to academy status.



As of July 2021, sponsored academies were more likely to be part of a MAT than other types of academies as the majority of sponsoring trusts were academy converters. More information on academy sponsorship is provided in the following section.

The mean number of academies in MATs with more than one academy was seven. The smallest had two academies (although some ATs with one academy were technically constituted as MATs), while the largest had 76. Figure 16 shows the variation in the number of academies per MATs.

Figure 16: Number of academies in multi academy trusts as at 31 July 2021 ²⁴
 (source: <https://get-information-schools.service.gov.uk/>)



²⁴ Restated for 31 August 2021 in annex 1.

Academy Sponsorship

Underperforming schools should be supported by a sponsoring AT. Sponsoring trusts support their academy schools to improve standards. The AT is ultimately responsible for the academy's educational performance, governance and financial management.²⁵

Sponsoring trusts can be established from different backgrounds including universities, independent schools, businesses, charities, faith organisations, as well as existing multi and single academy trusts. In order to be approved as a sponsoring trust the organisation needs to demonstrate it has the capacity and capability, through the AT, to drive up standards and provide effective school improvement. The relevant Regional Schools Commissioners (RSCs), advised by their Head Teacher Board (HTB) for the region, take decisions on sponsor applications.

Strengthening Trusts' Boards

The Department funded the Academy Ambassadors programme²⁶. Academy Ambassadors provided a free, bespoke recruitment service matching high-calibre business professionals with MATs looking to strengthen their boards. For the period 1 August 2020 to 31 July 2021, funded by the Department, the programme resulted in 355²⁷ experienced leaders providing support to MATs by joining trust boards as non-executive directors/trustees (351 leaders joined boards between 1 August 2019 and 31 July 2020²⁸).

How Academies Support School Improvement As 'System Leaders'

Academies take part in a range of school improvement programmes. These include:

Teaching schools (TS): These were strong schools with responsibility for collaborating with other institutions in their local area to deliver initial teacher training (ITT), professional development, succession planning, school-to-school support and research and development. The teaching school programme ended on 31 August 2021.

Since September 2021, a national framework of 87 Teaching School Hubs (TSHs) commenced delivery. These school-based centres of excellence deliver the Early Career Framework, reformed National Professional Qualifications, Initial Teacher Training, act as an Appropriate Body and offer other evidence-based CPD.

National Leaders of Education (NLEs): These are head teachers of strong schools who, together with the staff from their school, use their skills and experience to aim to improve the quality of teaching and leadership in schools in challenging circumstances. As at 1 June 2021, there were 978 NLEs, of which 649 were NLEs drawn from Academies (compared to 1,018 NLEs, of which 664 were within Academies as at 31 August 2020).

Between May 2020 and July 2021 NLEs support focused on those schools and trusts most vulnerable as a result of the pandemic.

In Summer 2018, the Department carried out an internal review of system leadership programmes, including Teaching Schools, NLEs and National Leaders of Governance (NLGs). At this point, the Department paused any further system leadership designations.

In its Recruitment and Retention Strategy (January 2019), the Department committed to carrying out a wholesale review of system leadership designations, to ensure that the support offered to underperforming schools is as strong as possible.

²⁵ Further information on a trust's responsibility can be found in the Academy Trust Handbook: <https://www.gov.uk/guidance/academy-trust-handbook>

²⁶ Academy Ambassadors programme: <https://www.academyambassadors.org/>

²⁷ A further 14 appointments were made in August 2021.

²⁸ A further 18 appointments were made in August 2020.

In May 2019, as part of the Department's review of system leadership, Ministers asked Ian Bauckham CBE, CEO of The Tenax Schools Trust to chair an advisory group, made up of headteachers, executive headteachers and MAT CEOs from across the country, to provide advice on improvements to the NLE programme.

The Department accepted the NLE advisory group's report of recommendations²⁹ including investing, for the first time, in the best professional development for NLEs and widening the scope of the school improvement offer to include not only NLEs but also Trust leaders who will not need to be designated.

From Spring 2022, we began the process of designating a new cadre of NLEs who will have a specific remit to support school improvement in maintained schools, where a suitable match with a trust leader cannot be achieved. In the first instance we looked to strong trusts to provide the support as we believe that provides the best framework for sustained improvement.

NLGs: NLGs are highly effective chairs of governors who support chairs of governors in other schools. The volunteer NLG programme ended in August 2021. The Department published NLG advisory group recommendations on NLG Reform³⁰ in September 2020. The Department accepted the recommendations, and the reformed NLG programme will be delivered from Academic Year 2021/22.

Maths hubs (MHs): Maths hubs are responsible for delivering the Teaching for Mastery programme, which promotes a pedagogical method of teaching based on approaches seen in top performing international jurisdictions. There are 40 Maths hubs across the country which act as a national network of schools that harnesses local maths leadership and expertise through a school-led model of school-to-school support to encourage the development and reach of excellence in the teaching of mathematics.

Computing hubs: The National Centre for Computing Education (NCCE) is responsible for coordinating a national network of school-based computing hubs. There are currently 30 hubs and 5 satellite hubs which provide an effective network of support to ensure that computing teachers in primary and secondary schools and further education (FE) colleges have access to a wide range of high quality continuous professional development (CPD); draw in local expertise to provide a range of CPD opportunities for all teachers; and build local expertise and capacity for school-to-school support, including work plans to improve poor performing schools.

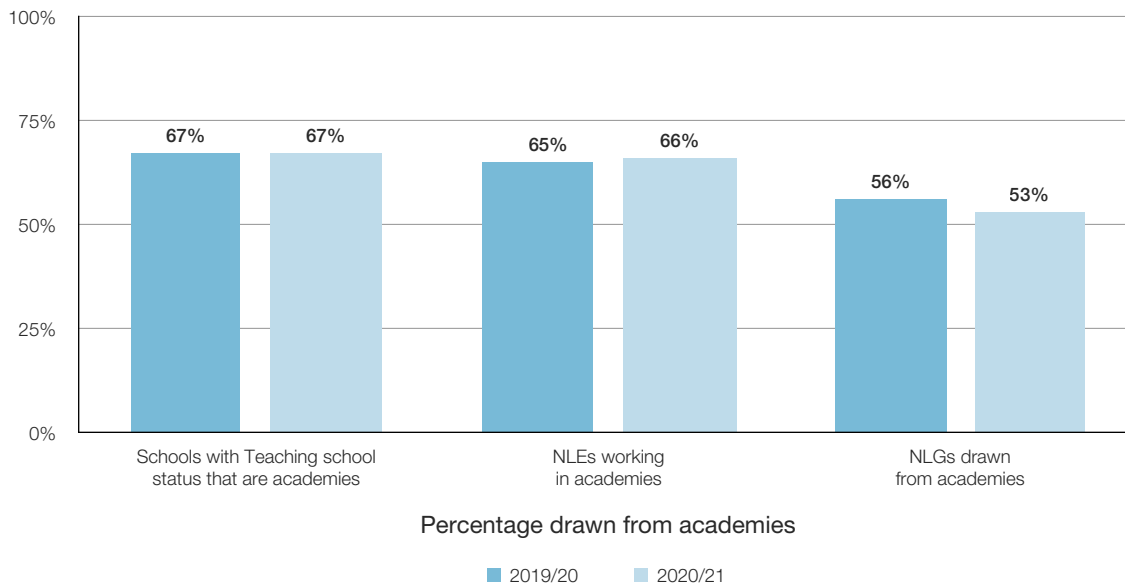
English hubs: English hubs are a network of 34 schools with excellent early language and reading teaching, backed by £43.3 million of funding (the £26.3 million programme was launched in 2018, with £17 million subsequently invested). English hubs are working to increase reading standards across the country and to improve educational outcomes for the most disadvantaged children, particularly in underperforming schools. The three main aims of the English hubs programme are: excellent phonics teaching, early language development and reading for pleasure.

²⁹ <https://www.gov.uk/government/publications/review-of-the-national-leaders-of-education-nle-programme>

³⁰ <https://www.gov.uk/government/publications/nlg-advisory-group-reform-recommendations>

Figure 17: Academies designated and funded to take part in school improvement programmes

Academies Providing School Improvement Support



Supporting Schools to maximise value from resources

The Department has continued to support schools and trusts get the best value from every pound they receive. Working with the sector, our School Resource Management Programme³¹ provides support to schools to help them target their resources to improve the education of pupils. To achieve this, a dedicated School Resource Management Division was created in October 2020 to help further promote and develop our offer across the sector.

Our portfolio of support includes:

- Guidance to help schools reduce costs on regular purchases, recruitment, and non-teaching expenditure.
- Access to financial information to help identify opportunities for saving and help school leadership to make better informed decisions.
- Direct support through our successful School Resource Management Adviser (SRMA) Programme

³¹ Source school resource management hub: <https://www.gov.uk/government/collections/schools-financial-health-and-efficiency>

We have continued to develop our School Resource Management offer to help schools get the best out of their budgets. In 2020-21, this has included:

- Adapting the SRMAs programme to provide bespoke, expert advice to meet the changing needs of the sector. SRMAs have proved to be a valuable resource to help schools, trusts and local authorities navigate the impact of Covid and manage the challenges of schools reopening. In the period 1 August 2020 to 31 July 2021, SRMAs completed 359, identifying opportunities for £115.3m³² savings. In the same period, 155 schools and trusts supported by an SRMA told us they are planning savings of £23.2m (non-repeated) over 3 years.³³
- Further developing the schools financial benchmarking service and the View My Financial Insights tool, by improving their functionality which allowed schools, trusts and Local Authorities to compare their spending with similar schools and trusts to identify if, where and how changes to their spending could improve educational outcomes for pupils.
- Further development of the Teaching Vacancies offer, gaining traction within the sector and building awareness in the job seeking community. As of the 31 July 2021, 80% (17,606) of state funded schools in England had signed up to use the service (compared with July 2020, where 72% (15,845) of state funded schools in England had signed up use the service).
- Further developing the Risk Protection Arrangement (RPA) for schools, helping schools to reduce their insurance costs and manage risks proactively.³⁴ Over 6000 academies and 439 maintained schools are members of the scheme.³⁵
- Initiated a digital offer supporting schools as they transitioned from using digital technology to support remote learning to using digital technology to enhance teaching and learning within schools.

In Spring 2022, the Department published an updated strategy 'Schools Resource Management: building a stronger system', setting out its vision for the next 3-5 years. For more information, see section 17, "Events after the reporting period".

³² This figure is for non-repeated savings in the three-year period following a visit. For example, if an action is estimated to save a school £10,000 each year for three years, only £10,000 is recorded as a saving. This figure does not include revenue generation opportunities or potential savings considered of low achievability. This is consistent with the Department's targets and internal reporting and with the SRMA data included in the Financial sustainability of schools in England - National Audit Office (NAO) report (November 2021).

³³ For the period 1 August 2020 to 31 August 2021, SRMAs completed 396 completed deployments, identifying opportunities for £125.2m savings. In the same period, 180 schools and trusts supported by an SRMA told us they are planning savings of £28.7m (non-repeated) over 3 years.

³⁴ <https://www.gov.uk/guidance/the-risk-protection-arrangement-rpa-for-schools>

³⁵ Schools Commercial: Performance of Initiatives (publishing.service.gov.uk)

Equality and provision for vulnerable and disadvantaged pupils

Statistics on pupil characteristics in academies are obtained on an annual basis through the School Census, with information in this report taken from the January 2021 results, to be congruent with the reporting period.

Gender

The gender split in primary academies is broadly in line with the national average. Boys represent 50.6% of the pupils in primary free schools, 50.9% in primary converter academies and 51.2% in primary sponsored academies, compared with 50.9% across all state-funded primary schools. 54.9% of pupils at secondary free schools and 49.5% of pupils at secondary converter academies are boys, compared with 50.2% across all state-funded secondary schools (see figure 18). At secondary sponsored academies 51.3% of pupils are boys and 48.7% girls.

Ethnicity

Free schools and sponsored academies have a higher percentage of minority ethnic pupils than the national average. Conversely, converter academies have a lower percentage of minority ethnic pupils than the national average.

In 2021, across all state-funded primary schools, 33.9% of pupils were from a minority ethnic group, with the split in academies as follows:

- Free schools: 58.5%
- Sponsored academies: 37.5%
- Converter academies: 30.4%

In 2021, across all state-funded secondary schools, 33.1% of pupils were from a minority ethnic group, with the split as follows:

- Free schools: 53.9%
- Secondary sponsored academies: 34.4%
- Converter academies: 29.2% (see figure 18).

Figure 18: Distribution of gender and ethnicity of pupils split by type and phase of academy as at January 2021 (source: School Census January 2021)

	Sponsored	Converter	Free Schools ³⁶	LA Maintained	All state-funded
Mainstream Primary Schools					
Gender					
Boys	51.2%	50.9%	50.6%	50.9%	50.9%
Girls	48.8%	49.1%	49.4%	49.1%	49.1%
Ethnicity					
White	70.9%	75.8%	50.5%	72.1%	72.8%
Mixed	6.9%	6.1%	11.4%	6.8%	6.7%
Asian	11.4%	10.2%	23.1%	11.7%	11.4%
Black	6.4%	4.5%	8.2%	5.5%	5.3%
Chinese	0.3%	0.5%	0.7%	0.5%	0.5%
Any other ethnic group	2.4%	1.7%	3.5%	2.2%	2.1%
Unclassified	1.6%	1.3%	2.5%	1.2%	1.3%
Total³⁷	100%	100%	100%	100%	100%
Minority ethnic pupils ³⁸	37.5%	30.4%	58.5%	34.5%	33.9%
Mainstream Secondary Schools					
Gender					
Boys	51.3%	49.5%	54.9%	49.9%	50.2%
Girls	48.7%	50.5%	45.1%	50.1%	49.8%
Ethnicity					
White	70.9%	75.0%	50.5%	69.0%	71.8%
Mixed	6.2%	5.6%	8.5%	6.3%	6.0%
Asian	10.4%	10.9%	21.8%	13.0%	11.7%
Black	7.4%	4.6%	10.5%	7.5%	6.1%
Chinese	0.3%	0.5%	0.4%	0.4%	0.4%
Any other ethnic group	2.6%	1.6%	3.6%	2.2%	2.0%
Unclassified	2.3%	1.7%	4.7%	1.7%	2.0%
Total³⁷	100%	100%	100%	100%	100%
Minority ethnic pupils ³⁸	34.4%	29.2%	53.9%	36.7%	33.1%

36 Including studio schools and UTCs

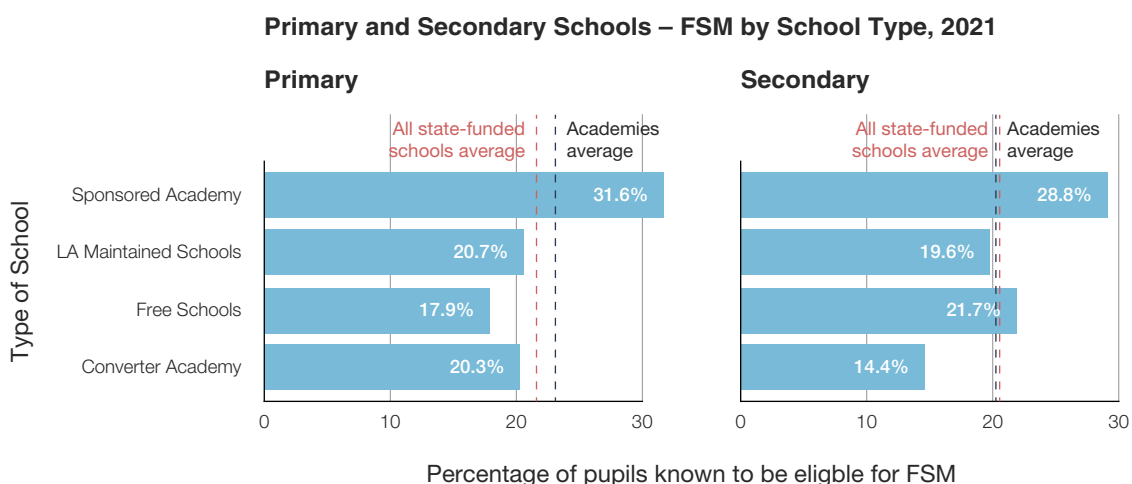
37 Numbers may not sum due to rounding.

38 Includes all pupils classified as belonging to an ethnic group other than White British (excludes unclassified).

Pupils eligible for free school meals

Overall, the percentage of pupils known to be eligible for free school meals (FSM) in primary academies is higher than the national average across all state-funded primary schools. In January 2021, 23.1% of primary academy pupils were known to be eligible for FSM³⁹, compared with 21.6% across all state-funded primary schools (see figure 19). Conversely, the percentage of FSM pupils in all secondary academies is slightly lower than the average across all state-funded schools. In secondary academies, 18.7% of pupils were known to be eligible for FSM compared with 18.9% across all state-funded secondary schools.⁴⁰

Figure 19⁴¹: Percentage of pupils known to be eligible for FSM by type and phase of academy as at January 2021



Secondary Free Schools in figure 19 above includes UTC and studio schools.

In primary and secondary sponsored academies, there is a higher percentage of pupils known to be eligible for FSM than the national average. At primary level, 31.6% of pupils in sponsored academies are known to be eligible for FSM compared with 21.6% across all state-funded primary schools. Sponsored academies typically replaced underperforming schools, which tend to be in areas with higher levels of deprivation, which in turn leads to a higher proportion of pupils eligible for free school meals. In primary free schools, 17.9% of pupils are known to be eligible for FSM, below the average for all state-funded primary schools. In secondary sponsored academies, 28.8% of pupils are known to be eligible, compared with 18.9% in all state-funded secondary schools. In secondary free schools, 21.7% of pupils are known to be eligible for FSM.

39 Based on all full-time pupils aged 15 and under, and part-time pupils aged 5 to 15.

40 Schools, Pupils and their Characteristics: January 2021: <https://explore-education-statistics.service.gov.uk/find-statistics/school-pupils-and-their-characteristics>

41 Details in table A in annex 3.

Special educational needs

The law and statutory guidance on special educational needs (SEN)⁴² and exclusions⁴³ apply equally to academies and LA maintained schools. Under the Children and Families Act 2014, academies have a duty to promote and safeguard the education of children and young people with SEN.

Academies have a similar proportion of pupils with SEN to that of all state-funded schools. Sponsored academies have a higher percentage of pupils with SEN than the national average, whilst converter academies and primary free schools are below the national average.⁴⁴

In January 2021, across all state-funded primary schools, 14.6% of pupils were identified as having a special educational need (including both SEN Support and education, health and care plans or SEN statements). In primary sponsored academies, the percentage was 16.5% and in primary converter academies it was 14.1%. In primary free schools, 12.1% of pupils were identified as having SEN.

Across all state-funded secondary schools, 13.5% of pupils were identified as having SEN. In secondary sponsored academies, the percentage was 16.0% and in secondary converter academies it was 12.1%. In secondary free schools, UTCs and studio schools, 14.6% of pupils were identified as having SEN (see figure 20 and Table B in annex 3).

Special academies have close to 100% of pupils with some SEN requirement, with almost all having a statement of SEN or an Education, Health and Care (EHC) plan – see Table B, annex 3. Proportions of EHC plan / SEN statements and support across all types of state-funded special schools are similar.

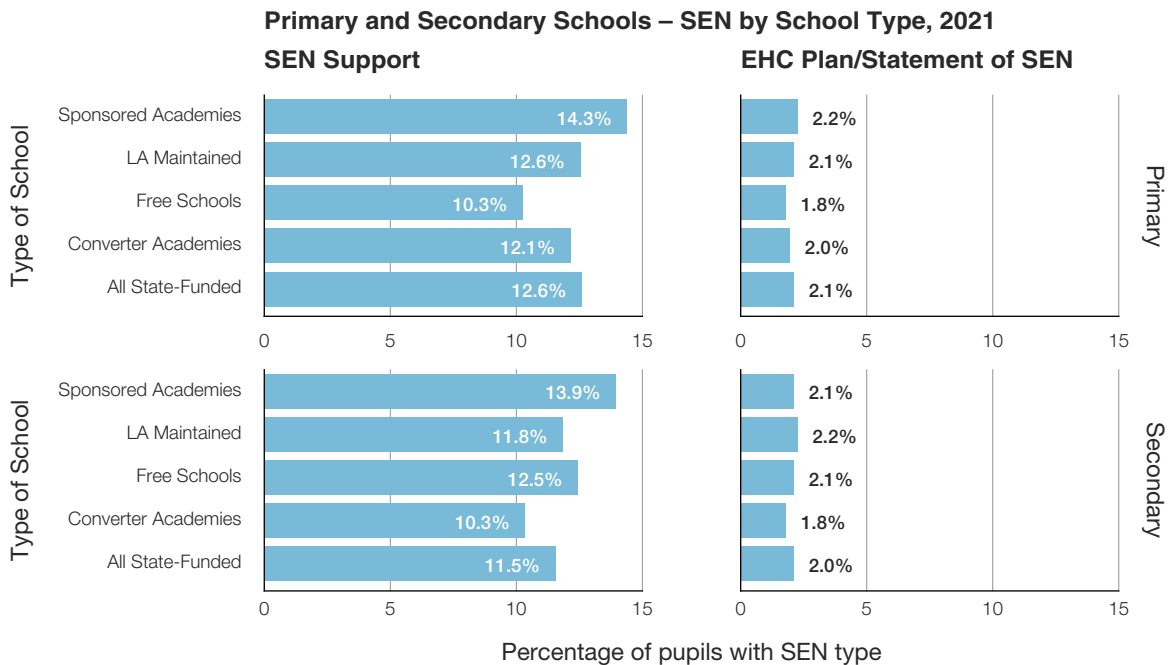
Although offering a different type of provision, over three-quarters of pupils in alternative provision (AP) in 2021 had SEN requirements, but with a smaller proportion having a statement of SEN or EHC plan than in special academies. Converter AP academies had 87.0% of pupils identified as SEN in 2021, while sponsored AP academies had 72.0%, both slightly lower than LA provision. AP free schools had 73.0% of pupils identified as SEN.

42 The Children and Families Act 2014: <http://www.legislation.gov.uk/ukpga/2014/6/contents/enacted> and the associated SEND Code of Practice: <https://www.gov.uk/government/publications/send-code-of-practice-0-to-25>

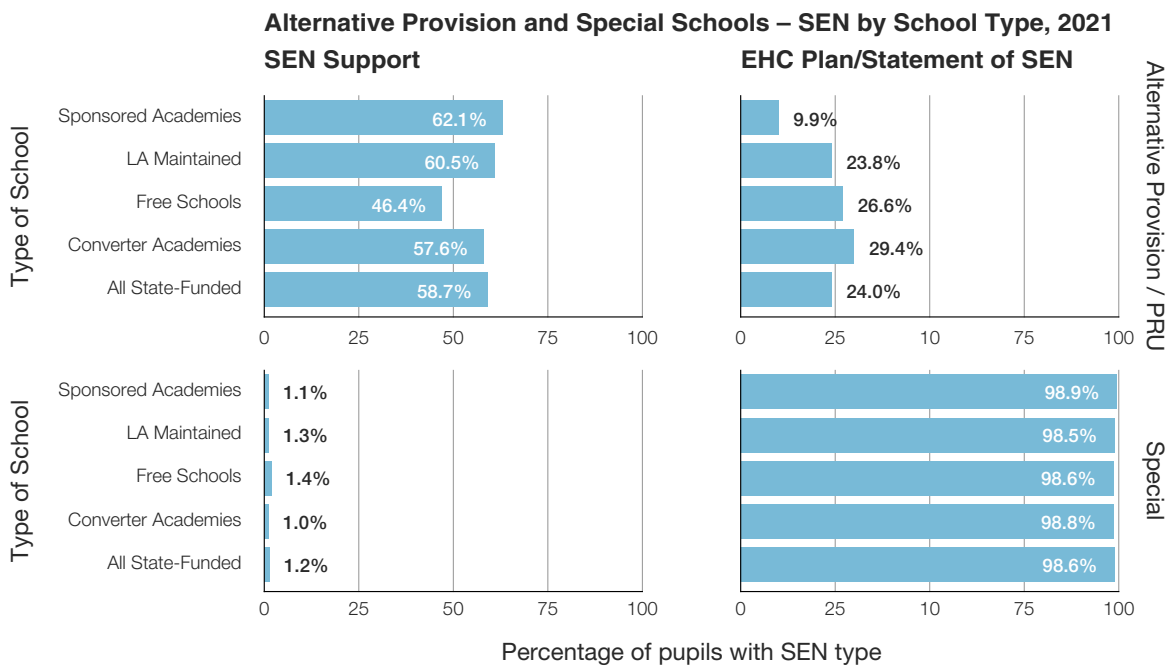
43 Statutory guidance on school-exclusion: <https://www.gov.uk/government/publications/school-exclusion>

44 Special Educational needs in England: January 2021, <https://explore-education-statistics.service.gov.uk/find-statistics/special-educational-needs-in-england>

Figure 20⁴⁵: Special educational needs split by type and phase of academy as at January 2021



Alternative provision and special schools – SEN by school type, 2021



45 Details in table B in annex 3.

Educational Performance

Due to the continuation of the COVID-19 pandemic, the summer exam series for the 2020/21 academic year was cancelled.⁴⁶

Instead, for 2020/21, pupils were only assessed on the content they had been taught for each course. Schools were given flexibility to decide how to assess their pupils' performance, for example, through mock exams, class tests, and non-exam assessment already completed. GCSE grades were then determined by teachers based on the range of evidence available and they are referred to as teacher-assessed grades, or TAGs.

This is a different process to that of 2019/20 when pupils were awarded either a centre assessment grade (CAGs, based on what the school or college believed the pupil would most likely have achieved had exams gone ahead) or their calculated grade using a model developed by Ofqual – whichever was the higher of the two.

The changes to the way GCSE grades have been awarded over the last two years (with CAGs and TAGs replacing exams) mean that year on year changes in the statistics reported below likely reflect the different process for awarding grades in 2021 rather than changes in the underlying performance of students or particular school types.

The Department has published national KS4 and 16-18 attainment statistics for 2021⁴⁷, reflecting grades awarded to students in August 2021.

Primary tests and assessments were cancelled for summer 2021 and no alternative data exists.

Performance at primary academies

Primary assessments did not take place in summer 2021 due to the COVID-19 pandemic. Most schools continued to use assessment to inform teaching, to enable them to give information to parents on their child's attainment in their statutory annual report and to support transition to secondary school. The latest official information available is the analysis of the 2019 KS2 assessments available in the 2018/2019 report.

Performance at secondary academies

Attainment in 2021 in English and Maths by school type can be found in figure 23a. Other headline measures of attainment can be found in the KS4 performance data publication⁴⁸.

The way GCSE grades have been awarded has changed between 2019 and 2021; from exams to centre assessment grades to teacher assessed grades. However, over those three years, converter academies continued to have, on average, higher attainment than state-funded mainstream schools. Conversely, sponsored academies and studio schools continued to perform below the state-funded average.

46 School and college accountability approach: 2020 to 2022 - GOV.UK (www.gov.uk)

47 KS4: <https://www.gov.uk/government/statistics/key-stage-4-performance-2021>

16-18: <https://explore-education-statistics.service.gov.uk/find-statistics/a-level-and-other-16-to-18-results/2019-20>

48 Key stage 4 performance: Key stage 4 performance, Academic Year 2020/21 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)

Figure 23a – 2021 percentage of pupils:

Academy Type	Percentage of pupils who achieved a 9-4 pass in English and Maths in 2021
Sponsored academies	64.5%
Converter academies	77.8%
Free schools	75.9%
University technical colleges	71.8%
Studio schools	60.3%
Local authority maintained mainstream schools	73.1%
All state-funded mainstream schools	73.7%

Figure 23b – 2020 percentage of pupils:

Academy Type	Percentage of pupils who achieved a 9-4 pass in English and Maths in 2020
Sponsored academies	63.4%
Converter academies	77.0%
Free schools	74.6%
University technical colleges	67.2%
Studio schools	60.2%
Local authority maintained mainstream schools	72.0%
All state-funded mainstream schools	72.6%

Figure 23c – 2019 percentage of pupils ⁴⁹:

Academy Type	Percentage of pupils who achieved a 9-4 pass in English and Maths in 2019
Sponsored academies	55.1%
Converter academies	71.1%
Free schools	67.3%
University technical colleges	51.7%
Studio schools	45.5%
LA maintained mainstream schools	64.6%
All state-funded mainstream schools	65.9%

In 2021, Progress 8 measures for schools were not published (as a consequence of the changed method of awarding GCSE exam grades to pupils). Attainment 8⁵⁰ scores were calculated, and the following table shows the variation by school type for both 2020 and 2021. Again, year-on-year comparisons are not valid for estimating school improvements though do provide context to the trends seen within the data between school types. For example, the 2020/21 figures do show that (as in 2020), converter academies continue to have on average higher Attainment 8 rates than other academy school types and state-funded mainstream schools.

49 Key stage 4 performance: Key stage 4 performance 2019 (revised) – GOV.UK (www.gov.uk)

50 Information on Attainment 8 and how it is calculated can be found at secondary accountability measures (including Progress 8 and Attainment 8) – <https://www.gov.uk/government/publications/progress-8-school-performance-measure>

Figure 24a – 2021 Attainment 8 scores by school type

	Average Attainment 8 score in 2021
Sponsored academies	46.6
Converter academies	54.4
Free schools	53.4
University technical colleges	46.5
Studio schools	43.2
Local authority maintained mainstream schools	51.5
All state-funded mainstream schools	51.9

Figure 24b – 2020 Attainment 8 scores by school type

	Average Attainment 8 score in 2020
Sponsored academies	46.1
Converter academies	53.7
Free schools	52.0
University technical colleges	44.4
Studio schools	41.4
Local authority maintained mainstream schools	50.5
All state-funded mainstream schools	51.1

Figure 24c – 2019 Attainment 8 score by school type

	Average Attainment 8 score in 2019
Sponsored academies	42.0
Converter academies	50.4
Free schools	48.3
University technical colleges	38.2
Studio schools	36.5
Local authority maintained mainstream schools	46.7
All state-funded mainstream schools	47.6

Performance at academies with post-16 provision

Students scheduled to sit GCSE and A/AS level exams in 2021 were awarded TAGs. Students were only assessed on the content they had been taught.

For vocational and technical qualifications (VTQs) in 2020, where centre assessment was used, grades were often at unit level, and many awarding organisations were able to use assessments already completed during the course as a basis for calculating the results they issued. For some qualifications adapted assessment meant calculation was not needed. Similarly in 2021 some VTQ grades were decided using teacher-assessed grades, others using normal assessment routes, and some through adapted assessment such as remote invigilation.

The headline attainment measures highlighted in this report are based on results that students achieved by the end of their 16 to 18 study. Whilst students typically enter most exams in their final year of study, the attainment measures labelled as 2021 will include some results from previous years. The full set of attainment and retention statistics for 2020/21 are published in the statistical release⁵¹ 'A level and other 16 to 18 results: 2021'.

In 2021, with the alternative process to award grades, all types of state-funded schools had higher attainment as measured by average point score (APS) per entry across academic, applied general, and tech level exam cohorts when compared to 2019. Across all state-funded schools the increase of 7.9 points for the academic cohort equates to an increase of about 8/10ths of an A level grade compared to 2019, bigger than the increases observed in VTQ compared to 2019. In 2021 converter academies had a higher APS per entry for academic, applied general and tech level exams than sponsored academies. A change from 2019, when all awards were based on students sitting exams, where sponsored academies scored higher in applied general. Though in both 2021 and 2019 the APS Score for applied general qualifications of converter and sponsored academies are very similar.

Figure 25a: APS per entry for Academic, Applied General and Tech Level Qualifications, in 2021

16-18 APS per entry, 2021	Academic	Applied General	Tech Level
Local authority maintained mainstream schools	40.58	33.89	36.26
Sponsored academies – mainstream	38.54	34.09	34.89
Converter academies – mainstream	41.34	34.27	37.02
Free schools	40.77	33.56	38.03
Free schools (16-19)	42.49	35.58	34.10
University technical colleges (UTCs)	35.75	32.69	33.07
Studio schools	37.30	31.63	31.20
All state-funded schools	40.96	34.14	35.71

Figure 25b: APS per entry for Academic, Applied General and Tech Level Qualifications, in 2019

16-18 APS per entry, 2019	Academic	Applied General	Tech Level
Local authority maintained mainstream schools	32.12	28.73	31.86
Sponsored academies – mainstream	28.32	29.33	31.17
Converter academies – mainstream	33.99	29.29	32.98
Free schools	29.76	28.82	37.01
Free schools (16-19)	37.48	31.02	30.09
University technical colleges (UTCs)	22.79	30.51	31.11
Studio schools	25.39	27.55	30.33
All state-funded schools	33.07	29.21	32.12

It is important to note that prior attainment at KS4 is not taken into account in these figures. The ability of the student intake may vary significantly across institution types and therefore impact on the patterns seen in the results. For example, sponsored academies may have lower prior attainment due to their background as typically underperforming schools that are taken over by a sponsor.

⁵¹ 16-18 attainment data: <https://explore-education-statistics.service.gov.uk/find-statistics/a-level-and-other-16-to-18-results>

Converter academies and independent schools have the largest number of students that entered A/AS level qualifications (46.2% and 12.7% of the total number of A level students respectively). Similarly, 39.1% of students that enter approved applied general qualifications programmes are in converter academies, but the second largest number of students are in 'other FE sector' colleges (21.2%). In contrast, over half (56.2%) of students entered for tech level qualifications are in other FE sector colleges. For technical certificate qualifications at level 2, 85.2% of students are in other FE sector colleges.

Retention measures

Performance in retention measures is based on recording by schools and colleges whether the student "completed the learning activities leading to the learning aim". Due to the impacts of COVID 19, students may have a learning aim marked as complete when just part of the syllabus had been delivered in 2020/21. In 2020/21 the rules for triggering students for reporting changed, resulting in fewer students being reported. Compared to the previous trigger rules, this change increased the retention rates of all level 3 cohorts by approximately 1%. Information on the trigger change can be found in the publication.⁵²

Figures 26a and 26b show the percentage of state-funded students at the end of 16 to 18 study, who are retained to the end of their main level 3 study programme (core aim) at a provider, by institution type.

Figure 26a: Percentage retained for Academic, Applied General and Tech Level Qualifications, in 2021

Percentage of students retained, 2021	Academic	Applied General	Tech Level
Local authority maintained mainstream schools	95.0	88.1	86.0
Sponsored academies – mainstream	92.9	86.5	87.6
Converter academies – mainstream	95.4	88.6	90.7
Free schools	89.4	88.1	70.7
Free schools (16-19)	93.9	88.6	100.0
University technical colleges (UTCs)	83.8	89.9	88.2
Studio schools	93.4	86.9	87.5
All state-funded schools	94.9	88.1	88.9
Sixth Form Colleges	91.8	91.2	92.1
Other FE sector colleges	90.6	93.3	91.4
All FE sector colleges	91.4	92.9	91.4
All state-funded mainstream providers	94.1	89.9	90.6

⁵² A level and other 16 to 18 results, Academic Year 2020/21 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)

Figure 26b: Percentage retained for Academic, Applied General and Tech Level Qualifications, in 2019

Percentage of students retained, 2019	Academic	Applied General	Tech Level
Local authority maintained mainstream schools	92.8	84.2	83.3
Sponsored academies – mainstream	91.2	83.8	80.2
Converter academies – mainstream	93.5	85.9	85.7
Free schools	92.3	85.7	78.1
Free schools (16-19)	90.5	94.8	78.0
University technical colleges (UTCs)	74.0	85.8	82.5
Studio schools	80.3	87.8	85.2
All state-funded schools	93.0	85.1	83.6
Sixth Form Colleges	87.2	88.7	88.0
Other FE sector colleges	85.7	89.6	89.9
All FE sector colleges	86.6	89.4	89.8
All state-funded mainstream providers	91.3	86.5	87.9

Headline retention rates continue to increase in 2020/21, following falls in 2018/19. This increase may reflect an impact of COVID-19 on reporting or changes to the trigger rule as outlined above. A level programmes at converter academies had the highest retention rate (95.4%). Sponsored academies had a retention rate of 92.9%. Meanwhile, UTCs had the lowest retention rate (83.8%), however this is a particularly large increase from 2018/19.

Academies generally have higher retention rates than 'All FE sector colleges' in academic qualifications. However, in comparison in applied general and tech level qualifications academies generally have lower retention rates than 'All FE sector colleges'. Caution should be used when interpreting the retention rate of Free schools, Free schools (16-19), UTCs, and Studio schools due to low student numbers, in particular the tech level cohort (See Annex 3 D2 for a table of student numbers).

Susan Acland-Hood
Permanent Secretary
17 January 2023



Accountability Report

Corporate Governance Report

The purpose of the corporate governance report is to explain the composition and organisation of the Department's governance structures and to show how they support the achievement of the sector's objectives.

Statement of accounting officer's responsibilities

As the Principal Accounting Officer (AO) for the Department, I am responsible for the academies SARA.

Under the terms of my appointment as AO, I am responsible for ensuring that appropriate systems and controls are in place to ensure that:

- any grants that are made to the sector are properly accounted for;
- ATs are properly accountable for the grants they receive, for other sources of income and for the expenditure that this finances, including its regularity and propriety.

These sector accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the sector as a whole – including changes in taxpayers' equity, and cash flows for the academic year.

In preparing these accounts, I am required to comply with the requirements of the Government Financial Reporting Manual⁵³ (*FReM*) and in particular to:

- observe the Accounts Direction issued by HM Treasury (annex 4), including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;

- state whether the applicable accounting standards have been followed, as set out in the *FReM*, and disclose and explain any material departures in the accounts;
- prepare the accounts for the sector as a going concern; and
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

In addition to these responsibilities, and specifically with regard to the SARA, I am responsible for:

- agreeing the process for producing the SARA and for ensuring that relevant data is collected and processed accurately and appropriately;
- ensuring that there is an appropriate control environment for the production of the SARA.

I can confirm that I have discharged my responsibilities appropriately, and that:

- as far as I am aware, there is no relevant audit information of which the entity's auditors are unaware;
- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the entity's auditors are aware of that information;
- the SARA as a whole is fair, balanced and understandable;
- I take personal responsibility for the SARA and the judgements required for determining that it is fair, balanced and understandable.

⁵³ FRem 2020-21: <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

Governance Statement

Scope of responsibility

As the Permanent Secretary and Principal AO for the Department, I am responsible for ensuring there is an adequate framework in place to provide assurance that all resources are managed in an effective and proper manner, and that value for money is secured.

The sector operates under a strict system of accountability. The key features of this system are set out in the Department's system accountability statement.⁵⁴ ATs have statutory responsibilities under company and charity law, and are ultimately accountable – through me, and the ESFA AO – to Parliament.

Figure 27: System of accountability



Within this system, my officials have designed and implemented a robust governance framework. I have delegated specific responsibilities to both the Chief Executive of the ESFA and to ATs. These responsibilities are articulated within the Academies Trust Handbook (ATH).⁵⁵

I confirm that I have reviewed the effectiveness of internal control arrangements across the sector, through my review of the ESFA's work in overseeing financial management and governance.

⁵⁴ DfE Accountability System Statement: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/641079/Accounting_Officer_System_Statement_v2.pdf

⁵⁵ Academies Financial Handbook 2020: <https://www.gov.uk/guidance/academies-financial-handbook/academies-financial-handbook-2020-to-print>. A new version of the Academies Financial Handbook was published on 16 June 2021 and took effect on 01 September 2021. The name of the handbook was amended to the "Academy Trust Handbook": <https://www.gov.uk/guidance/academies-financial-handbook/academy-trust-handbook-2021>.

SARA consolidation process and internal controls:

The SARA is a consolidation of all AT financial statements in the sector during the reporting period.

The production of the SARA consolidation accounts has the following processes to ensure these accounts provide a ‘true and fair’ view:

- providing guidance to ATs through the Academies Accounts Direction (AAD)⁵⁶;
- relying on the external auditors appointed by each AT’s trustees who report on whether the accounts present a true and fair view of the AT’s financial performance and position;
- ATs are required to complete an annual Academies Accounts Return (AAR) to the Department⁵⁷ which is based on their financial statements for the reporting period. This return must be approved by an external auditor before submission to the Department;
- The FReM requires valuations to be completed on a depreciated replacement cost basis. As a result, the Department appoints independent professional valuers to prepare a RICs compliant methodology to value the land and buildings estate. This methodology is reviewed annually and a proportion of the individual valuations received each year are subject to validation and further challenge by management. This significantly changes the value of land and buildings reported by the sector which are reflected in the SARA accounts. Further details of valuation of land and buildings in the academy sector are outlined in note 2;
- Given the significance of the LGPS pension scheme values linked to judgement applied when applying pension assumptions, an independent expert is commissioned by management to review and consider the total disclosure aggregated from individual trust returns. The independent expert reviews the values reported and the range of assumptions applied across the sector to ensure the aggregate value is appropriate. This is outlined in more detail in note 15;
- management review of the AAR submissions from individual ATs is completed including a number of outlier tests and checks to ensure the information is accurate and fit for purpose;
- consideration by management and by The DfEs Audit and Risk Committee of the SARA consolidated accounts and the production process.

The Comptroller and Audit General is appointed to audit these consolidated SARA accounts.

Each AT’s financial statement includes a Governance Statement for the year ended 31 August 2021. This statement includes a section on the purpose of internal control and confirmation that an internal control system has been in place for the reporting period up to approval of the financial statements.

⁵⁶ <https://www.gov.uk/guidance/academies-accounts-direction>

⁵⁷ The accounts return: a return based on academy trusts’ annual accounts, required for the sector annual report and accounts, and for collecting benchmarking data. See: <https://www.gov.uk/guidance/academies-accounts-return>

Control framework at trust level

ATs are held to account through a contract with government and bound by both company and charity law. Each AT has a direct Funding Agreement with the SoS that sets out the conditions on which the trust receives funding, its responsibilities and the SoS's intervention powers.

ATs are responsible for:

- ensuring the quality of educational provision;
- challenging and monitoring the performance of their academies;
- overseeing the management of the trust's finance and property;
- overseeing the management of the staff;
- ensuring that the trust complies with charity and company law;
- operating in accordance with the funding agreement and the ATH, including ensuring that their financial statements are reviewed by external auditors to provide an audit opinion and conclusion on their regularity;
- providing accurate data returns to the Department.

The ATH covers the financial accountability requirements for ATs. It sets out the areas of HM Treasury's Managing Public Money⁵⁸ that directly apply to ATs. In addition, the Department's Governance Handbook⁵⁹ describes the elements of good governance to which trusts must give due regard. The ATH is updated annually to cover improvements to governance and financial management arrangements, reflecting the monitoring and feedback applied to the sector.

Department review processes

All academies are required to submit an annual census return that records pupil numbers and provides the basis on which main revenue funding allocations are agreed. The ESFA, on a sample basis, carries out a programme of funding audits at academies, to ensure that grant funding paid to academies is based upon accurate and complete data that is recorded in accordance with the funding policy and guidance provided by the Department. This year, due to the impact of the pandemic, all assurance reviews were desk-based.

During the programme of 2020 to 2021 audits, the ESFA identified that error rates relating to census data returns were similar to previous years at 0.11% (0.11% in 2019 to 2020).

Any new AT is required to complete a financial management and governance self-assessment (FMGS) return and submit it to the ESFA within three months of opening their first academy.

The FMGS return provides a self-assessment on the implementation of the ATH requirements within the new trust and is approved by the AT's board of trustees before submission, to provide accountability for the quality of the return.

An action plan is created for any areas where the trust is not compliant. This asks ATs to confirm the remedial action they intend to take to achieve compliance together with a timescale for implementation. All action plans are reviewed for completeness. Any outstanding returns are pursued by the ESFA.

A sample of FMGS returns are also selected for review.

In July 2019, the ESFA introduced a mandatory requirement to complete a School Resources Management Self-Assessment Tool (SRMSAT). The return was required April 2021 for all ATs open on 31 December 2020.

Any outstanding returns are pursued by the ESFA.

⁵⁸ Managing Public Money: <https://www.gov.uk/government/publications/managing-public-money>

⁵⁹ Governance Handbook, October 2020: <https://www.gov.uk/government/publications/governance-handbook>

The SRMSAT provides a self-assessment on how the AT adheres to the academy accountability framework. High level analysis is carried out on all returns, and this is used to assess risk. A sample of the SRMSAT returns are reviewed and used as a basis to carry out a Financial Management and Governance (FMG) review. Where we identify concerns, recommendations to achieve compliance are made to the AT.

During 2020/21, the ESFA did not identify serious concerns in the FMG review process. There were no identified major control weaknesses in financial management or governance but where weaknesses were identified, they were followed up with appropriate intervention.

In response to COVID-19, during 2020/21 additional grants were made available to academies. In response a programme of funding audits was carried out for all material COVID-19 grant schemes, and overall were satisfied trusts had used the funds appropriately.

It is best practice for ATs to make an annual assessment of their governance and report it in their governance statements. The assessment should include a review of the composition of their board – in terms of skills, effectiveness, leadership and impact – to ensure that the quality of governance remains high. The Governance Handbook⁶⁰ identifies a range of training material to help AT boards do this.

Each AT is required to appoint its own AO, which should be the senior executive leader of the AT. Their role is to be accountable to Parliament, through me and the ESFA Chief Executive, for the resources under the trust's control. They are required to provide assurance on the management of public funds, particularly that:

- there is economic, efficient and effective use of resources in their charge (value for money);
- public money is spent for the purposes intended by Parliament (regularity);
- appropriate standards of conduct, behaviour and corporate governance are maintained when applying funds under their control (propriety).

I require AT AOs to sign a statement of regularity, propriety and compliance each year and submit it to the Department as part of the AT's audited financial statements.

ATs' funding agreements require ATs to prepare and publish their own annual report and accounts in accordance with the Companies Act 2006, Charities SORP and Academies Accounts Direction. ATs are required to appoint an independent auditor who reports on whether the financial statements present a true and fair view of the AT's financial performance and position. The auditor is also required to give a conclusion, addressed jointly to the AT and the ESFA, on whether any matters of irregularity have come to their attention and include this conclusion within the audited financial statements.

The reporting requirements placed on ATs provide independent assurance over ATs using public funds for the purposes intended by Parliament and that ATs are acting within the authorities delegated to them in the ATH.

The Department requires each AT to submit their audited financial statements to the Department by 31 December each year, covering the period ending 31 August. However, for the 2019/20 academic year, the deadline for trusts to submit their financial statements was extended by 1 month to the 31 January 2021 due to COVID-19. For the 2020/21 academic year, the deadline reverted back to 31 December 2021. ATs are required to publish their financial statements on their website to assist financial transparency. Copies of an AT's audited financial statements are also available from Companies House website⁶¹ as required by the Companies Act 2006.⁶²

There were expected to be 2,659 financial statements from ATs for the period ending 31 August 2021. At publication, 2,656 (99.9%) had been received, with three outstanding.

60 Governance Handbook, October 2020: <https://www.gov.uk/government/publications/governance-handbook>

61 Companies House website: <https://www.gov.uk/government/organisations/companies-house>

62 Companies Act 2006: <http://www.legislation.gov.uk/ukpga/2006/46/contents>

Independent auditors' opinions on the academy trust financial statements

Independent auditors undertake audits of AT financial statements and provide independent opinions on whether they show a 'true and fair' view and comply with the published Accounts Direction⁶³. A summary of audit opinions is presented below.

Figure 28: Summary of auditors' opinion⁶⁴

	2020/21		2019/20	
	Number	%	Number	%
Unqualified	2,469	92.9%	2,560	93.4%
Unqualified – Emphasis of matter other	15	0.6%	12	0.4%
Unqualified – Financial statements produced on non-going concern basis (trust closing)	134	5.0%	99	3.6%
Unqualified – Material uncertainty to continue as a going concern (financial issues)	26	1.0%	56	2.0%
Qualified	12	0.5%	14	0.5%
Disclaimer of opinion	-	-	-	-
Adverse	-	-	-	-
Financial statements not received	3	0.1%	2	0.1%
	2,659	100.0%	2,743	100.0%

An unqualified opinion means that the auditor was able to conclude the financial statements are materially correct with no significant matters to bring to the reader's attention. In 2020/21, over 99% of AT financial statements received unqualified opinions (2019/20: over 99% of AT financial statements also received unqualified opinions).

The audit opinions that were 'qualified' remained low at 0.5%. The main reasons for the qualifications were predominantly issues in the following areas:

- accounting treatment for the recognition of land and buildings;
- Local Government Pension Scheme (LGPS) actuarial valuations.
- The number of ATs reporting a material uncertainty relating to going concern due to financial weakness has decreased from the previous year. The number of ATs producing financial statements on a non-going concern basis due to the trust closing has however increased from the previous year. This is attributable to the continuing trend of ATs closing following transfer to other MATs.

⁶³ Academies accounts direction 2020/21: Academies_Accounts_Direction_2020_to_2021.pdf (publishing.service.gov.uk)

⁶⁴ %'s in table don't cast to 100% due to roundings

Independent auditor’s conclusions on regularity

AT financial statements include an independent reporting accountant’s assurance report on regularity, which provides limited assurance that the income and expenditure incurred by the AT is in accordance with the purposes intended by Parliament and allowable within the delegated authority contained in the funding agreement and ATH.

The table below shows that, at the time of publication, there were 211 instances where these assurance reports identified regularity exceptions.

A regularity exception means that the independent reporting accountant found some element of income or expenditure that may have been outside permitted use, or where AT’s own agreed procedures were not followed.

Figure 29: Summary of auditors’ opinions on regularity

	2020/21		2019/20	
	Number	%	Number	%
No regularity exception noted	2,445	92.0%	2,507	91.4%
Regularity exception noted	211	7.9%	234	8.5%
Financial statements not received	3	0.1%	2	0.1%
	2,659	100.0%	2,743	100.0%

Independent reporting accountants concluded that there were no regularity exceptions in trust financial statements for 92% of trusts. There has been a decrease in the number and percentage of modified regularity opinions since the previous year. This is partly due to a reduction in modifications reported as a direct impact of the COVID pandemic since the previous year.

The ESFA reviewed the exceptions raised for the remaining 8% of ATs. The areas where the independent reporting accountants identified failure of ATs to comply fully with ATH requirements included:

- internal financial reporting;
- no independent checks of internal controls;
- related party transactions or the 'at cost' policy relating to goods and services purchased from related parties or pre-approval not sought for those transactions greater than £20,000 post 1 April 2019.

The reasons for the majority of the regularity exceptions were the same as the previous year and related to internal reporting, including concerns with the timeliness or quality of management accounts, and process issues relating to financial management, including bank reconciliations and lack of approval controls and internal scrutiny arrangements. These are key parts of the governance statement and breaches of the ATH. They were not related to specific transactions and the exceptions do not have a material impact on the SARA.

The ESFA review audit opinions, regularity report conclusions, audit management letters and accounting officer statements of regularity, propriety and compliance. Where the ESFA identifies issues of a material nature, proportionate action is taken within the AT to strengthen and improve its controls so that they comply with the ESFA requirements. More details on the role of the ESFA in the control framework are provided below.

The Department's governance structures

The ESFA's Audit and Risk Committee (ARC) and the Departmental ARC provide assurance that suitable controls are in place to ensure both that public funds are properly spent and that value for money for the taxpayer is achieved. The ESFA's Provider Market Oversight Directorate provides assurance to the ESFA and specifically its Accounting Officer over funds disbursed to ATs. It reports to the ESFA's Accounting Officer through an annual statement of assurance.

Figure 30 shows how the ARC reports into the Departmental board, alongside the role of the Department's other committees.

Figure 30: The Department's governance structures



Role of the ESFA within the control framework

The ESFA is an Executive Agency of the Department and responsible for:

- funding education and training for children, young people, and adults;
- providing assurance that public funds are properly spent,
- achieve value for money for the taxpayer, and deliver the policies and priorities set by the SoS;
- intervening if there is a risk of financial failure, or where there is evidence of mismanagement of public funds.

The ESFA's management board plays a key role in oversight of the sector. It provides strategic leadership, direction, support and guidance to ensure the delivery of the ESFA's business plan objectives, organisational effectiveness and performance, and alignment with the Department's mission, strategy and purpose.

The ESFA oversight is based on the financial control framework for ATs set out in the ATH. It also publishes the Academies Accounts Direction⁶⁵ to help ATs prepare their annual financial statements and to support auditors with the effective audit of AT financial statements.

To support ATs during the COVID-19 pandemic, the ESFA issued a supplementary bulletin⁶⁶ to the AAD to support and advise them on how to report on COVID-19 related activities and processes.

The ESFA actively engages with the sector to raise standards of financial management and governance. In 2020/21, it participated in and ran events and seminars for ATs and audit firms to promote understanding of the accountability framework and listen and consult with the sector to understand their challenges and pressures.

While the primary responsibility for the oversight of ATs rests with trustees themselves, the ESFA undertakes an annual risk-based programme of assurance work to review ATs' compliance with the framework. This includes analysis of AT financial statements, risk-based focused reviews and validation of financial management and governance self-assessment forms by new ATs. The ESFA was able to provide substantial assurance from this work that there were no specific matters giving rise to a material impact on the SARA.

The ESFA operates an annual assurance programme which reviews a broad range of AT data and intelligence to identify risk, including audited financial statements and a number of annual financial returns and takes action where appropriate.

⁶⁵ Academies accounts direction 2020/21 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/975322/Academies_Accounts_Direction_2020_to_2021.pdf

⁶⁶ Academies accounts direction 2020/21 supplementary bulletin Academies_Accounts_Direction_supplementary_bulletin_2020_to_2021.pdf ([publishing.service.gov.uk](https://assets.publishing.service.gov.uk))

Where the ESFA has concerns about financial management or governance in an AT, it intervenes proportionately to the scale and nature of the risk, taking account of local circumstances, and to preserve effective education provision. Intervention actions can include working with the trust to reach a stronger position and build the trust's capacity; develop a plan or supporting the AT with a School Resource Management Adviser visit through to more formal actions, such as issuing and publishing a Notice to Improve (Ntl)⁶⁷ or termination of the FA.⁶⁸

An Ntl sets out the actions an AT is required to take in order to address concerns. The ATH requires that ATs comply with the terms of an Ntl and, in exceptional circumstances, the funding agreement could be terminated due to non-compliance with the terms the Ntl sets out.

Between 1 August 2020 and 31 July 2021, 14 NtIs (representing 0.5% of the total sector by number of ATs) were issued, with no further notices issued during August 2021⁶⁹ (9 FNtIs (representing 0.3% of the total sector by number of ATs) were issued between 1 August 2019 and 31 July 2020, with one further notice issued during August 2020).

In the same period, between 1 August 2020 and 31 July 2021, 16 NtIs were closed, with 3 further notices closed during August 2021 (15 FNtIs were closed between 1 August 2019 and 31 July 2020 with no further notices closed during August 2020).

Between 1 August 2020 and 31 July 2021, ESFA received 30 allegations relating to fraud and/or financial irregularity in academies from a variety of sources (41 for the year to 31 July 2020), including whistle-blowers. A further referral was received in August 2021.

Following review and analysis, including formal triage of allegations where appropriate, the ESFA undertook six visits between 1 August 2020 and 31 July 2021 (seven 2019/20). This comprised:

- four fact-finding reviews (none in 2019/20);
- two investigations (six in 2019/20).

Between 1 August 2020 and 31 July 2021, the ESFA published three financial management and governance reviews (compared to two in 2019/20) and four investigation reports (compared to three in 2019/20). Reports on the reviews and investigations are available online⁷⁰. None of the concerns raised resulted in a material financial impact on the SARA.

In accordance with the ATH 2020 (s6.11) requirement and the need for ATs to notify the ESFA of instances of fraud, theft and/or irregularity exceeding £5,000 individually, or £5,000 cumulatively in any academy financial year, the ESFA received 51 notifications from ATs⁷¹ between 1 August 2020 and 31 July 2021 (compared to 45 in 2019/20). Two further notifications were received during August 2021 (two in August 2020).

67 Notices to Improve issued during this period were called "Financial Notices to Improve". From September 2021, "Financial Notices to Improve" were renamed "Notices to Improve", as set out in the Academy Trust Handbook 2021: <https://www.gov.uk/guidance/academy-trust-handbook>

68 Further details are available within ESFA's Annual Report and Accounts for the year ended 31 March 2021 (Pages 23-26): <https://www.gov.uk/government/publications/education-and-skills-funding-agency-esfa-annual-report-and-accounts-2020-to-2021> and in Part 6 of the Academy Trust Handbook on 'the regulator and intervention': <https://www.gov.uk/guidance/academy-trust-handbook/part-6-the-regulator-and-intervention>

69 Financial notices to improve: <https://www.gov.uk/government/collections/academies-financial-notices-to-improve>

70 Academies reports: <https://www.gov.uk/government/collections/academies-financial-management-and-governance-reviews> / <https://www.gov.uk/government/collections/academies-investigation-reports>

71 ATs may report frauds of a lower amount which are included in this number.

The value of fraud, irregularity or theft against the ESFA confirmed during the period 1 August 2020 to 31 July 2021 was £2,483,737⁷² (compared to £5,691,685 in 2019/20). No further cases of fraud, irregularity and theft against the ESFA were concluded in August 2021 (£2,383,319 in August 2020).⁷³

At the reporting date, the amount recovered by the ESFA during the period 1 August 2020 to 31 July 2021 was £720,807⁷⁴ (compared to £0 in 2019/20). No further funds were recovered in August 2021 (no recovery was made in August 2020).

The value of fraud, irregularity or theft against ATs confirmed between 1 August 2020 and 31 July 2021 was £1,359,028 (compared to £727,455 in 2019/20). No further fraud values were confirmed in August 2021 (£59,168 in August 2020). The amount recovered by ATs during the period 1 August 2020 to 31 July 2021 was £1,204,252⁷⁵ (compared to £544,618 in 2019/20). A further £573 was recovered in August 2021 (£23,905 in August 2020).

The value of fraud reported to the Department by LAs relating to LA-controlled schools was £0.2 million for the 2020-21 LA financial year (£2.2m for the 2019-20 LA financial year).⁷⁶

COVID-19 impact

The ESFA investigation work has continued during the COVID-19 pandemic although appropriate changes to working practices were put in place to ensure continuity of business as usual activity whilst both complying with government advice and being cognisant of the pressures on the sector. We have taken steps to move some of our work to desk based where visits have not been possible and paused some activity until restrictions eased. We have adopted suitable alternative methods to ensure all relevant information and evidence has been satisfactorily obtained to support any future action that may be necessary to protect public funds.

During this period the ESFA has continued to provide relevant support to ATs providing supplementary guidance to raise awareness of the particular fraud risks that may arise during the pandemic and remind them to be vigilant.

The ESFA has a zero tolerance towards fraud and will investigate allegations of concern where public money is at risk. The Academies Trust Handbook (formerly the Academies Financial Handbook) explains that the ESFA may commission its own investigations into actual or potential fraud and may involve other authorities including the law enforcement. The Academies Trust Handbook also explains that ATs must put in place proportionate controls to address the risk of fraud and take appropriate action where it is suspected or identified.

To ensure lessons are learnt, the ESFA commits to publishing all reports in line with our published policy⁷⁷, alongside relevant fraud and irregularity guidance.⁷⁸

72 The majority of this value relates to 2 historical cases and includes fraud and irregularity values which occurred in prior academic years. The losses were quantified and reported during 2019/20

73 This relates to one specific case and is a mixture of fraud and irregularity. The loss occurred in prior years but was quantified and reported in 2019/20.

74 Amount recovered in year was £728,926 less an adjustment of a recovery (£8,119) reported in 19/20 which was later corrected to £0 (£728,926 - £8,119 = £720,807)

75 This figure includes ongoing recovery against cases referred in prior years and is likely to increase as more information is received for those cases.

76 LA fraud runs on a different reporting cycle (different academic and financial reporting periods) therefore this fact is included for information but is not directly comparable to fraud reported by ATs. The LA reported fraud figure may include values that have occurred in a previous reporting period as this depends on when the LA identified the fraud.

77 Fraud and irregularity guidance: <https://www.gov.uk/guidance/academies-guide-to-reducing-any-risk-of-financial-irregularities>

78 ESFA investigation publishing policy - GOV.UK (www.gov.uk)

Secretary of State as Principal Regulator

On 1 August 2011, the SoS became Principal Regulator (PR) for foundation and voluntary schools, ATs and sixth form colleges, as exempt charities. The SoS became PR for further education corporations from 9 November 2016. One of the key duties of the PR is to promote compliance with charity law and the government has a duty to report on how the SoS carries out these duties. As agreed in the memorandum of understanding between the Charity Commission and the Department, this duty is discharged in this report.⁷⁹

The memorandum of understanding between the Charity Commission and the Department sets out how they work together, both in co-ordinating regulatory operations and formulating policy. The Department has promoted compliance by ensuring information on the role of the PR, coupled with information about academy compliance and trustee responsibilities, is published on GOV.UK.⁸⁰

The articles of association for each AT set out the AT's charitable objects, as well as the financial statements and reports an AT must produce. The funding agreement is a legally binding contract between an AT and the SoS which covers the funding and running of the academy. It specifies how the academy is run, its duties, and the powers the SoS has over the academy. It is how academies are held accountable to the Department.

The ESFA takes action if it suspects charity law has been breached and, in such cases, shares information with the Charity Commission to facilitate effective investigation. In 2020/2021, no cases were referred to the Charity Commission for investigation (2019/2020: no cases were referred).

Further sources of assurance

Regional Schools Commissioners (RSC)⁸¹

The role of RSC was established on 1 September 2014. RSCs are civil servants, accountable to the National Schools Commissioner, and appointed to take decisions in the name of the Secretary of State for Education.

RSC roles currently include:

- taking action, alongside the ESFA, where academies and free schools are underperforming;
- intervening, alongside the ESFA, in academies where governance is inadequate;
- deciding on applications from LA maintained schools to convert to academy status;
- improving underperforming (i.e. Ofsted judged inadequate) maintained schools by matching them to support from a strong sponsoring trust;
- encouraging and deciding on applications from sponsors to operate in a region;
- taking action to improve poorly performing sponsoring trusts;
- advising on proposals for new free schools via 'wave' application processes, and working with successful trusts to deliver educationally and financially viable schools;
- deciding on whether to defer or enter into Funding Agreements with free school projects, and advising on whether or not to cancel unsatisfactory free school projects;

⁷⁹ The reporting requirements placed upon the Secretary of State in relation to sixth form colleges, foundation and voluntary schools can be found in the memorandum of understanding between the Charity Commission and the Department: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/640051/Charity_Commission_-_Department_for_Education_-_MOU.pdf

⁸⁰ Exempt charities and the role of the Secretary of State as PR: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/294996/Academies_as_exempt_charities_FINAL3.pdf

⁸¹ Under the Future DfE programme from 1 April 2022 these changed to Regional Directors and the number of Regions changed from 8 to 9 in line with the rest of government. Changes to the way the Department for Education (DfE) will operate from 1 April 2022 onwards (publishing.service.gov.uk)

- deciding on applications to make significant changes to academies and free schools;
- since March 2020, providing essential support in the government's response to COVID-19 by leading cross Departmental Regional Education and Children's Teams (REACTs) to provide coherent engagement with local authorities and the education system. This programme was wound down August 2021;
- deploying NLEs to support the schools that have been worse hit by the pandemic;
- preparing for the delivery of the Trust and School Improvement offer for the 2021/22 academic year; and
- supporting and challenging Local Authorities to fulfil their legal duty to ensure that there are sufficient primary and secondary school places (pupil place planning).

Each RSC is supported by an advisory board (AB), formerly called headteacher board, made up of six to eight members. On each AB, four members are elected by existing academies. Up to four further members can be appointed or co-opted to fill particular skills or expertise gaps. AB members are responsible for advising (and challenging) their RSC and contributing their local knowledge and professional expertise to aid the RSC's decision-making. Elected members of ABs hold office for three years. Having been initially established in 2014, the third round of elections would have been held in Spring 2020. These elections were postponed because of the COVID-19. They have now been held between 22 November 2021 and 10 December 2021.

ABs provide important local advice to the decisions of an RSC. If an RSC takes a decision that contradicts the advice given by the majority of their AB, this must be reported to the National Schools Commissioner and the minister.⁸²

RSCs carry out their functions within a published national framework.⁸³ RSC decisions are made in line with the individual funding agreements that academies enter into with the Department (and are therefore legally bound by), relevant legislation, and published criteria.

The Department, acting through RSCs or the ESFA, as appropriate, will take action wherever an academy is judged 'Inadequate' by Ofsted, or where financial mismanagement and/or governance failure is identified, in line with an academy's funding agreement. The Department will also take swift action where there are safeguarding concerns and the safety of staff or pupils is threatened.

Where Ofsted has inspected an academy and issued it with an inadequate rating, the Department will take decisive action to bring about school improvement. The RSC, in their role of monitoring educational performance, will carefully consider the issues highlighted in the Ofsted report and take the decision on how best to address them to bring about rapid improvements. This may include transferring the academy into a different trust.

In line with the resumption of a full programme of Ofsted graded school inspections in autumn 2021, RSCs will issue a termination warning notice to academies judged inadequate unless there are exceptional circumstances. The issuing of a termination warning notice does not mean that a decision has been taken to transfer the academy to a new trust. It is the mechanism through which trusts are invited to make representations before the RSC decides on the most appropriate course of action.

The Department publishes online, copies of letters that it sends to ATs about poor performance, weaknesses in safeguarding, governance and/or financial management.⁸⁴

82 A complete guide to AB membership is available in the terms of reference for ABs: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1023902/Terms_of_Reference_for_Advisory_Boards_October_2021.pdf

83 RSC decision-making framework: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/925062/201006_-_external_RSC_decision_making_framework_September_2020_FINAL_.pdf

84 Letters to ATs about poor performance: <https://www.gov.uk/government/collections/letters-to-academies-about-poor-performance>

RSC escalation approach for educational performance concerns in academies

Between 1 August 2020 and 31 July 2021⁸⁵, eight RSC notices were issued to sponsored academies, eight to converter academies, and two to free schools (between 1 August 2019 and 31 July 2020, 22 RSC notices were issued to sponsored academies, 26 to converter academies, seven to free schools).⁸⁶

Figure 31: RSC notices issued between 1 August 2020 and 31 July 2021⁸⁷

Minded to terminate letter	Termination warning notices	Termination notices
<ul style="list-style-type: none"> • 1 to sponsored academies (compared to 6 in 2019/20) • 3 to converter academies (compared to 8 in 2019/20) • 0 to free schools (compared to 2 in 2019/20) 	<ul style="list-style-type: none"> • 4 to sponsored academies (compared to 15 in 2019/20) • 1 to converter academies (compared to 18 in 2019/20) • 2 to free schools (compared to 4 in 2019/20) 	<ul style="list-style-type: none"> • 3 to sponsored academies (compared to 0 in 2019/20) • 4 to academy converters (compared to 0 in 2019/20) • 0 to a free school (compared to 1 in 2019/20)

RSCs are not responsible for carrying out school improvement activities. They can however advise the AT on suitable options. From 2021/22 RSCs will take responsibility for deploying a system leader (National Leader of Excellence or MAT leader) to eligible trusts to provide school improvement support under the Trust and School Improvement offer. However, the responsibility and accountability for taking the necessary action to improve outcomes remains with the AT.

⁸⁵ Due to COVID-19, for part of the reporting period the Department paused intervention activity, including the issue of notices, except in cases where it remained critically important to do so.

⁸⁶ In August 2021 one Termination notice was also issued to a sponsored academy.

⁸⁷ In 2019-20 one pre warning notice was also issued to a sponsored academy.

Where improvements are not achieved rapidly at an academy, or a trust is not providing good enough support, the RSC can act. In line with the funding agreement and legislation, the RSC can challenge and, where necessary, move the academy to another AT. Where the decision is taken to transfer an academy to a new trust, the Department ensures that this is completed as quickly as possible, with minimum disruption to pupils, so they can benefit from improved standards as soon as possible.

The RSC will intervene in LA maintained schools on the grounds of educational underperformance, only where Ofsted has judged them to be inadequate, at which point RSCs will match these schools with an appropriate academy sponsoring trust. During the year up until 31 July 2021, four (2019/20: 81)⁸⁸ such schools were identified and issued with an academy order. The reduction in issued academy orders was caused by the pause in Ofsted inspections due to COVID-19 during most of the reporting period. The RSCs consider the use of their intervention powers in maintained schools in cases of a breakdown in financial management and/or governance or where the safety of staff or pupils is threatened. RSCs may use their powers on these grounds regardless of the school's Ofsted rating.

RSCs lead the relationship with sponsoring trusts operating solely within their RSC region, and with agreed national sponsoring trusts. RSCs are responsible for managing the sponsor market in their region and intervening if an AT is failing. Discussions with sponsoring trusts focus on performance and capacity, including plans for growth. An appropriate approach to growth is agreed with all trusts, reflecting their capacity.

An academy transfer is when an academy moves from its current AT ('the outgoing AT') to another AT ('the incoming AT'). A transfer can only happen with the agreement of the RSC acting on behalf of the Secretary of State for Education. There are a range of reasons for an academy transfer:

- Transfer initiated by the outgoing AT – most academies that transfer between ATs do so based on a decision by the outgoing AT. This might be to ensure stronger school-to-school support or economies of scale (e.g. a SAT joining a MAT). It might also be for strategic reasons (e.g. academies moving to an AT that is closer geographically).
- Intervention – a small number of academies transfer each year due to intervention following, for example, an Ofsted inadequate judgement. In such cases, or where there are financial, governance or safeguarding failures, RSCs and the ESFA have the power to terminate funding agreements and transfer the academy into a new AT.
- Sponsor or AT closure – in the rare event that an AT closes, academies in the closing AT must be transferred to a new AT as part of the closure. Academies within a closing AT must be transferred even if they themselves are not otherwise eligible for intervention.⁸⁹

189 academies moved ATs in the financial year 2020/21 (2019/20: 241). Of these 189 academies, 42 transfers were a result of intervention, 29 were a result of trust closures, and the remaining 118 transfers were initiated by the outgoing AT.

⁸⁸ 4 Academy orders were issued from 1st September 2020-31st August 2021 (2019/20:80)

⁸⁹ Academy transfers and funding, Financial Year 2020-21 – Explore education statistics – GOV.UK (explore-education-statistics.service.gov.uk)

COVID-19 work

REACTs were established in March 2020 bringing together colleagues from RSC teams, children's social care and special educational needs and disabilities (SEND), early years, further education and the ESFA's academies and maintained school's directorate, along with Ofsted's Regional Directors.

Led by RSCs, REACTs worked across organisational boundaries to:

- Deliver the priorities of the SoS for Education in relation to the response to COVID-19.
- Provide a strategic overview of all local authorities, coordinating support for those areas that needed it most.
- Offer time-limited school-to-school recovery support to schools and trusts, provided by an experienced system leader, to overcome the challenges faced by COVID-19.

REACT provided a source of support and challenge in their region to assist LAs, ATs, and education establishments in following government guidance, within the scope of REACT. This programme was wound down in August 2021 and COVID-19 work embedded into departmental regional activity.

Opening new free schools

RSCs advise ministers on free school applications. They make recommendations about which applications to reject before interview and which to approve into pre-opening before ministers make the final decision.

RSCs decide whether to enter into funding agreements to open free schools. 57 funding agreements were entered into in the academic year 2020/21.

Where proposals are received for the establishment of a new LA led presumption free school within their region, the RSC will make the decision about which proposer is most likely to deliver a high performing school. In the 2020/21 academic year proposers were approved for 18 presumption schools.

Working with the ESFA

RSCs and the ESFA work together to develop a coherent and joined up picture of an AT. Together, RSCs and the ESFA consider:

- educational performance (led by RSCs);
- finance (led by the ESFA);
- governance (RSCs and the ESFA both contribute).

RSCs and the ESFA work with members, trustees and leadership teams to:

- build school improvement capacity and financial expertise;
- support better resource management;
- strengthen governance oversight at leadership and board level.

RSCs engage with ATs to ensure strong processes are in place to maintain and improve educational performance. They will intervene where there is an inadequate Ofsted judgement.

The ESFA takes a proportionate, risk-based approach and will intervene if the trust does not comply with the funding agreement and academies trust handbook.

In cases of failure both RSCs and the ESFA may issue formal intervention notices. This may require the submission of a:

- trust school improvement plan;
- financial plan agreed between the trust and the ESFA.

RSCs and the ESFA work together to build leadership and governance capability in ATs. This involves optional activities such as networks, conferences, and signposting to resources and external organisations.

National Audit Office

The National Audit Office (NAO) undertakes around 60 value for money studies each year which Parliament use to hold government to account for how it spends its money. Each study examines an area of government expenditure, and their objective is to form a judgement on whether value for money has been achieved.

The NAO defines good value for money as the optimal use of resources to achieve the intended outcomes. Its role is not to question government policy objectives, but to provide independent and rigorous analysis to Parliament on the way in which public money has been spent to achieve those policy objectives. As well as reaching an overall conclusion on value for money, the NAO makes recommendations on how to achieve better value for money and to improve services under examination. More information regarding value for money studies can be found online.⁹⁰

The NAO also undertakes investigations, which are shorter, more focussed pieces of work, designed to establish the facts on a particular topic.

Since September 2020, the NAO has published the following reports which have relevance for the academies sector:

- **Financial sustainability of colleges in England**⁹¹ (September 2020) focuses on the financial sustainability of FE and sixth-form colleges.
- **Investigation into the free school meals voucher scheme**⁹² (December 2020) sets out how the Department set up and implemented the free school meals voucher scheme.
- **Support for children's education during the early stages of the COVID-19 pandemic**⁹³ (March 2021) examines the Department's support for children's education during the early stages of the COVID-19 pandemic.
- **Guide to the education sector annual report and accounts 2019-20** (May 2021) provides a summary of key information and insights that can be taken from the annual reports and accounts of the Department and related bodies in the education sector in England.
- **School Funding in England**⁹⁴ (July 2021) focuses on the Department's funding for mainstream schools in England, and updates aspects of the NAO's 2016 report on the financial sustainability of schools.
- **Financial sustainability of schools in England** (November 2021) examines whether the Department is supporting schools in a way that improves their financial sustainability.
- **Departmental Overview 2020-21: Department for Education** (April 2022) provides a summary of the Department's spending in 2020-21, focussing on key messages from the Department's Annual Report and Accounts, and providing insights which can be used to improve financial security.

⁹⁰ NAO value for money: <https://www.nao.org.uk/about-us/our-work/value-for-money-programme/>

⁹¹ Financial Sustainability of Colleges in England <https://www.nao.org.uk/report/financial-sustainability-of-colleges-in-england/>

⁹² Investigation into the free school meals voucher scheme <https://www.nao.org.uk/report/investigation-into-the-free-school-meals-voucher-scheme/>

⁹³ Support for children's education during the early stages of the COVID-19 pandemic <https://www.nao.org.uk/report/support-for-childrens-education-during-the-covid-19-pandemic/>

⁹⁴ School Funding in England <https://www.nao.org.uk/report/school-funding-in-england/>

Public Accounts Committee ⁹⁵

Public Accounts Committee (PAC) evidence sessions took place in response to the NAO reports listed above.

During the year, the Permanent Secretary, on behalf of the Department, attended the following PAC sessions directly relating to the academy sector:

- **COVID-19: free school meals voucher scheme** (evidence session December 2020, report published 5 February 2021, HMT response 3 September 2021)
- **COVID-19: Education** (evidence session March 2021, report published 26 May 2021, HMT response published 2 September 2021)
- **School funding** (evidence session July 2021, reports published 22 October 2022, HMT response 14 December 2021)
- **Financial Sustainability of Schools in England** (evidence session December 2021, report published 4 March 2022, HMT response published 28 April 2022)
- **Academies Sector Annual Report and Accounts 2019-20** (evidence session January 2022, report published 25 March 2022, HMT response published 27 May 2022)
- **DfE Recall: SEND review, Schools White Paper and the National Tuition programme** (evidence session May 2022)

Internal Audit

At a local level, ATs are encouraged to use internal audit to provide further assurance to those charged with governance. Within the Department, the Government Internal Audit Agency conduct a programme of work designed to give overall assurance for the Department.

Assessment and management of risk

Risk management is essential to the successful delivery of the Academies Programme. Risks are regularly scrutinised at regional, programme and Departmental level to ensure that they are correctly identified and that appropriate counter-measures and contingencies are in place. All risks have owners within the Department.

The top risks for the Academies Programme in 2020/21 were:

MATs and sponsor capacity risk: High quality sponsors are essential in driving up school performance across the sector. There is a risk of there being an insufficient number of high quality sponsors and MATs available, in the right geographical areas, to support underperforming LA schools, and to take on underperforming academies that are transferred from their previous trusts. To mitigate this, more good and outstanding schools have been encouraged to become sponsors and approval has been restricted to potential sponsors who can demonstrate a track record of helping other schools to improve.

The Trust Capacity Fund is a competitive grant fund available to help trusts develop their capacity to grow. It was used to support strong MATs to grow and innovate in areas of long-standing need, accelerate the development of mid-sized trusts with the potential to be strong, and create strong trusts either by SATs joining larger trusts, or by supporting the growth of existing trusts via mergers.

The Department also provides support for MATs to grow capacity through CEO and Chairs induction, regional MAT leadership events, and programmes that offer peer support and collaboration across the sector.

⁹⁵ All reports can be found via the website: <https://committees.parliament.uk/committee/127/public-accounts-committee>

During this period, the sector continued to face unprecedented pressures because of the COVID-19 pandemic; during this time academies and ATs rightly turned their attention to response efforts. In order that ATs, academies, LA's and schools were not distracted from their attention on emergency response activities, the department did not pursue major activities relating to MAT growth. During the COVID-19 pandemic the department formed nine Regional Education and Children's Teams (REACTs) bringing together colleagues across the Department to coordinate engagement and gathering of intelligence with local authorities and ATs, and to sign-post to sources of support.

Intervention and performance risk: Our objective as we improve our oversight is to minimise the risks of future AT. The Department maintains a single Departmental view of ATs of concern based on common information, this is done in partnership with colleagues in the ESFA. This strengthens our forecasting and leads to consistently applied joint intervention where necessary. This applies to any failure of education, governance or finance. During the COVID-19 pandemic the focus of this risk changed to concentrate on how ATs were responding to the pandemic and implementing government guidance in response to COVID-19.

Financial health and efficiency risk: It is vital that school leaders maximise the efficient use of their resources to maintain good financial health and deliver the best outcomes for pupils. To manage the risks to financial health, a range of information, tools and training has been produced to help schools get the best value for every pound. The government has also made additional funding available to all state-funded schools to cover additional costs as a result of the COVID-19 outbreak; and has offered school resource management adviser COVID-19 resilience visits.

Directors' Report

Each AT is an incorporated company and an exempt charity. The ATs are charitable companies limited by guarantee and are exempt from regulation by the Charities Commission. The Secretary of State is the ATs' charitable regulator and has delegated this activity to the ESFA.

Each AT is required to disclose details of their trustees within their financial statements, which are published on each AT's website alongside submission to the ESFA and is also accessible via the Companies House website.⁹⁶

Each AT is required to maintain their own local register of interests. They must publish, on their websites, relevant business and pecuniary interests of members, the AO, trustees and local governors.

Data Breaches

In 2020/21 there were 154 incidents across 112 ATs (2019/20: 145 incidents across 112 ATs) where personal data breaches occurred. The majority of these were low level incidents, often involving administrative errors.

Susan Acland-Hood
Permanent Secretary
17 January 2023

⁹⁶ Companies House Website: <https://beta.companieshouse.gov.uk/>

Remuneration and Staff Report

Information in this section is reported to meet the requirements of the 2020/21 Government Financial Reporting Manual (FReM)⁹⁷ and relates to the academic year ending 31 August 2021. This information has been collated from the audited Academies Accounts Return (AAR), which is an annual return submitted by individual ATs to the ESFA.

As set out in the introduction, a number of FReM requirements have not been met by this report, due to structural differences between the sector and most central government organisations (such as the absence of a centralised set of staff policies for the sector) or data collection limitations. Derogations from FReM, as approved by HMT, are set out in the 2020/21 SARA Accounts Direction, within this report's annexes.

Remuneration Policy

As separate legal entities, each AT sets its own remuneration policy, taking account of their AT's circumstances. Their policies are often set by reference to the national pay spine. However, the School Teachers' Review Body publishes an annual report with recommended pay increases, which many academies choose to follow. From September 2020, it was recommended that the main pay range minima be increased by 5.5%, with the main pay range maxima and other pay and allowance range's minima and maxima increasing by 2.75%. Advisory pay points were also introduced on the main pay range and upper pay range. From September 2021, it was recommended that a consolidated pay award of £250 be given to all teachers whose full time equivalent basic earning are less than; £28,681 in inner London; £25,194 in the fringe and £24,000 in the rest of England.

The Department does not set the employment and remuneration policies of ATs. Accordingly, in a departure from FReM, the Department has not presented the employment and remuneration policies of the sector as this would imply a greater level of influence by the Department than is actually held. Additionally, there is no single, centralised set of employment and remuneration policies for the sector. To reflect the level of control operated by the Department in this area, the Department has restricted remuneration disclosures in the AAR to bands of remuneration paid, in line with general charity accounting rules in the Charity Commission's Statement of Recommended Practice. Employment and remuneration policies, as set by individual ATs, should be disclosed in their audited financial statements.

⁹⁷ FReM: <https://www.gov.uk/government/publications/government-financial-reporting-manual->

Summary of trustee remuneration

Trustee remuneration ⁹⁸

The table below presents a breakdown of the number of trustees who received remuneration either in their capacity as a member of staff as well as a trustee or in their capacity purely as trustee (and not a member of staff). Details of payments to trustees are available in the financial statements of the individual ATs and trusts where an individual employee or trustee's remuneration is greater than £150,000 per annum are listed in Annex 6. The remuneration shown below includes salary, bonus payments, benefits-in-kind and employer pension costs.

Included in the table below are 4,487 trustees paid as staff (2019/20: 5,213) and no non-staff paid trustee (2019/20: none). In 2020/21 there were 18,299 trustees who were not paid (2019/20: 19,183) as the majority of trustees are volunteers who are not employed by the AT and receive no remuneration. Trustees paid as staff only receive remuneration for their work in the AT as an employee (such as head teacher, teacher, teaching assistant or other member of staff).

2020/21 trustee remuneration including employer pension contributions

Remuneration bands (including employer pension contributions)	2020/21	2019/20
	Number of trustees	Number of trustees
£1-£60,000	1,908	2,400
£60,001-£70,000	383	474
£70,001-£80,000	257	265
£80,001-£90,000	226	268
£90,001-£100,000	236	264
£100,001-£110,000	195	238
£110,001-£120,000	224	308
£120,001-£130,000	270	258
£130,001-£140,000	222	224
£140,001-£150,000	190	175
£150,001 +	376	339
	4,487	5,213

⁹⁸ The academy sector is not a single corporate body with a single board of trustees. Therefore, disclosures required by IAS 24 Related Party Disclosures (IAS 24) – the remuneration paid to senior management of the reporting body as a related party transaction – are not made in this document as the reporting body (the academy sector) does not possess senior management as a single board. Instead, the sector is made up of separate ATs that provide suitable remuneration report disclosures in their own financial statements for each trust's board of trustees.

Pension Entitlements

Pension costs

ATs operate a range of pension schemes for their employees, dependent upon their role. The latest actuarial valuation of the Teachers' Pension Scheme (TPS), one of the schemes operated by ATs, was carried out as at 31 March 2016 and was published by the Department in April 2019. Subsequently, the employer contribution rate was increased from 16.48% to 23.68% on 1 September 2019 and remained the same during 2020/21. Further details of sector pension scheme arrangements and costs are disclosed in note 15 to the accounts.

Compensation on early retirement or for loss of office: audited⁹⁹

Staff exit packages: Audited

The table below shows the total number and cost of exit packages agreed by ATs during the reporting year.

	2020/21			2019/20		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages agreed
< £10,000	1,994	1,651	3,645	1,195	1,313	2,508
£10,001 – £25,000	634	740	1,374	394	591	985
£25,001 – £50,000	180	220	400	116	186	302
£50,001 – £100,000	19	21	40	17	24	41
£100,001 – £150,000	3	3	6	2	2	4
£150,001 – £200,000	–	–	–	1	–	1
Total number of cases	2,830	2,635	5,465	1,725	2,116	3,841
Total cost (£m)	26	29	55	16	26	42

Redundancy and other departure costs have been paid in accordance with the provisions of the relevant compensation schemes. Exit costs are accounted for in full in the year the departure is agreed. Where an AT has agreed early retirements, with agreed employer funded top-up for early access to pensions, the employer top-up costs are met by the trust alongside compensation for loss of office. Information on departure costs and numbers for each AT are also reported in the individual trust's financial statements to aid transparency.

⁹⁹ Sections of this report which are subject to audit are marked 'Audited'.

Loss of office payments: Audited

	2020/21			2019/20		
	Accounting Officer	Other Trustee	Total	Accounting Officer	Other Trustee	Total
	Number	Number	Number	Number	Number	Number
Serving at end of year	–	–	–	2	–	2
Left during year	3	37	40	8	2	10
Total number of cases	3	37	40	10	2	12

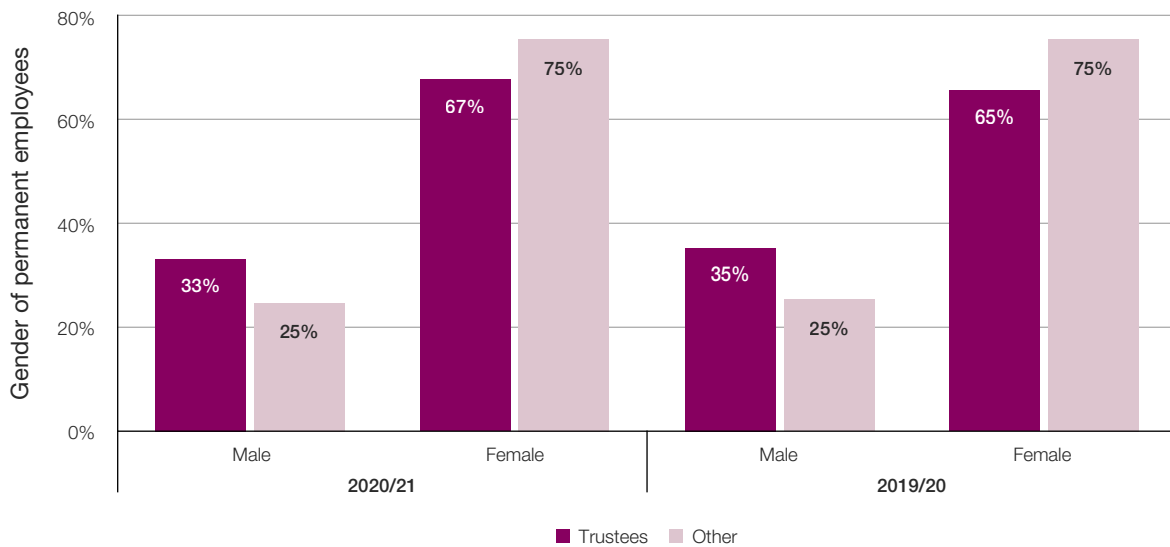
Fair pay disclosure

Pay multiples at sector level are not recorded in this document.

Staff report**Gender of permanent employees**

The split of male and female permanent employees at 31 August 2021 is detailed in figure 33 below.

Figure 33: Split of male and female employees by Trustees and other



	2020/21			2019/20		
	Male	Female	Total	Male	Female	Total
	Number	Number	Number	Number	Number	Number
Trustees	775	1,544	2,319	935	1,904	2,839
Other staff	127,099	382,670	509,769	119,833	368,171	488,004
	127,874	384,214	512,088	120,768	370,075	490,843

Details of the average number of staff employed are included in the table on page 75.

The number of days lost due to sickness absence was 4,272,007 days (2019/20: 3,527,753) days. This represents an average of 8.3 days (2019/20: 7.2 days) per year based on permanent staff numbers.

Consultancy and off-payroll arrangements

During the year, the ATs incurred consultancy costs of £252 million (2019/20: £228 million) relating to advisory services.

	2020/21	2019/20
	£m	£m
Educational	209	193
Non-educational	43	35
	252	228

During the year, 75 ATs (2019/20: 27 ATs) had off-payroll arrangements, of these four (2019/20: two) had such arrangements with trustees. The arrangements with trustees were for chief executive officer and human resources consultancy services. Details of these arrangements can be found in the individual AT financial statements.

Staff Costs: Audited

	2020/21			2019/20
	Permanently employed staff	Temporary staff	Total	Total
	£m	£m	£m	£m
Salaries	16,793	–	16,793	15,571
Temporary staff costs	–	1,016	1,016	908
Social Security	1,623	46	1,669	1,517
Pension costs	4,814	132	4,946	4,363
Severance payments	68	1	69	46
	23,298	1,195	24,493	22,405
Less recoveries in respect of outward secondments	(2)	–	(2)	(2)
	23,296	1,195	24,491	22,403

The table above shows an increase of 9.3% in total staff costs, which is mainly attributed to the staff pay rises, including subsequent impact on pensions and social security costs and, the increase to the staff numbers in the sector which have increased by 4.6% (see table below).

Average Staff Numbers: Audited

	2020/21			2019/20		
	Permanently employed staff	Temporary staff	Total	Permanently employed staff	Temporary staff	Total
	Number	Number	Number	Number	Number	Number
Teachers	241,167	14,903	256,070	230,259	14,661	244,920
Management	32,274	601	32,875	32,260	710	32,970
Admin and support	238,648	17,936	256,584	228,324	15,522	243,846
	512,089	33,440	545,529	490,843	30,893	521,736

For 2020/21 and 2019/20, ATs have recorded full-time equivalent figures for average staff numbers. Staff numbers have grown by 4.6% which is broadly in line with the increase in academies converting into the sector and the increase in pupil numbers of 3.9%.

Parliamentary Accountability and Audit Report

Grant Tracker: Audited

This sets out how academies have spent the money voted to them by Parliament.

Parliament votes grant expenditure through the Department's supply estimate process, which operates on a financial year basis.

The below 'grant tracker' reconciles the grants paid out by the Department (over the 2020-21 and 2021-22 financial years to 31 March), with the amount recognised as grant income in the financial statements of the ATs for the 2020/21 academic year to August.

There are three elements to this:

- the revenue grant tracker that looks at the largely formula-based funding for schools;
- the capital grant tracker which is a mixture of funding for school building programmes, other capital maintenance funding, and formula driven capital funding;
- where an AT administers a grant on behalf of the Department, and the ultimate recipient is an individual pupil or family, then the SARA will only recognise the element of administration cost for that grant. Examples include the 16-19 bursary and some COVID-19 funding which are further discussed in note 6.

The revenue grant tracker (figure 34) includes all academy revenue funding for academy operations and other education priorities. This includes:

- the General Annual Grant (GAG) – including all funding calculated by reference to the school funding formula for pupils age 5 to 16 and the post-16 national funding formula for young people aged 16 to 19. This also includes high needs place funding;
- grants to meet other ministerial priorities (e.g. pupil premium, universal infant free school meals, year 7 catch up, PE and Sport grant);
- grants for structural changes to the academy sector (e.g. academy conversion grants, start-up grants and re-brokerage grants).

The primary reasons for the difference between the Department revenue grants paid out and the revenue grants ATs have recognised are:

- differences in accounting treatment, where an AT can anticipate income or a reduction in income based on meeting certain criteria, such as pupil numbers, that the Department recognises in later grant payments;
- where an AT occupies, but does not control a site, and the Department has paid capital grants for the upkeep, the trust can transfer that capital grant to revenue, increasing the revenue grant income.

The capital grant tracker (figure 35) includes all academy capital funding issued by the Department. This includes:

- formula based allocations (e.g. devolved formula capital and the condition improvement fund allocations for larger MATs);
- project based allocations (e.g. academies condition improvement fund and Priority School Building Programme);
- funds for structural changes to the academy sector (e.g. capital funding for the free schools programme).

The primary reasons for the difference between the Department capital grants paid out and the capital grants ATs have recognised are:

- where the Department is funding the construction of a school site (AuC), the Department recognises the expenditure as it is incurred. The ATs normally recognise the full value of the asset when it becomes operational;
- where an AT occupies, but does not control a site, and the Department have paid out capital grants for upkeep, the AT can transfer the capital grant to revenue, reducing the capital grant income;
- differences in accounting treatment, where an AT can recognise grants on receipt of confirmation of grant approval such as Condition Improvement Fund grants for school building improvements, that the Department recognises in later grant instalment payments.

Figure 34: Revenue grant tracker

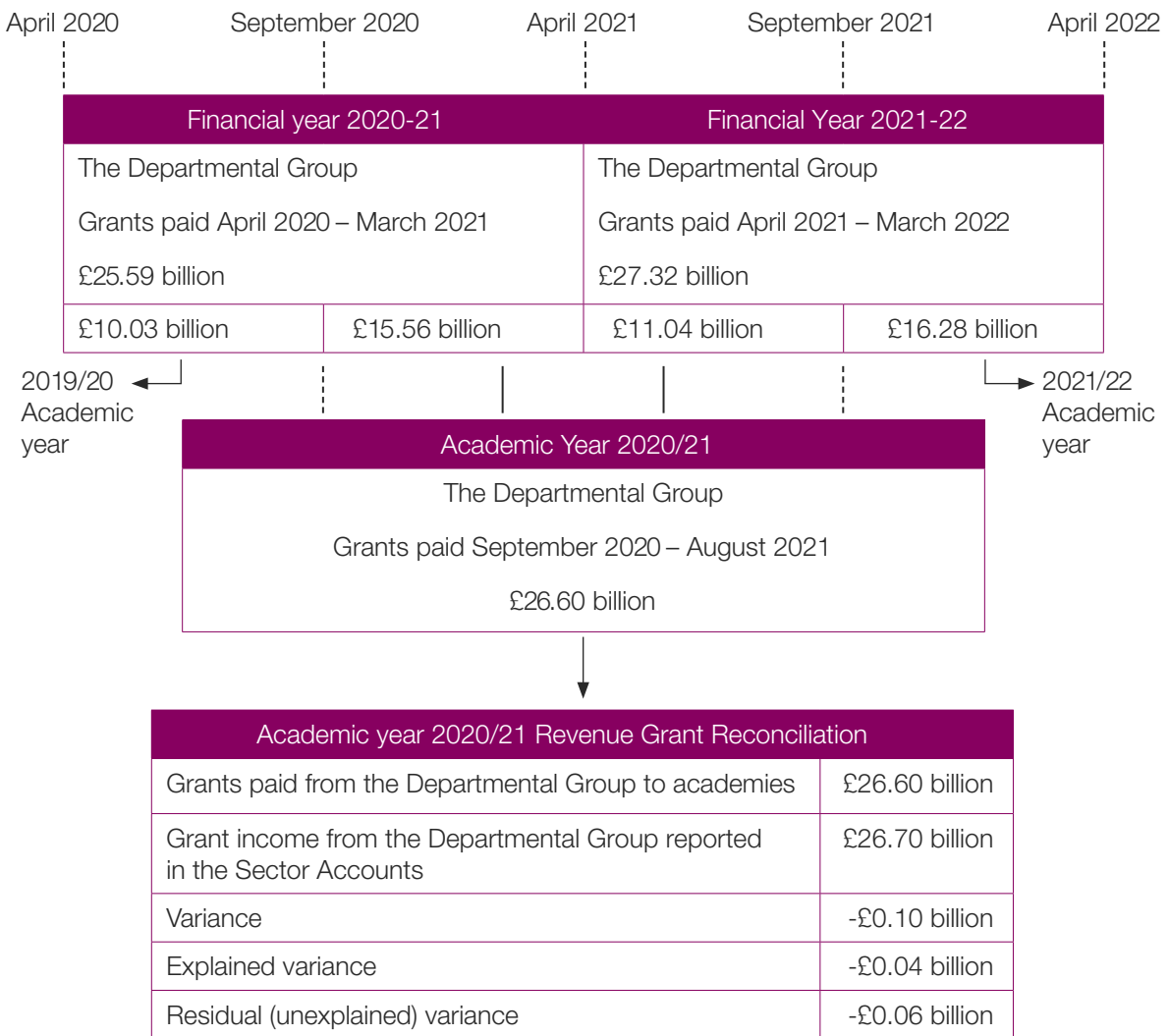
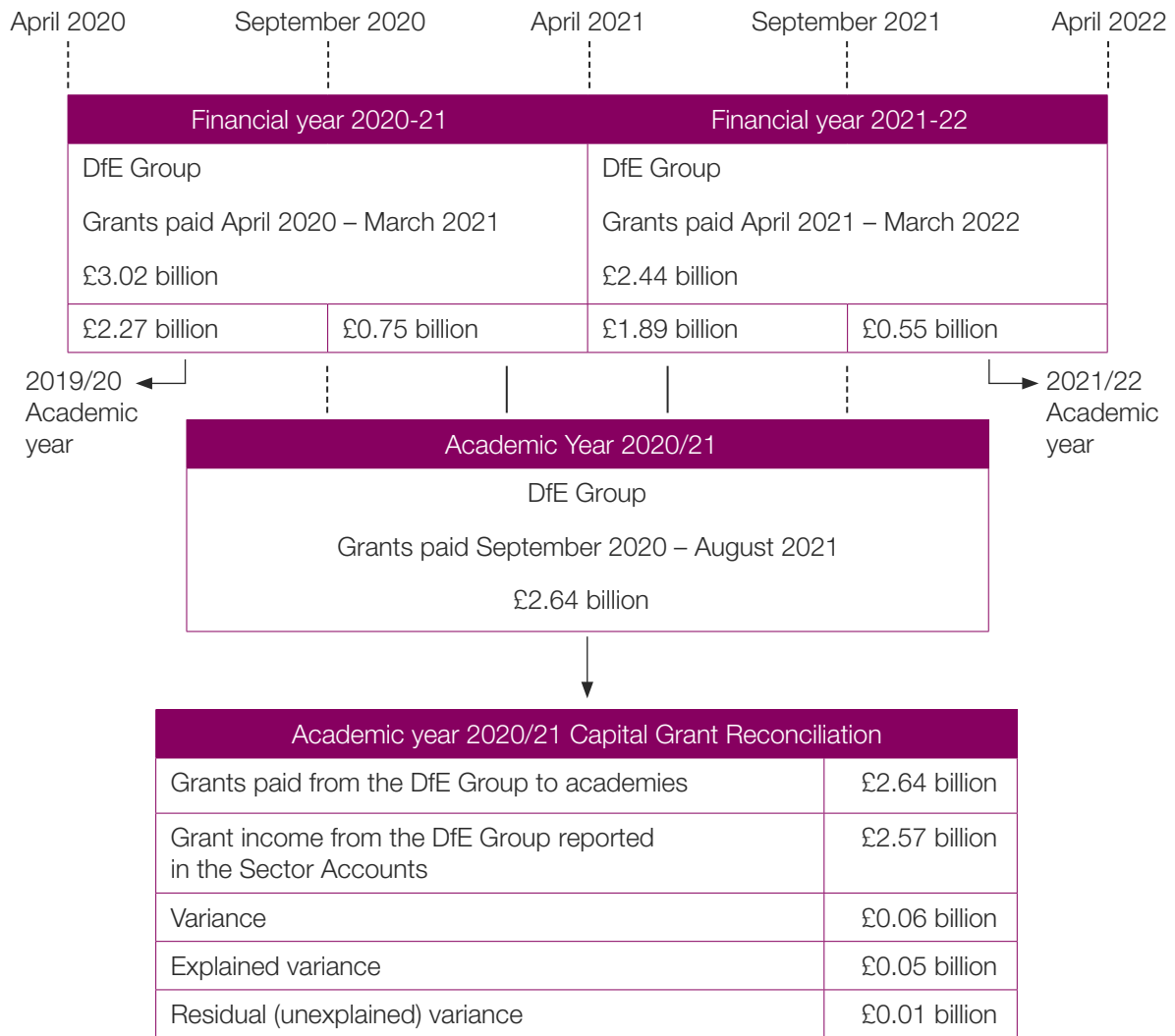


Figure 35: Capital grant tracker



Losses and Special Payments¹⁰⁰: Audited

Losses statement

	2020/21	2019/20
Total number of cases	695	28
	£m	£m
Cash losses	0.1	–
Administration write offs	0.4	0.3
Total value	0.5	0.3

Special payments statement

	2020/21	2019/20
Total number of cases	1,846	1,492
	£m	£m
Ex-gratia	0.0	0.1
Compensation	0.2	0.1
Severance	16.8	15.1
Other	0.1	0.2
Total value	17.1	15.5

ATs have the delegated authority to make special severance payments under £50,000. Payments over this value require prior approval from HM Treasury via the ESFA.

No single loss or special payment over £300,000 was recorded by any AT.

Gifts: Audited

There were 31 trusts who paid gifts in 2020/21 with a value of £0.1 million (2019/20: 10 trusts with a value of £0.1m).

From the 31 trusts, there were 2,577 individual payments. This is the first year the number of individual payments was collected, therefore there is no comparator information.

Accounting Officer's declaration

As far as I am aware, there is no relevant audit information that has not been made available to the Comptroller and Auditor General. I have taken all appropriate steps to make myself aware of all relevant audit information, and to establish that the Comptroller and Auditor General is aware of that information.

Susan Acland-Hood
Accounting Officer
17 January 2023

¹⁰⁰ As defined in Managing Public Money: <https://www.gov.uk/government/publications/managing-public-money>

The audit report of the Comptroller and Auditor General to the House of Commons

Opinion on financial statements

I have audited the financial statements of the Academy Schools Sector in England (the Sector) for the year ended 31 August 2021 under the Accounts Direction issued by HM Treasury.

The financial statements comprise the Sector's

- the Consolidated Statement of Financial Position as at 31 August 2021;
- the Consolidated Statement of Comprehensive Net Expenditure, Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Sector's financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Sector's affairs as at 31 August 2021 and of the Sector's deficit for the year then ended; and
- have been properly prepared in accordance with the Academies Act 2010 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements section* of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Sector in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Sector's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Sector's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Sector is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements nor my auditor's report. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury Accounts Directions issued under the Academies Act 2010.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury Accounts Direction made under the Academies Act 2010; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Sector and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Sector or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Sector's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Sector will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit the financial statements in accordance with the Accounts Direction issued by HM Treasury.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Sector's accounting policies.
- Inquiring of management, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Sector's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Sector's controls relating to the Sectors' compliance with the Academies Act 2010 and Managing Public Money;
- discussing among the engagement team and involving relevant internal and external specialists, including Pensions (Local Government Pension Scheme) and Property experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Sector for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and bias in significant estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Sector's framework of authority as well as other legal and regulatory frameworks in which the Sector operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Sector. The key laws and regulations I considered in this context included Accounts Direction issued by HM Treasury, the Academies Act 2010, Managing Public Money, and relevant employment and taxation legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, and the Audit and Risk Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Department for Education Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Gareth Davies
Comptroller and Auditor General
20 January 2023

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP



Financial Statements

Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

for the year ended 31 August 2021

		2020/21	2019/20
	Note	£m	£m
Operating income			
Income	5	33,934	31,286
Operating expenditure			
Staff costs	7	(24,491)	(22,403)
Other operating expenditure	8	(11,383)	(10,488)
Net operating deficit		(1,940)	(1,605)
Net finance cost on defined benefit scheme	15	(232)	(205)
Net (loss)/gain on conversion of non-local authority academies	4	15	(1)
Net gain on conversion of local authority academies	4	1,124	1,088
(Deficit)/surplus for the year		(1,033)	(723)
Other comprehensive expenditure			
Items that will not be reclassified subsequently to profit or loss:			
Gain on revaluation of property, plant and equipment	2	2,843	1,957
Actuarial loss on defined benefit pension scheme	15	(2,080)	(1,329)
Items that may be reclassified subsequently to profit or loss:			
Other recognised gains and losses		10	–
Total other comprehensive income		773	628
Total comprehensive (deficit)		(260)	(95)

All income and expenditure reported in the Consolidated Statement of Comprehensive Net Expenditure are derived from continuing operations of the Academy Sector.

The notes on page 92 to page 130 form part of these Accounts.

Consolidated Statement of Financial Position

as at 31 August 2021

		2021	2020
	Note	£m	£m
Non-current assets			
Property, plant and equipment	2	62,419	59,736
Intangible assets		5	5
Investments	10	93	90
Receivables	11	19	16
		62,536	59,847
Current assets			
Inventories		9	9
Receivables	11	1,656	1,569
Cash and cash equivalents	12	5,942	4,747
		7,607	6,325
Total assets		70,143	66,172
Current liabilities			
Payables	13	(2,704)	(2,413)
Provisions		(1)	(4)
		(2,705)	(2,417)
Total assets less current liabilities		67,438	63,755
Non-current liabilities			
Payables	13	(228)	(242)
Provisions		(7)	–
Pension deficit	15	(17,878)	(13,928)
		(18,113)	(14,170)
Assets less liabilities		49,325	49,585
Taxpayers' equity			
Charitable Funds		37,259	40,362
Revaluation Reserve		12,066	9,223
		49,325	49,585

Susan Acland-Hood
Accounting Officer
17 January 2023

The notes on page 92 to page 130 form part of these Accounts.

Consolidated Statement of Cash Flows

for the year ended 31 August 2021

		2020/21	2019/20
	Note	£m	£m
Cash flows from operating activities			
Net operating deficit		(1,940)	(1,605)
Depreciation and amortisation	2, 8	1,587	1,469
Impairment	2	2,310	3,096
Increase in receivables	11	(90)	(159)
Increase in payables	13	277	67
Non-cash pension movements	15	2,720	2,313
Employer pension contributions	15	(1,155)	(1,052)
Property, plant and equipment donations	2	(405)	(1,018)
Other non-cash transactions		397	105
Net finance cost on defined benefit scheme	15	(232)	(205)
Net cash inflow from operating activities		3,469	3,011
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2,024)	(2,575)
Proceeds of disposal of property, plant and equipment		(300)	41
Other movements		(10)	10
Net cash outflow from investing activities		(2,334)	(2,524)
Cash flows from financing activities			
Cash acquired on conversion of academies	4	67	61
Other movements		(6)	(5)
Net cash inflow from financing activities		61	56
Net increase in cash and cash equivalents in the year		1,196	543
Cash and cash equivalents at the beginning of the year net of overdrafts	12	4,746	4,203
Cash and cash equivalents at the end of the year net of overdrafts	12	5,942	4,746

The notes on page 92 to page 130 form part of these Accounts.

Consolidated Statement of Changes In Taxpayers' Equity

for the year ended 31 August 2021

		Revaluation Reserve	Charitable Funds	2021 Total
	Note	£m	£m	£m
Balance at 1 September 2020		9,223	40,362	49,585
Deficit for the year		-	(1,033)	(1,033)
Other comprehensive income				
Net gain on revaluation of property, plant and equipment	2	2,843	-	2,843
Actuarial loss on defined benefit pension scheme	15	-	(2,080)	(2,080)
Fair value gain on investments		-	10	10
Total other comprehensive income/(deficit)		2,843	(2,070)	773
Total comprehensive income/(deficit) for the year		2,843	(3,103)	(260)
Balance at 31 August 2021		12,066	37,259	49,325

for the year ended 31 August 2020

		Revaluation Reserve	Charitable Funds	2020 Total
	Note	£m	£m	£m
Balance at 1 September 2019		7,266	42,414	49,680
Deficit for the year		-	(723)	(723)
Other comprehensive income				
Net gain on revaluation of property, plant and equipment	2	1,957	-	1,957
Actuarial loss on defined benefit pension scheme	15	-	(1,329)	(1,329)
Fair value gain on investments		-	-	-
Total other comprehensive income/(deficit)		1,957	(1,329)	628
Total comprehensive income/(deficit) for the year		1,957	(2,052)	(95)
Balance at 31 August 2020		9,223	40,362	49,585

The Charitable Funds represent total assets less liabilities, less unrealised revaluation adjustments to property, plant and equipment (see note 2).

The notes on page 92 to page 130 form part of these Accounts.

Notes to the Accounts

1. Accounting Policies

Accounting policies relating to specific notes to the accounts have been detailed underneath the relevant disclosures for each note. The policies disclosed in this note relate to the overall basis and structure of these accounts.

Statement of compliance

These accounts have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury (HMT) and with the Accounts Direction issued by HMT (annex 4). The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRSs) as adapted or interpreted for the public sector context. These policies have been drafted accordingly, except for the departures as noted in annex 4. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the academies sector for the purpose of giving a true and fair view has been selected. The particular policies adopted for 2020/21 are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

1.1 Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of certain assets and liabilities as set out in these accounting policies.

ATs adopt a different accounting framework; FRS102 The Financial Reporting Standard (FRS 102) and the Charities Statement of Recommended Practice (SORP) based on UK generally accepted accounting policies.

The Department has completed a comparison review between the FReM and SORP. Where material differences have been identified, adjustments are made in the consolidation process in order to comply with the FReM.

1.2 Going concern

The accounts are produced on a going concern basis. The academies sector is financed by the Department, following decisions taken in the Government's Spending Review process and subsequent internal decision processes. The spending review and forward plans include provision for the continuation of funding. Therefore, the Department believes it is appropriate to prepare the accounts on a going concern basis.

Individual ATs may have going concern issues arising from specific circumstances of their operation, at both the trust and academy level. However, due to the difference in scale between the sector as a whole and individual academies, going concern risks to individual ATs are unlikely to lead to a going concern risk to the sector. In addition, the Department has the power to re-broker struggling academies to stronger ATs to maintain provision.

Consequently, the Department does not judge going concern weaknesses at individual academies to impact the going concern assumption held at the sector level.

1.3 Basis of consolidation

These accounts present the consolidation of ATs which make up the academies sector. Transactions between entities included in the consolidation are eliminated, to present the consolidated financial performance and financial position for the academy sector as a single economic entity. The consolidation underpinning SARA includes all ATs with operational academies as at the 31 August year end. All ATs which have open academies as at 31 August prepare audited financial statements.

ATs have been classified by the Office for National Statistics as central government public sector bodies since 2004. Until 2015-16, ATs were included within the Departmental consolidation boundary.

The Department continues to produce a separate set of consolidated accounts for its Group, including grants paid to ATs, based on its April to March financial year.

Throughout these accounts 'DfE' or 'Department' refers to the core Department whilst 'sector' refers to the combination of all ATs that prepared audited statutory accounts (financial statements) as at the date of this SARA.

1.4 Critical accounting judgements and estimates, and key sources of estimation uncertainty

The preparation of these accounts requires DfE to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure for the sector. These are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an on-going basis. DfE has specifically made such judgements on recognition of land and buildings, valuation of land and buildings, accounting for capital expenditure and assets under construction and pensions. These are detailed beneath the relevant note in each case.

To the extent that it has been possible, sensitivity analysis is included in the relevant note.

To provide increased clarity and brevity, the Department has chosen to aggregate most sub-totals of less than £100m into categories such as 'Other Expenditure', except where certain totals are deemed to be significant by their nature even when less than this threshold.

1.5 Adoption of FReM amendments

There have been no significant amendments to the FReM for 2020-21.

1.6 Early adoption

The sector has not early adopted any accounting standards in 2020/21.

1.7 IFRSs in issue but not yet effective

To comply with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the SARA must disclose where it has not applied a new IFRS that has been issued but is not yet effective. The Department has carried out a review of the IFRSs in issue but not yet effective, to assess their impact on its accounting policies and treatment. The full impact of the IFRSs in issue but not yet effective is not known and could be material to the accounts. The Department has chosen not to early adopt requirements of the following accounting standards and interpretations which have an effective date after the start of these accounts.

Standard	Effective	FReM application	Change and Impact
IFRS 16 Leases	Annual periods beginning on or after 1 April 2022	2022-23	<p>Change:</p> <p>The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The new standard requires recognition of all leases which last over 12 months (on-balance sheet). This will result in the recognition of a right of use asset, measured at the present value of future lease payments, with a matching financing liability. The pattern of recognition of the expenditure will result in depreciation of the right of use asset and an associated finance cost being recognised.</p> <p>Impact on SARA:</p> <p>The main effect of the adoption of IFRS 16 will be for ATs acting as lessees, which will result in a number of former operating leases (anticipated to be shorter term land and building leases) being brought on-balance sheet. Work is still ongoing into the implementation of this new accounting standard and at this stage the Department is unable to quantify the impact of adopting IFRS 16 due to the full extent of the lease portfolio still being identified and the lack of HM Treasury supplied discount rate. It is expected that the impact will be significant in the SARA accounts in year of adoption and then is expected to have a lower impact in subsequent years. Work will continue through to implementation.</p>
IFRS 17 Insurance Contracts	Annual periods beginning on or after 1 January 2023	Unknown	<p>Change:</p> <p>The standard makes changes to how insurance contracts are accounted for and may in certain circumstances widen the scope to include arrangements that may not have previously been viewed as insurance contracts. Changes may be more extensive for bodies that have not previously adopted the existing insurance standard, IFRS 4. However, prior to endorsement by the EU and adoption by FReM, the final version for the standard applicable to the SARA has still to be decided. Consequently, the Department is unable to scope the impact of adopting the new standard at present.</p>

2. Property, Plant and Equipment

2020/21	Land and Buildings	Leasehold Improve'ts	IT Equipment	Plant and Machinery	Furniture and Fittings	Motor Vehicles	AuC	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
At 1 September 2020	57,078	823	1,605	221	1,809	59	1,784	63,379
Additions	0	166	247	25	210	4	1,372	2,024
Acquired on conversion ¹⁰¹								
LA	1,224	1	4	-	6	-	94	1,329
Non-LA	23	-	-	-	-	-	15	38
Donations	305	4	67	1	12	-	16	405
Disposals	(169)	(14)	(56)	(1)	(30)	(4)	(5)	(279)
Revaluations	2,231	-	-	-	-	-	(4)	2,227
Impairment charge	(3,106)	(4)	-	-	-	-	-	(3,110)
FAR alignment	5							5
Reclassifications	1,679	37	2	2	7	-	(1,727)	-
Transferred from/(to) Departmental Group	-	-	-	-	-	-	136	136
At 31 August 2021	59,270	1,013	1,869	248	2,014	59	1,681	66,154
Depreciation								
At 1 September 2020	(790)	(184)	(1,300)	(132)	(1,197)	(40)	-	(3,643)
Charged in year	(1,127)	(55)	(201)	(20)	(177)	(5)	-	(1,585)
Disposals	-	3	53	-	24	2	-	82
Revaluations	1,409	-	1	-	1	-	-	1,411
Reclassifications	-	-	-	-	-	-	-	-
At 31 August 2021	(508)	(236)	(1,447)	(152)	(1,349)	(43)	-	(3,735)
Carrying value as at:								
01 September 2020	56,288	639	305	89	612	19	1,784	59,736
31 August 2021	58,762	777	422	96	665	16	1,681	62,419

The figures for the Land and Buildings impairment and revaluations shown in the table above, includes an additional line in order to realign the allocation between the two reserves. Further detail is provided on page 101 under key accounting adjustments. The impact on the net book value of the assets is nil. The movement between the lines is shown in the reconciliation table below:

Reconciliation of impairment and revaluation:

2020/21	Value in Land and Buildings (note 2)	Value disclosed in SoCNE (note 8)	Net Revaluation Movement in SoCTE (reserves)
	£m	£m	£m
Impairment	(3,110)	(3,837)	727
FAR Alignment	5	(16)	21
Revaluation gain	3,638	1,543	2,095
TOTAL	533	(2,310)	2,843

101 For more detail, please refer to note 4 – Transfer on conversion.

2019/20	Land and Buildings £m	Leasehold Improve'ts £m	IT Equipment £m	Plant and Machinery £m	Furniture and Fittings £m	Motor Vehicles £m	AuC £m	Total £m
Cost or valuation								
At 1 September 2019	54,763	647	1,454	212	1,636	52	1,500	60,264
Additions	455	153	176	16	168	8	1,599	2,575
Acquired on conversion ¹⁰²								
LA	1,206	-	4	1	7	-	19	1,237
Non-LA	54	-	1	-	1	1	1	58
Donations	970	10	3	2	8	-	25	1,018
Disposals	(382)	(15)	(36)	(10)	(17)	(2)	(28)	(490)
Revaluations	3,327	-	-	-	-	-	-	3,327
Impairment charge	(4,883)	-	-	-	-	-	-	(4,883)
Reclassifications	1,568	28	3	-	6	-	(1,605)	-
Transferred from/(to) Departmental Group	-	-	-	-	-	-	273	273
At 31 August 2020	57,078	823	1,605	221	1,809	59	1,784	63,379
Depreciation								
At 1 September 2019	(195)	(130)	(1,169)	(121)	(1,029)	(36)	-	(2,680)
Charged in year	(1,045)	(55)	(164)	(19)	(179)	(5)	-	(1,467)
Disposals	33	1	34	5	13	1	-	87
Revaluations	417	-	-	-	-	-	-	417
Reclassifications	-	-	(1)	3	(2)	-	-	-
At 31 August 2020	(790)	(184)	(1,300)	(132)	(1,197)	(40)	-	(3,643)
Carrying value as at:								
1 September 2019	54,568	517	285	91	607	16	1,500	57,584
31 August 2020	56,288	639	305	89	612	19	1,784	59,736

Reconciliation of impairment and revaluation:

2019/20	Value in Land and Buildings (note 2) £m	Value disclosed in SoCNE (note 8) £m	Net Revaluation Movement in SoCTE (reserves) £m
Impairment	(4,883)	(3,456)	(1,427)
Revaluation gain	3,744	360	3,384
Total	(1,139)	(3,096)	1,957

102 For more detail, please refer to note 4 – Transfer on conversion.

Recognition of land and buildings

These accounts recognise land and buildings in the following circumstances:

- When the land is owned as a freehold by the AT or the Secretary of State.
- Where there is a long-leasehold. This requires the original lease term to have been in excess of 100 years; leases of more than 75 years but less than 100 years may be recognised if there are additional indicators of control.
- Where there is a short-leasehold and the terms of the lease are such that it meets the IAS 17: Leases definition of a finance lease.
- Where there is a customary occupation that shows the land and buildings have been in educational use for an extended period, normally for 100 years or more.

Key Accounting Judgements and Estimates Affecting Recognition

Individual ATs are required to consider compliance with SORP in recognition of their own land and buildings. In accordance with the accounting framework, some ATs do not recognise land and buildings utilised in their operations. In prior years, a significant central consolidation adjustment for the sector was made to ATs' reported results to recognise all land and buildings used by ATs which met these criteria, irrespective of what the ATs recognised in their own financial statements, to ensure compliance with FReM. This adjustment did not represent an operational loss or any cash loss to the sector. These assets continue to be used by the sector and these accounts continue to reflect the maintenance costs of these assets.

Other key judgements

Long leaseholds

Land and building assets are occupied through a number of routes from freehold, through leasehold to short-term rentals. Where the ATs lease their land and building assets from a local authority the majority of such leases are very long (often 100 or 125 years) and there is usually only a notional peppercorn or no rental cost. To reflect the commercial and economic nature of such long low value leases, they are classified as equivalent to freehold and all building assets are consolidated into a single asset class.

Private Finance Initiative (PFI)

There are a number of sites within the sector that are operated through PFI arrangements. Whilst the sites are managed through PFI arrangements, the majority of ATs are not direct counterparties to the PFI agreements, which remain with their local authorities or the ESFA.

PFI sites have been recognised as land and building assets by the SARA since the Department judges the economic benefit of occupation to flow to the sector.

The future impact of IFRS 16 Leases is considered further in note 14.

Change in accounting treatment for recognition of local additions and disposals

Whilst the majority of capital additions at Trust sites are funded by DfE, either fully or in part, Local Authorities and Trusts can use their own funds to make capital changes to sites (local additions). Until the current year, the Department had made a presumption that unless clear evidence existed to the contrary that these local additions would ultimately enhance the service potential of a site, either through extending the life of buildings or through increasing the number of students that could be educated at a site. Consequently these local additions were rolled forward in the carrying value of land and buildings until the next professional valuation occurred. These additions therefore formed part of the valuation technique that we used to reach the fair value of the site in line with IFRS 13.

We revisited this presumption in 2020/21 because of a significant change in volume and number of local additions reported by Trusts to us. It is probable that the increase in 2020/21 arose, in part, due to Covid-19 which prevented building work to occur during lock-down periods resulting in a backlog of work accumulating and completing in a single year. When we reviewed the cases in further detail, we identified that the majority of these balances did not directly lead to an increase in the service potential of a school in terms of the number of students that could be educated at the site. Whilst there is no question that the works will address condition issues, and/or provide valuable additional educational benefits for pupils at the school, the Department concluded that these should not be viewed as an addition in light of the specific definition the depreciated replacement cost model of service potential. Consequently, an adjustment was made to reclassify these additions from land and buildings additions to maintenance expense codes, which has resulted in a decrease in land and building additions and an increase in maintenance costs.

This adjustment has been accounted for as a change in valuation technique as set out in IFRS 13 *Fair Value*, which is considered as a change in accounting estimate under IAS 8.

Valuation of land and buildings

Valuation Policy

Land and buildings are valued on a depreciated replacement cost (DRC) basis using a modern equivalent asset. This is how assets are held at current value in existing use. This approach is used, in line with IFRS 13 Fair Value Measurement, in order to reflect the amount required to replace the service capacity of the asset with an asset of comparable utility, adjusted for obsolescence. The calculation of the DRC value of the modern equivalent asset is performed by professional surveyors. The Department used Montagu Evans LLP as their professional surveyors from 2017/18 to present. For 2016/17 and 2015/16 the Department used Kier Business Services Ltd. Both firms conduct valuations in accordance with the Royal Institute of Chartered Surveyors' (RICS) Appraisal and Valuation Manual and the Department's Building Bulletin 103 and Building Bulletin 104.

Valuations are conducted when:

- A new academy is opened; or
- An asset under construction is completed and becomes operational; or
- An AT reports a significant addition or disposal; or
- We determine that only part of the site should be recognised; or
- Where none of the above apply, sites are valued at least once every five years in accordance with IAS 16, Property, plant and equipment and IFRS 13.

In accordance with the accounting policies selected by the Department, the sector re-values land and buildings at least every five years. Between quinquennial revaluations asset values are updated using indices.

- Buildings are indexed using the Office for National Statistics “Interim construction output prices: new work: public (other than housing)”.
- Land values are indexed, using the House Price Index (HPI) residential land index issued by LSL Acadata.

The Department considers that a residential price index is the most appropriate index to use across the academy sector’s portfolio of assets as a large majority of current schools, and of potential new sites for schools, are in residential areas.

Key Accounting Judgements and Estimates Affecting Valuation

The valuation model

The value of land and buildings shown in the accounts represents the service potential for the asset which is derived through the use of a valuation model. As set out above, the model’s function is to address the requirements of IFRS 13, by creating a Modern Equivalent Asset (MEA) value for recognised buildings assets. Due to the specialised nature of the assets, there is no open market valuation that can be obtained. Instead, we use a model based on professional valuation opinion to estimate the cost required to build an equivalent replacement school, modified to take account of physical and economic obsolescence. This is based on professional judgement as without a market for the asset, the model uses unobservable inputs and is classified at level 3 under IFRS 13.

The principal input factors which determine the service potential include:

- the number of current and forecasted pupils educated in the school;
- the geographic location of the school;
- the school phase (e.g. primary or secondary); and
- the prescribed space per pupil set under the government approved standards published within Building Bulletins, which differs by phase and the purpose of the academy.

These factors drive the “cost or valuation” element of the asset, as disclosed in note 2. The factors are closely interlinked and influence each other. The impact of changes in an input are as follows:

- A higher pupil roll will increase service potential due to an increase in space required;
- Geographic location drives the land value, permissible construction materials and methods (e.g. high-rise/ low-rise), and the level of building costs at the valuation date;
- Land values are based on residential land values local to the school, except in cases where the equivalent asset could be constructed in areas away from the main settlement (e.g. agricultural/ industrial land). The feasibility of locating an equivalent asset away from the current site will be dependent on the stage of the school, which is linked to the size of the catchment area and the potential ability to relocate the school whilst serving the same population. Whilst no ‘floor’ price is applied, the use of a matrix of land values, based on historical market activity for both residential and commercial land within approximately 300 Local Authority areas results in the smoothing of land values meaning excessively low or high values do not occur;
- All attributable building costs relating to construction are determined based on data obtained from the Building Cost Information Service, a service provided by the Royal Institute of Chartered Surveyors that collates information on building costs. This data varies over time and by region;
- The school phase (and the associated building standards) determines:
 - the size of equivalent asset to be constructed, with secondary schools generally being larger per pupil due to the range of subjects offered; and
 - the extent to which the geographic location of a school could be changed. Secondary schools normally can be relocated to the outside of settlements, where land values are less, due to their larger catchment area. The reclassification options are significantly more constrained for primary schools.

Physical obsolescence is primarily calculated through estimating the year of construction of an academy. An obsolescence rate is applied, giving rise to additional depreciation. Best practice would be to conduct site visits specifically to inform assumptions, but the scale and devolved nature of the sector inhibit DfE’s ability to do so on a large scale. To mitigate the absence of site inspections, the desktop reviews are supplemented with additional data such as a recent condition survey, planning consents, and architectural plans. The valuers concluded from the supplementary evidence that the physical obsolescence rates used were reasonable.

Economic obsolescence occurs where there is evidence of a permanent diminution in service potential, e.g. a declining pupil roll or pupil roll substantially under capacity. In such cases these would factor into a reduced cost, and on revaluation would potentially result in an impairment charge. The model allows for the surveyor to exercise judgement and to adopt a forecast pupil roll in cases where this situation is temporary, for example in the first five years of an academy’s operation.

The impairment charge reported in the year of £3.1 billion recognised against land and buildings reflects the changes in valuation methodology (as outlined above) and the increase in the volume of valuations undertaken.

The overall result of valuations in the year was a net revaluation gain of £0.4 billion.

As at 31 August 2021 the valuation of land and buildings reflects the identifiable macro economic factors observable at this point in time. Where there has been a revaluation or impairment during the year, management is satisfied that this represents changes in accounting estimates reflecting market movements or information that was not previously available rather than an indication of error in the prior year. An impairment review has been conducted which considered the key factors that drive the valuation model. This did not identify any indicators of further impairment.

Valuation of assets under construction, additions and converter schools

The value of Assets Under Construction (AuC) is measured at cost plus direct costs directly attributable to bringing the assets into working condition, in line with IAS 16. Direct costs include all costs associated with purchasing the land and property and bringing the assets into use, and a fair proportion of the sector's internal costs. The sector recognises AuC assets where it has control over the asset, and the right to the future economic benefits from that asset. The majority of AuC is funded by the DfE Group capital grant to the sector (as disclosed in note 5 and the capital grant tracker). Where parts of an AuC are brought into use by the AT in advance of the full completion of the project, the proportion in use is measured at cost plus direct costs directly attributable to bringing the assets into working condition and included within Land and Buildings. It is also subject to depreciation and indexation to correctly reflect the utilisation of that asset. A full DRC valuation is undertaken upon the completion of the full AUC project.

Minor capital work undertaken by individual ATs is held at historic cost until completion of the next full revaluation of the site at depreciated replacement cost.

Upon conversion of an academy, the carrying value of academy land and buildings is calculated at depreciated replacement cost in order to comply with its accounting policies. The accounts do not reflect a revaluation adjustment as the valuation was before the assets' initial recognition in the sector's accounts.

Donated Assets

The material donations within the account represent school sites donated by LAs to Academies, normally under 125 year lease terms. Where these have not previously been recognised in the SARA, for example, through our AuC programme, they are recognised at the value of the asset recognised in the ATs' financial statements and then revalued in line with the Departments valuation policy.

Other Critical Factors Affecting Land and Buildings

Key accounting adjustments

As part of the ongoing process to improve the quality of the financial reporting, we introduced a fixed asset register in the current reporting period. This is the final feature we adopted to improve the accuracy, transparency and financial reporting of land and buildings, following the introduction of the SARA.

A key feature of the new system was to embed a series of detective and preventative controls designed to prevent inconsistent accounting across the sizeable estate (c.8,300 recognised sites). These controls identified a small number of a misalignment of balances between the Revaluation reserve and impairment memo.

These have been adjusted in the current reporting period and shown as an accounting alignment within the accounts. The impact of this is an adjustment of £21 million, which was taken as a loss on disposal.

There was no change to the net value of assets carried within the account.

Due to the non-material nature of the change, no adjustment has been made in the prior year.

Other Asset Classes

For other classes of assets, individual ATs apply their own local accounting policies for capitalisation thresholds. Therefore, the de minimis value at which a purchased item will be capitalised vary across the sector, ranging from £200 to £10,000. These are held at historic cost and are not revalued.

Depreciation

Depreciation is provided at rates calculated to write off the valuation of buildings and other property, plant and equipment by equal instalments over their estimated useful lives. Land and assets under construction are not depreciated but are assessed for impairment. Asset lives, as applied in the SARA, are in the following ranges:

Freehold buildings	Up to 60 years
Leasehold buildings	60 years or the lease term, whichever is shorter
Leasehold improvements	over the remaining term of the lease
Motor vehicles	3 – 10 years
IT equipment	2 – 10 years
Plant and machinery	3 – 30 years
Furniture and fittings	2 – 20 years

COVID-19

COVID-19 has impacted on the Land & Building values recognised within the SARA account. These are outlined below:

- Due to public health concerns during lockdown, construction on a number of capital projects was paused or delayed. This is reflected in the AuC balance at year end.
- The number of conversions remained low similar to the prior year. This has reduced the total value of assets transferring into the sector in comparison to pre COVID.
- Temporary adjustments were made to school sites to provide a safe environment.

Given the temporary nature of these adjustments, we do not consider that the long-term service potential of school sites has been affected, and no further impairment is considered to be appropriate.

We would anticipate any permanent changes to the design of schools arising from the experience of COVID-19 to be incorporated into future valuations through changes in the building bulletins.

DfE Sustainability and Climate Change Strategy¹⁰³

The Departments Sustainability and Climate Change Strategy published April 2022 sets out its commitment to the departments goal of being net zero by 2050.

This will likely have a significant impact on the academy estate going forward, as the sector looks towards achieving the goals set out within the strategy and the increase in the cost of the modern equivalent value.

103 <https://www.gov.uk/government/publications/sustainability-and-climate-change-strategy>

3. Related Party Transactions

Related parties for the sector include both DfE and the management of DfE, and senior management within each individual AT. As set out in annex 4, HMT has approved a derogation in respect of related parties. The relationship between DfE and the sector is considered in the grant trackers included in the accountability section of the annual report on page 76 to page 79. The relationship between management of DfE and the sector have been disclosed in the ARA for DfE.¹⁰⁴

The following tables show the value of all other related party transactions entered into by the sector during the year. Examples of these include transactions with:

- shared services;
- diocesan education authorities;
- a charity classified as a related party; and
- trustees (or trustees' family members) providing services to the trust.

Details of related parties are disclosed in ATs' financial statements.

	2020/21	2020/21	2019/20	2019/20
	Number of related party transactions	Payments to related parties	Number of related party transactions	Payments to related parties
Payments to related parties	Number	£m	Number	£m
£1 to £50,000	1,406	14	1,538	17
£50,001 to £100,000	123	9	131	9
£100,001 to £200,000	58	8	67	9
£200,001 to £250,000	12	3	21	5
£250,001+	46	22	50	47
	1,645	56	1,807	87

	2020/21	2020/21	2019/20	2019/20
	Number of related party transactions	Receipts from related parties	Number of related party transactions	Receipts from related parties
Receipts from related parties	Number	£m	Number	£m
£1 to £50,000	651	7	697	8
£50,001 to £100,000	78	6	80	6
£100,001 to £200,000	59	8	68	10
£200,001 to £250,000	20	5	19	4
£250,001+	63	57	57	44
	871	83	921	72

Details of investigations carried out, identifying any issues in relation to related parties, can be found in the published academies financial management and governance reviews, academies investigation reports.¹⁰⁵

104 <https://www.gov.uk/government/collections/dfe-annual-reports>

105 <https://www.gov.uk/government/collections/academies-investigation-reports>

4. Transfer on Conversion

	2020/21	2020/21	2020/21	2019/20	2019/20	2019/20
	LA	DfE	Total	LA	DfE	Total
	£m	£m	£m	£m	£m	£m
Non-current assets						
Property, plant and equipment	1,329	38	1,367	1,237	58	1,295
	1,329	38	1,367	1,237	58	1,295
Current assets						
Receivables	30	-	30	31	-	31
Cash and cash equivalents	67	-	67	52	9	61
	97	-	97	83	9	92
Current liabilities						
Payables	(6)	(23)	(29)	(4)	(28)	(32)
	(6)	(23)	(29)	(4)	(28)	(32)
Non-current liabilities						
Payables	(2)	-	(2)	(3)	-	(3)
Pension scheme deficit	(294)	-	(294)	(225)	(40)	(265)
	(296)	-	(296)	(228)	(40)	(268)
Net assets transferred on conversion – total	1,124	15	1,139	1,088	(1)	1,087

Accounting Policy: In-year conversions

Schools convert into academies throughout the reporting period. Covid-19 has continued to have an impact on the number of schools converting to academies, with numbers in 2020/21 similar to prior year. Furthermore, the net assets transferred on conversions is higher than in prior year due an increase in non-current assets.

ATs converting in-year are accounted for using the method of absorption accounting; this is the standard treatment for internal transfers of bodies already within the public sector. Under absorption accounting, assets and liabilities brought into the sector are not revalued to fair value but are transferred at the local authority's carrying value, adjusted to align with the consolidation accounting policies. Carrying value is after adjustments arising to align accounting policies (such as for land and buildings).

The net assets or liabilities acquired within the sector through the business combinations, for nil consideration, are recognised either in operating income or in other comprehensive income. Net assets and liabilities brought into the sector from other government bodies (predominantly ex-LA maintained schools) are recognised in non-operating costs. Net assets and liabilities brought into the sector from outside the public sector (predominantly converted faith and foundation schools) are recognised in operating income to reflect the gain or loss to the public sector.

On an existing school's conversion to academy status (such as an LA maintained school, foundation school, faith school), the assets and liabilities of the school will be transferred at carrying value to the AT that operates the school. For academy schools without a legacy school (such as free schools and studio schools) assets and liabilities may be inherited by the AT from third parties such as sponsors.

In either case, the AT will account for all inherited assets and liabilities introduced to the sector on the opening of an academy school under absorption accounting. New assets and liabilities are not revalued to fair value on introduction but carried at net book value. Land and building assets and pension scheme valuations are adjusted arising from harmonising accounting policies for new assets and liabilities.

Transfer on conversion settlements occur in the year after conversion of an academy school when there are changes to accounting estimates of the value of transferred assets and liabilities, for example pensions or property, plant and equipment.

5. Income

	2020/21	2019/20
	£m	£m
Income from Contracts		
Income from activities for generating funds from contracts	259	292
Miscellaneous income from contracts	268	303
Catering income	232	262
	759	857
Revenue Grant Income		
General annual grant	22,978	21,118
Pupil premium grant	1,261	1,200
Other DfE Group revenue grants	2,465	1,882
Other revenue grants:		
Local Authority Special Educational Needs grants	1,311	1,094
Other Local Authority revenue grants	711	651
Other grants	173	129
	28,899	26,074
Capital Grant Income		
DfE Group capital grants	2,574	2,591
Local Authority capital grants	168	126
Other capital grants	33	29
	2,775	2,746
Other Income		
Capital donations	1,098	1,045
Revenue donations	180	243
Rental income	130	226
Investment income	5	12
Income from activities for generating funds	19	17
Miscellaneous income	69	66
	1,501	1,609
	33,934	31,286

Accounting Policy: Revenue from Contracts (IFRS 15)

Revenue for services provided is recognised when (or as) performance obligations are satisfied by transferring promised services to the customer. It is measured at the amount of the transaction price allocated to that performance obligation. The nature of the obligations differs between contract types.

Catering Income – Academies charge students for school lunches and sometimes for items sold from a tuck shop/breakfast club. The identified performance obligation is the provision of food/catering services. Payment is usually made at the same time that goods are purchased. On occasion payment is made in advance, at the start of term, in which case revenue is recognised across the term as the performance obligation is met. In this case payment and satisfaction of the performance objective fall within the same financial year so there is no deferral of revenue at year-end.

Academy Trips – Academies may charge students or parents for school trips. The identified performance obligation is the delivery of the school trip with revenue recognition occurring immediately on performance. Whilst payment is often made in advance of the service being provided it is very rare for it to be made in a different financial year to which the service is delivered.

Boarding Fees – Academies may charge fees for provision of accommodation and other services for boarding students. The identified performance obligation is the supply of boarding accommodation/facilities with revenue recognition occurring over the period in which these facilities are supplied. Whilst payment is often made in advance of the service being provided it is very rare for it to be made in a different financial year to which the service is delivered.

Teacher Training income – Academies may charge LAs or other academies for the cost of training teachers from other schools. Income from other academies is eliminated on consolidation. Income from maintained schools and other sources is recognised on satisfaction of the identified performance obligation, the supply of teacher training, with revenue being recognised immediately on delivery.

Accounting Policy: Grant Income (IAS 20)

Grant income from DfE and other government bodies is recognised on an accruals basis.

This report's grant tracker provides a reconciliation between both grant and capital income from DfE (and the ESFA) recorded by the sector and expenditure on the sector recorded by DfE and the ESFA. The grant tracker can be found on page 76 to page 79.

Income is stated net of recoverable VAT where applicable.

Accounting Policy: Donations

Donations are outside the scope of IFRS 15. Donations are recognised when there is evidence of entitlement to the gift, receipt is probable and its amount can be measured reliably.

6. Exceptional income in response to COVID-19

The table below outlines the main sources of income in response to the COVID-19 pandemic during the reporting period:

	2020/21	2019/20
	£m	£m
DfE exceptional costs associated with COVID-19 Grant	113	42
COVID-19 Catch up Premium	345	-
DfE Total	458	42
COVID-19 Job Retention Scheme Grant	14	23
COVID-19 Government funding – other	46	5
	518	70

The above sources of COVID-19 income from Government sources were included within Revenue Grant Income in note 5. Funds were provided to the sector by these sources, in relation to additional costs incurred and disclosed within staff costs note 7, and other operating expenditure note 8.

The funding support from the Department principally comprises payments made to reimburse ATs for costs linked to additional cleaning costs and Catch-up premium. In 2020/21 the Catch-up premium was provided by the Department. This fund was provided to support children and young people to catch up on missed learning due to COVID-19.

The Job Retention Scheme funding was provided by HM Revenue and Customs where staff were furloughed. The reasons for ATs claiming this include schools which provide boarding facilities, peripatetic teachers in subjects such as music and sports, and where the school generated additional income from its sports facilities.

Other Government funding was in relation to mass testing and other locally sourced grants i.e. local authority COVID winter grant and COVID uniform and meals funding.

What's important to understand about

COVID-19 income in the sector?

- The **DfE Exceptional costs associated with COVID-19 Grant** is a grant payable to eligible ATs. This income has been used to cover for example, increased premises costs, and additional cleaning.
- In 2020/21 The Catch-up premium was provided by the Department to all state-funded mainstream and special schools. It was based on an amount per pupil as at the October school census.

The value reported in the SARA accounts is lower than the value reported in Note 6 of the Department for Education 2021-22 annual report and accounts for the following reasons:

- The SARA accounts operate on a different year end to the Department. Therefore, only funding relating to September 2020 – August 2021 was recognised in last year's SARA with subsequent funding being recognised in the 2021/22 SARA.
- The Department totals include a number of programmes where payment is made to LAs, such as the Free School Meals Supplementary Grant, and therefore is not recognised in the AT's financial statements. As such, this income is not consolidated within the SARA accounts.
- Due to timing of the allocation of the mass testing funding in August 2021, some trusts whose academies return after the summer holidays late August have recognised the funding in their 20-21 accounts. Leaving the remainder to be recognised in the 2021/22 SARA.
- The Department's note includes COVID grants provided to all state-funded schools, not just academy trusts.

7. Staff Costs

	2020/21	2019/20
	£m	£m
Salaries	16,793	15,571
Temporary staff costs	1,016	908
Social security	1,669	1,517
Pension costs	4,946	4,363
Severance payments	69	46
	24,493	22,405
Less recoveries in respect of outward secondments	(2)	(2)
	24,491	22,403

Staff numbers and further disclosures relating to staff costs are included within the Remuneration and staff report on page 70 of the Accountability Section.

Accounting Policy: Early departure costs

The sector is required to meet the additional cost of benefits beyond the normal pension scheme benefits in respect of some employees who retire early, and of compensation payments payable to some employees who take early severance.¹⁰⁶ The AFH sets out delegation limits, beyond which permission to make severance payments must be approved by both the ESFA and HMT.¹⁰⁷

¹⁰⁶ For further details, please see the Remuneration and Staff Report

¹⁰⁷ Academy Trust Handbook - Academies Trust Handbook 2021 - Guidance - GOV.UK (www.gov.uk)

8. Other Operating Expenditure

	2020/21	2019/20
	£m	£m
Educational supplies	667	636
Building maintenance and repair costs	1,634	496
Premises costs including rates and service charges	806	707
Catering costs	629	548
Consultancy and other professional fees	459	424
IT and telecommunications costs	455	381
Utilities	394	367
Exam fees	212	226
PFI related charges	215	201
Staff related costs	180	191
Remuneration of academy auditors:		
Audit fees	37	36
Non-audit fees	3	4
Other expenditure	1,285	1,336
Non-cash items		
Depreciation & amortisation	1,587	1,469
Impairment	2,310	3,096
(Gain)/Loss on disposal	499	364
Other non-cash expenditure	11	6
	11,383	10,488

Operating expenditure has increased in the current year. More detail on this is included in the financial overview section and note 2.

Auditors' remuneration relates to the fees incurred by ATs for the audit of their financial statements and other services.

The National Audit Office charges a cash fee of £460,000 (2019/20: £475,000) for the audit of this SARA and a further £12,500 (2019/20: £12,500) notional fee for the audit of the SARA Whole of Government Accounts return. This is not reported in the values above. Instead, it is reported in the Department's Consolidated Annual Report and Accounts for the relevant financial year.

9. Financial Instruments

9.1 Financial assets by category

	2021	2021	2021	2020
	Financial Assets held at amortised cost	Designated at fair value through profit or loss	Total	Total
	£m	£m	£m	£m
Investments	–	93	93	90
Receivables ¹⁰⁸	1,675	–	1,675	1,585
Cash	5,942	–	5,942	4,747
	7,617	93	7,710	6,422

9.2 Financial liabilities by category

	2021	2020
	£m	£m
Held at amortised cost:		
Loans	164	163
Other payables, excluding accruals	1,620	1,466
	1,784	1,629

All financial liabilities are carried at amortised cost.

Accounting Policy: Financial instruments

The sector adopts IFRS 7 Financial Instruments: Disclosures, IAS 32 Financial Instruments: Presentation and IFRS 9 Financial Instruments (IFRS 9). The sector does not have any complex financial instruments. Financial assets and financial liabilities are recognised when the sector becomes party to the contractual provisions of the instrument.

¹⁰⁸ The value of the expected credit loss (ECL) recognised against these financial assets was £2.2 million.

Financial assets

Financial assets include cash and cash equivalents, trade and other receivables and investments. The classification of financial assets is determined at initial recognition. Financial assets are recognised initially at fair value, normally being the transaction price plus, in the case of financial assets not at fair value through profit or loss, directly attributable costs.

The subsequent measurement of financial assets depends on their classification into IFRS 9's three categories: amortised cost, fair value through profit and loss (FVTPL) and fair value through other comprehensive income.

Amortised cost

Financial assets classified as amortised cost include:

- Trade and other receivables which have fixed or determinable payments that are not quoted on an active market.
- Cash and cash equivalents which comprises cash in hand and on demand deposits.

The above asset types are subsequently recognised at amortised cost using the effective interest method. Carrying values are based on initial fair value adjusted for repayments. Appropriate allowances for estimated irrecoverable amounts are recognised in the SoCNE based on expected losses for a particular asset, or group of assets. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future recoverable amount.

Fair Value Through Profit and Loss

Financial assets at fair value through profit or loss include:

- Investments: The sector holds a small number of quoted investments which are recognised at fair value. Movements in fair value are recognised in profit and loss.

Impairment of financial assets

IFRS 9 requires that for all financial assets measured at amortised cost, a loss allowance is recognised that represents expected credit losses (ECLs) on the financial instruments.

HMT has ruled that balances with core central government Departments including their executive agencies, are excluded from early assessment (stage 1 and stage 2 impairments). The SARA therefore does not recognise loss allowance for stage 1 or stage 2 impairments against balances due from the Department or the ESFA.

The Sector holds £433 million (2019/20: £415 million) of non-Government balances measured at amortised cost. This is made up of a large number of small balances owed from a diverse and diffuse population of counterparties, the majority of whom are individuals (parents, teachers and friends of the school) or local sports clubs and local hobby groups all with different risk characteristics. There is very limited available information about the credit risk of these counterparties.

The Department therefore deems that it is not possible, without undue time, effort and cost, to monitor changes to the credit risk associated with these financial assets until a loss event occurs. The Department therefore determines that it is not possible to reliably estimate the ECL of the sector for stage 1 and stage 2 impairments. Given that the value of non-Government debt measured at amortised cost is immaterial it follows that, could we calculate it, the value of stage 1 and stage 2 ECLs would be highly immaterial.

When a loss event occurs, and an asset becomes credit impaired (stage 3) we recognise an ECL.

For the same reasons as above, the Department expects on transition the ECL under IFRS 9 is equal in value to the incurred loss model impairment allowance previously recognised under IAS 39.

Financial liabilities

The adoption of IFRS 9 has not significantly changed the accounting for financial liabilities. Financial liabilities are measured at amortised cost. Financial liabilities include trade and other payables and loans. The sector does not currently have financial liabilities measured at fair value through profit or loss; neither does it have derivative financial instruments. The sector determines the classification of its financial liabilities at initial recognition.

The measurement of financial liabilities depends on their classification:

Payables – Trade and other payables excluding accruals are generally not interest bearing and are stated at their face value on initial recognition. Subsequently, they are measured at amortised cost using the effective interest method.

Loan liabilities – The sector is able to take out both interest free loans and interest-bearing loans with the Secretary of State's permission. The sector states such loans at their face value on initial recognition. Subsequently, the sector measures loans at amortised cost using the effective interest method where interest is charged.

Financial instrument risk management

As the cash requirements of the sector are met through grant funding from the Department, supplemented by operating activities of the academy, the sector is not exposed to the degree of financial risk faced by similar sized business entities.

Consequently, financial instruments play a more limited role in creating and managing risk than in a non-public sector body. The sector has limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the sector in undertaking its activities.

It is therefore deemed that the nature of the sector's financial instruments does not expose it to significant financial risk.

10. Investments

	2021	2021	2021	2020
	Investments at amortised cost	Investments at fair value through SoCNE	Total	Total
	£m	£m	£m	£m
1 September	18	72	90	99
Additions	1	71	72	60
Disposals	(2)	(59)	(61)	(63)
Other reclassifications and fair value adjustments	-	(8)	(8)	(6)
Balance at 31 August	17	76	93	90

ATs are permitted to hold investments; these investments above are a combination of listed shares, managed funds and investment properties.

11. Receivables

	2021	2020
	£m	£m
Amounts falling due within one year:		
Trade receivables	116	110
VAT receivable	259	225
Accrued capital grants	406	393
Prepayments and other accrued income	782	747
Other receivables	93	94
Total receivables falling due within one year	1,656	1,569
Amounts falling due after more than one year:		
Receivables due after more than one year	19	16
Total receivables due after more than one year	19	16
Total receivables	1,675	1,585

12. Cash and Cash Equivalents

	2021	2020
	£m	£m
Cash and cash equivalents in Statement of Financial Position		
Balance at 1 September	4,747	4,204
Acquired on conversion	67	61
Net change excluding conversions	1,128	482
Balance at 31 August	5,942	4,747
Cash and cash equivalents in Statement of Cash Flows		
Cash at bank and in hand	5,942	4,747
Overdrafts	0	(1)
Balance at 31 August	5,942	4,746

Included in the above is £64 million in relation to amounts held for third parties (31 August 2020: £36 million), including in respect of 16-19 Bursary funds, Parent Teacher Associations or equivalent and other items.

All cash at bank and overdrafts are held with commercial banks. ATs are required to incur ESFA approval before undertaking borrowings, including bank overdrafts.

13. Payables

	2021	2020
	£m	£m
Amounts falling due within one year:		
Accruals and other deferred income	1,148	1,026
Trade payables	662	551
Tax and social security payables	388	351
Loans	30	32
Other payables	476	453
Total payables due within one year	2,704	2,413
Amounts falling due after more than one year:		
Loans	134	131
Other payables	94	111
Total payables due after more than one year	228	242
Total payables	2,932	2,655

ATs are required to obtain ESFA approval before undertaking borrowings, including taking out loans.

14. Capital and other commitments

14.1 Capital and other non-lease commitments

Contracted and approved commitments at 31 August not otherwise included in these financial statements:

	2021	2020
	£m	£m
Property, plant and equipment	484	376
Non-cancellable contracts	30	20
	514	396

14.2 Commitments under leases

Operating leases ¹⁰⁹

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2021	2020
	£m	£m
Land and buildings		
Not later than one year	232	205
Later than one year and not later than five years	885	794
Later than five years	1,850	1,825
	2,967	2,824
Other		
Not later than one year	76	72
Later than one year and not later than five years	107	106
Later than five years	29	65
	212	243

Included in the table above is £2,843 million (2019/20 £2,594 million) in respect of service concession arrangements on PFI contracts. These obligations are primarily recharges owed to local authorities who are the legal parties to the relevant PFI deals.

109 The operating lease commitments note includes obligations relating to PFI service costs. These were previously presented separately. Management believes this presentation better reflects the substance of the transaction which is that these are lease agreements between an AT and a LA with the local authority holding the PFI contract and being the legal party in the PFI transaction.

Finance leases

Total commitments under finance leases have an aggregate liability of £77 million (2019/20: £61 million). Included within the finance lease commitments is £73 million of PFI arrangements held by two trusts (2019/20: £60million held by one trust).

Accounting Policy: Leases

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases. Operating leases are charged to the SoCNE as expenditure is incurred.

IFRS 16 Leases: IFRS 16 will become effective in Government for accounting periods beginning on or after 1 April 2022. The impact of the standard is to simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The new standard requires recognition of leases which last over 12 months to be recognised as a finance lease (on-balance sheet). This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability. The pattern of recognition of the expenditure will result in depreciation of the right-to-use asset and an associated finance cost being recognised.

As the FReM has not yet adopted IFRS 16 DfE has not yet quantified the full impact. DfE assesses the likely impact on leases disclosed in the SARA and on internal processes to be as follows:

- We anticipate that the majority of leased assets reported in Note 14.2 will continue to be recognised;
- Land and buildings operated by the sector may be recognised under IFRS 16 as right-of-use assets, but not recognised as assets in 2020/21 (as we do not consider these to be recognisable under IAS 16), as detailed in note 2;
- As FRS 102 does not place an obligation on ATs to apply the recognition criteria used by IFRS 16, DfE will need to collate appropriate data and develop a suitable accounting treatment within SARA in order to comply with IFRS 16 for plant and equipment other than land and buildings, which are currently treated as operating leases.

15. Pension Scheme Disclosures

15.1 Academies' pension schemes

The sector participates in pension schemes for its employees.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. It operates under the Teachers' Pensions Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended).

Membership is automatic for full-time teachers and part-time teachers in academies on appointment or change of contract, although teachers may opt out.

The TPS is a statutory, unfunded, multi-employer, defined benefit occupational pension scheme and members contribute on a 'pay as you go' basis. Employee and employer contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and was published by DfE in April 2019. Subsequently, the employer contribution rate was increased from 16.48% to 23.68% on 1 September 2019. These rates include a charge equivalent to 0.08% of pensionable salary to cover administration expenses which was introduced from 1 September 2015. Employers' contributions for 2020/21 were £2,411 million (2019/20: £2,374 million).

The formal actuarial valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.¹¹⁰

The SARA has accounted for employer contributions to the TPS as if it was a defined contribution scheme.

LGPS

LGPS is open to non-teaching staff in ATs and is a funded multi-employer defined benefit scheme. This is therefore the sector's only scheme for which the scheme administrators can allocate the underlying assets and liabilities to the employing organisations.

The LGPS is a single national scheme that is administered at a local level by fund units that in many, but not all cases, approximate local authorities. Whilst the scheme is national, benefits are accrued at the local fund level.

The scheme provides funded defined benefits, historically on the basis of final pensionable salary and from 1 April 2015 on the basis of career average salary. The assets of the scheme are held separately from those of the sector and are invested in managed funds. Employer contribution rates are determined by a qualified actuary and on the basis of triennial valuations.

110 <https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding LGPS liabilities would be met by DfE. The guarantee came into force on 18 July 2013.

Employers' contributions for 2020/21 were £1.2 billion (2019/20: £1.1 billion). The agreed contribution for future years ranges from 6% to 38% for employers' dependant on the local authority.

As LGPSs are not sectionalised the value of the assets and liabilities in respect of each participating employer including each AT is only determined once every three years via an actuarial funding valuation, the most recent such valuation was 31 March 2019. The results of the valuation are used to determine the funding level of the LGPS and to specify the level of future contributions for each employer. The results of the funding valuation are then rolled forward each year allowing for cashflows and changes in financial conditions to produce the approximate funding level on an accounting basis for each AT. The asset and liability values for each AT at 31 August 2021 and 2020 are based on the results of the 31 March 2019 valuation. The actual asset value for each AT's share of an LGPS is determined only at each funding valuation.

A triennial valuation of the LGPS was conducted as at 31 March 2019.

At the 31 March 2019 funding valuations, the funding level across the LGPS's in England and Wales as a whole was 98% which was an improvement from the 85% level from the 31 March 2016 funding valuations. Across these LGPS's as a whole the average employer contribution rate, as a percentage of salary, payable for the period 2020 to 2023 was similar to the rate for 2017 to 2020.

There were two main impacts of the 2019 funding valuation. Demographic assumptions were updated to reflect more up to date experience and expectations. In particular, life expectancies for the 2019 funding valuations are around one year less than for the 2016 valuations- see Note 15.9 Major financial assumptions. The impact of some of this change was reflected in 2017/18 and 2018/19. The impact reflected in 2019/20 is estimated to be around 1% of the liability value which is around £250 million. The second impact related to updating the calculations for the actual experience differing from that assumed over the 2016 to 2019 period, with an estimated loss reported in 2019/20 of around £400 million.¹¹¹

111 TPS and LGPS are the biggest two pension schemes that the sector contributes to but are not the only ones.

15.2 Summary of movements in the LGPS net liability

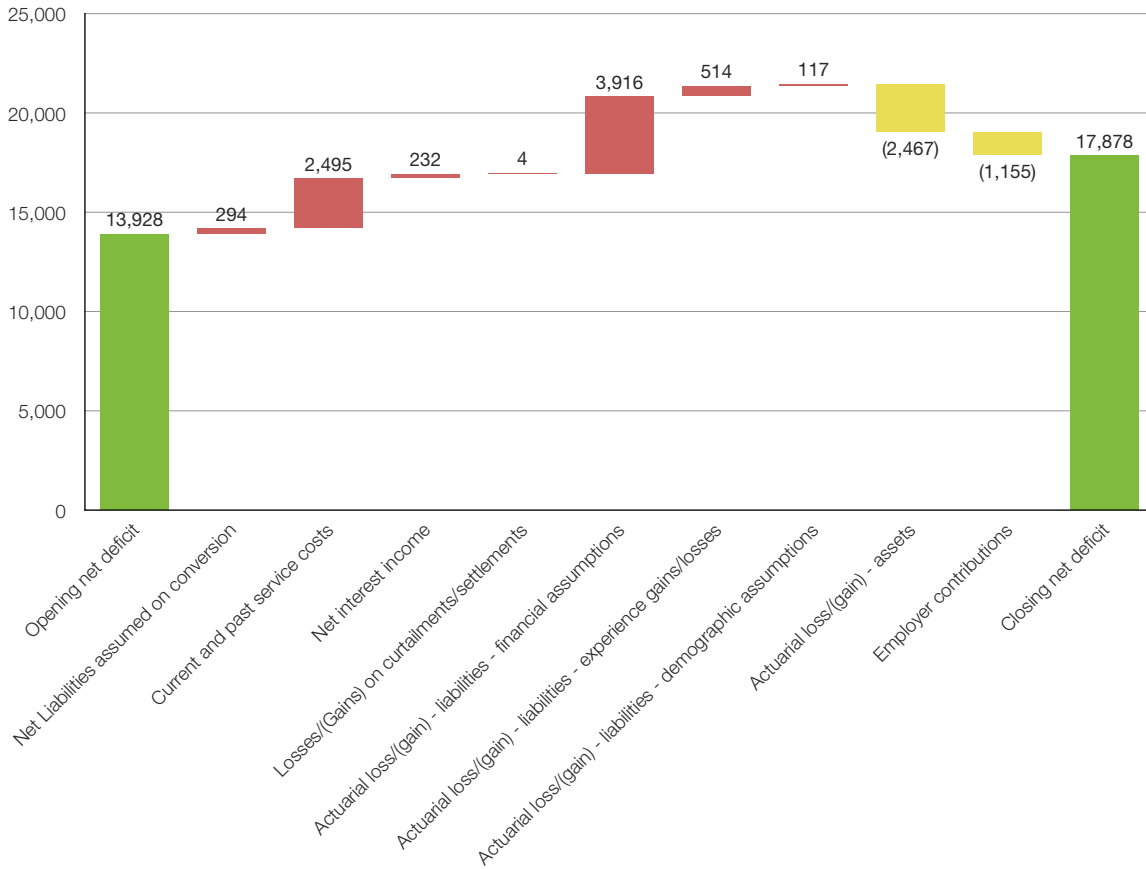
Funded pension schemes are shown on a net liability basis (or net asset where the total scheme asset balance exceeds the gross liability). This means that scheme assets are deducted from the gross pension liability balance.

	2021	2020
	£m	£m
At 1 September	13,928	11,054
Net liabilities assumed on conversion	294	264
Current service cost	2,479	2,093
Employee contributions	-	-
Employer contributions	(1,155)	(1,052)
Benefits paid	-	-
Past service cost	8	26
Net finance cost	232	205
Settlements	2	-
Curtailments	2	3
Pension scheme administration costs	8	6
Actuarial loss/(gain)	2,080	1,329
At 31 August	17,878	13,928

As shown in the table above and illustrated in the graph below, the change in the net pension liability is largely dictated by three factors:

- the actuarial loss/gain
- the current service costs which increase the liability
- employer contributions which decrease the liability

2020/21 Movements in Net Pension Deficit



In 2020/21 the current service cost and actuarial loss are the primary driving factors behind the increase in the net pension liability. Current service cost is driven by the discount rate at the start of the year and therefore the previous year's increase in discount rate has also resulted in a significant increase in the current service cost compared to the prior year. Net pension liability in 20/21 is also driven by the actuarial loss. This volatility of actuarial gains or losses is predominantly due to the change in assumptions, in particular the discount rate. The decrease in discount rate increases the value of the net pension liability recognised in the 2020/21 SARA but it does not alter the amount of cash ultimately required to settle these liabilities and thus has no bearing on the financial sustainability of the sector. Discount rates are subject to fluctuation and the decrease during 2020/21 may be reversed in future years.

In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to some members of the judicial (referred to as McCloud) and fire fighters' schemes as part of the reforms amounted to unlawful discrimination and in June 2019 the Supreme Court denied the government permission to appeal. Consequently, ATs included an estimated allowance of £250 million for the potential costs following the judgement in the prior year accounting period within Past Service Costs in 2018/19. The actuary firms have indicated that the estimated costs will be reviewed as part of the 2022 funding valuation process.

The current service cost is an estimate made by scheme actuaries of the benefit earned by employees in the year and it is used to determine standard contribution rates for each scheme. The actual rate of employer contributions is determined as part of a funding valuation using different assumptions.

Employer contributions reflect amount paid in by ATs during the year. Employer contributions reduce the outstanding net pensions liability.

An analysis of the in-year movement in LGPS gross obligations and gross assets are provided in notes 15.3 and 15.4. Employee contributions and benefits paid impacted on both the gross liability and the scheme assets and so have a mainly neutral impact on the net liability.

Breakdown of Actuarial Gain/Loss

	2021	2020
	£m	£m
Experience gains/losses	(1,956)	420
Change in financial assumptions – assets	3	(12)
Change in financial assumptions – liabilities	3,916	1,067
Demographic assumptions	117	(146)
Actuarial loss	2,080	1,329

FRS 102 Financial Reporting Standard, which is followed by the academies sector, does not require the analysis of actuarial gain/loss to be further analysed into its three component figures and this analysis is, therefore, not included within the ATs' own financial statements.

15.3 Movements in the present value of LGPS gross liability

	2021	2020
	£m	£m
At 1 September	27,989	23,471
Liabilities assumed on conversion:		
Local Authority	549	469
Non-local Authority	-	75
Current service cost	2,479	2,093
Interest cost	483	449
Employee contributions	317	284
Past service cost	8	26
Actuarial loss/(gain)	4,547	1,332
Benefits paid	(253)	(227)
Pension scheme administration costs	3	-
Losses on curtailments	2	3
Effect of non routine settlements	5	14
At 31 August	36,129	27,989

15.4 Movements in the fair value of LGPS scheme assets

	2021	2020
	£m	£m
At 1 September	14,061	12,417
Assets transferred on conversion:		
Local Authority	255	245
Non-local Authority	-	35
Employer contributions	1,155	1,052
Employee contributions	317	284
Actuarial gain	2,467	3
Benefits paid	(253)	(227)
Interest income	251	244
Assets transferred on scheme settlements	-	-
Pension scheme administration costs	(5)	(6)
Effect of non-routine settlements	3	14
At 31 August	18,251	14,061

15.5 Scheme assets

	2020/21	2019/20
	%	%
Equities	63	61
Corporate bonds	10	10
Property	8	9
Gilts	8	8
Cash and other liquid assets	3	4
Other	8	8
	100	100

15.6 Analysis of non-interest costs charged to SoCNE

	2020/21	2019/20
	£m	£m
Current service cost	2,479	2,093
Past service cost	8	26
Loss on curtailments	2	3
Loss/(gain) on transfer of assets on scheme settlements	2	-
Pension administration costs	8	6
Net cost	2,499	2,128

15.7 Analysis of interest costs charged to SoCNE

	2020/21	2019/20
	£m	£m
Interest income	(251)	(244)
Interest on scheme liabilities	483	449
Net cost	232	205

15.8 Analysis of amounts in other comprehensive expenditure

	2020/21	2019/20
	£m	£m
Total actuarial loss/(gain)	2,080	1,329
Net cost	2,080	1,329

15.9 Major financial assumptions

	2020/21	2019/20
Rate of Inflation	0.5% – 3.9%	0.5% – 3.3%
Rate of increase in salaries	1.7% – 4.4%	1.6% – 4.1%
Discount rate	1.3% – 2.9%	1.4% – 3.2%
Rate of increase of pensions in payment	2.0% – 4.3%	1.0% – 3.5%
Average future life expectancies:		
Current pensioners: males	20 – 25	20 – 24
Current pensioners: females	21 – 27	22 – 27
Future pensioners retiring in 20 years: males	22 – 27	21 – 26
Future pensioners retiring in 20 years: females	22 – 27	22 – 29

Based on appropriate professional advice, ATs have set the financial assumptions used in the preparation of the actuarial valuation of liabilities appropriate for their individual circumstances. These assumptions have a range of uncertainty. Pension schemes operate over very long timescales, and these assumptions may not be borne out in practice. The movement in pension liabilities reflects the movement in the actuarial assumptions in the year.

The key investment risks are:

- 1. Market risk** – this is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. All investments present a risk of loss of capital. In general, excessive volatility in market risk is managed through the diversification of the individual LGPS portfolios in terms of asset classes, geographical and industry sectors and individual securities. The emergence of COVID-19 in 2020 led to an unprecedented level of market volatility in global economic markets.
- 2. Interest rate risk** – this represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of the liabilities is also estimated using long term interest rates (by reference to AA corporate bonds).
- 3. Currency risk** – this represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.
- 4. Credit risk** – this represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the LGPS to incur a financial loss.
- 5. Liquidity risk** – this represents the risk that the LGPS will not be able to meet its financial obligations as they fall due.

As the ATs participate in a number of LGPS, we consider that the investment risks within the SARA will be similar to those for each LGPS. On this basis, we do not believe at the consolidation level that there is any undue concentration of asset or investment risk.

In 2020/21, 82% of assets were in equity, corporate bonds and property (2019/20: 80%). The markets for these assets may be subject to significant volatility over time and as a result, asset values may move in value.

Inflationary pressure: COVID-19 and conflict in Ukraine uncertainty

COVID-19 continued to cause disruption throughout 2021, although less than 2020. The impact on global supply chains has contributed to upward inflationary pressures merging towards the end of 2021, noticeably so in the energy markets.

February 2022 saw Russian troops invading the Ukraine. This is currently still ongoing, and economic sanctions have been placed on Russia by many countries internationally. Both the sanctions and the conflict have already impacted on the global economy and further contributed to the upward inflationary pressures.

15.10 Sensitivity Analysis

The table below illustrates high level sensitivities, to demonstrate the impact on the consolidated liability value to small changes in the most material assumptions: discount rate, CPI inflation, salary growth and life expectancy. These have been estimated for the aggregate consolidated liability value rather than considering the sensitivity for each AT and then aggregating these.

Assumption	Illustrative change in assumption	Illustrative change in assumption
Discount rate	+/- 0.1%	+/- £825m
CPI inflation (and associated pension increases and salary growth)	+/- 0.1%	+/- £825m
Salary growth	+/- 0.1%	+/- £150m
Life expectancy	+/- 1 year	+/- £1,100m

There is a range of actuarial assumptions which is acceptable under IAS 19, particularly in respect of expected salary increases and demographic factors. The assumptions used are the responsibility of the ATs, after taking the advice of the actuaries. There are risks and uncertainties associated with whatever assumptions are adopted, as the assumptions are effectively projections of future investment returns and demographic experience many years into the future. Inevitably this involves a great deal of uncertainty about what constitutes a “best estimate” under IAS 19. The actuaries interpret this as meaning that the proposed assumptions are neutral, i.e. there is an equal chance of actual experience being better or worse than the assumptions used.

The assumptions used are largely prescribed and reflect market conditions at 31 March 2022. Changes in market conditions can have a significant effect on the value of liabilities reported. For example, a reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. The effect of changes in the key assumptions is shown in the table below.

Over the year to 31 August 2021, there has continued to be an increased level of volatility in the discount rate which is used to value the pension scheme deficit. The table below shows the lower and upper bound of the fluctuation between 31 August 2020 and 31 August 2021 on the same indices reported in the major financial assumptions section (section 15.9 above), and what the scheme liabilities would be for the LGPS if it were valued using these alternative discount rates.

Assumption	Discount rate used 31 August 2021 (illustrative)	Liability at 31 August 2021 using discount rate (illustrative)	Lower bound discount rate	Liability when using lower bound discount rate	Upper bound discount rate	Liability when using upper bound discount rate
	%	£'m	%	£'m	%	£'m
LGPS	1.70%	36,005	1.45%	38,100	2.15%	32,700

It is anticipated that future years accounts will move again significantly due to increasing discount rates.

Accounting Policy: Pensions

The sector has adopted FRS102, which is materially compliant with IAS 19, Employee Benefits, to account for its pension schemes.

Accordingly, for funded defined benefit schemes the sector recognises a liability in respect of any deficit, being the excess of the present value of the scheme's liabilities over the value of the assets in the scheme, to the extent that the sector has a legal or constructive obligation to make good the deficit in the scheme. The pension scheme surplus (to the extent that it is considered recoverable) or deficit is recognised in full on the face of the Statement of Financial Position (SoFP). Actuarial gains/losses from the scheme are recognised in reserves.

Where the sector makes contributions to defined contribution and unfunded defined benefit pension schemes (which do not have underlying assets) the sector recognises contributions payable in the SoCNE.

Pension valuation for the Local Government Pension Scheme

Local Government Pension Scheme deficits are recognised in the SoFP – all other defined benefit schemes are unfunded multi-employer schemes for which there are no underlying assets or liabilities to allocate across the employers. Details of the pension deficit are shown in note 15.2.

Pension scheme assets are held at fair value. Scheme liabilities are estimated using a projected unit method and discounted at their current rate of return on a high quality corporate bond of equivalent term to the liability. All estimates are performed by actuaries in accordance with FRS102, which is materially compliant with IAS 19.

16. Contingent Liabilities

Quantifiable

The sector held no material contingent liabilities as at 31 August 2021.

Unquantifiable

During the operation of its Funding Agreement, in the event of an AT's sale or disposal by other means of an asset for which a Government capital grant was received, the AT is required either to re-invest the proceeds or to repay the Secretary of State the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the AT serving notice, the AT shall repay to the Secretary of State sums determined by reference to:

- the value at the time of the trust's site and premises and other assets held for the purpose of the AT;
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

Apart from the above, the sector has not recorded material contingent liabilities as at 31 August 2021.

17. Events after the reporting period

ATs have continued to be incorporated and to open new academy schools throughout the period from 31 August 2021 to the date that these accounts were authorised for issue.

These sector accounts apply IAS 10 Events after the Reporting Period, except for the requirement that the accounts be adjusted for events that existed in the reporting period that are not included in the AT financial statements. Any significant events will be disclosed as non-adjusting events.

COVID-19

Since March 2022 the UK Government has eased measures to control Covid-19. From the 2022/23 academic year ATs are expected to return to pre-pandemic levels of normal operation. £518m of grant income for Covid-19 has been recognised in the current period.

Ukraine Conflict

In February 2022 Russia invaded Ukraine.

The ongoing conflict has caused significant adverse changes in economic conditions across Europe. The international community has implemented sanctions against Russia due to the military invasion in Ukraine which has led to economic uncertainty. Some resources such as fuel and food have seen significant price increases which could impact ATs going forward. The expenses to heat schools and purchase food is expected to keep rising in line with inflation which will negatively impact cashflow of academies whilst the crisis is ongoing.

There is also the possibility of strain on resources going forward as increased school space will be required to host refugee children arriving in England. In addition to this, more support workers will be required to support new students which could have significant cost implications. This is due to a scarcity of resources of Ukrainian speaking support staff and teaching assistants in UK schools which will need to be improved as the crisis continues.

The economic instability being caused by the Ukraine conflict also has the capacity to affect the value of investments that are currently held. The value of the pension fund could be affected due to the withdrawal of market leaders in Russia, which has caused shares and investment values to become volatile and has impacted the value of defined contribution pension funds.

In addition, the evolving situation in Ukraine is also likely to affect the value of land and buildings. The cost of living has increased which has driven up inflation, meaning that land and buildings values are expected to increase, with open market land values having increased by 8% in the UK in the last year. However, investments generally are more volatile and with the Bank of England base rate having increased from 0.1% to 3.50%¹¹² since December 2021, the value of land and buildings could stagnate due to the fall in the risk appetite of investors.

Inflation

The supply chain has been affected by the conflict in Ukraine, as well as the long-term effects on UK businesses from the Covid-19 pandemic. The rise in energy prices has been one of the main contributors to inflation, with the consumer price index rising to 9.1% by May 2022.

The increase in inflation has affected the supply of goods and has put pressure on the cost of essentials such as fuel and food. These increases will likely affect individual academies and trusts within the sector with the cost of utilities to run the school and food to feed its pupils expected to continue to increase. At the sector level, assets and liabilities linked to market conditions, most notably pension investments and building costs will also be impacted.

This pressure is also likely to affect parents from lower socio-economic backgrounds which in turn could affect the welfare and performance of their children in school.

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Ministerial changes

During 2021 there have been a number of government reshuffles, and changes to the ministerial team as a result of the changes to the Prime Minister:

	Date appointed	Date left
The Rt Hon Gavin Williamson CBE MP		15 September 2021
The Rt Hon Nadhim Zahawi MP	15 September 2021	05 July 2022
The Rt Hon Michelle Donelan MP	05 July 2022	07 July 2022
The Rt Hon James Cleverly MP	07 July 2022	06 September 2022
The Rt Hon Kit Malthouse	06 September 2022	25 October 2022
The Rt Hon Gillian Keegan MP	25 October 2022	

The Minister for the school system also changed during the period.

	Date appointed	Date left
Baroness Berridge of the Vale of Catmose		17 September 2021
Baroness Barran MBE	17 September 2021	

From the 22 September 2022 to 26 October 2022 the role title changed from Minister for the School System to Minister for the School and College System and was then subsequently changed on the 27 October to the Minister for the School System and Student Finance, Baroness Barran was reappointed each time.

Opportunity for all: Strong schools with great teachers for your child (Schools white paper) ¹¹³

The white paper, Opportunity for all: Strong schools with great teachers for your child (Schools White Paper), was published in March 2022, this set out the Department’s long-term vision for a school system that helps every child to fulfil their potential by ensuring that they receive the right support, in the right place, at the right time. The key feature is the intention for all schools to be academies by 2030.

‘School Resource Management: Building a Stronger System’

The School Resource Management Strategy ‘School Resource Management: Building a Stronger System’, published in June 2022, sets out our offer of support to help every school and academy trust get best value from all their resources, so they can make every pound count towards their pupils’ education. The strategy, which has been developed in partnership with schools’ system leaders, will play a critical role in creating a strong, robust, and sustainable future schools’ system, building on the ‘Opportunity for All’ White Paper.

The SRM strategy focuses on 3 key aims;

- For every school and academy trust to be led by leaders, with the skills, knowledge and capacity to achieve excellent school resource management.
- To support schools and academy trusts to recruit, develop and deploy their staff effectively and efficiently.
- To help schools and academy trusts get best value and impact from their non-staff resources, so these can be directed in ways that will make a greater positive difference to children and young people’s outcomes.

‘Sustainability and climate change: a strategy for the education and children’s services systems’

In April 2022 the Department set out its policy to contribute to the Government’s response to climate change. The policy looks forward to 2030 and includes a number of actions which will impact the academy sector and help to work towards a net zero goal by 2050. It is expected that these policies will increase the cost to replace the existing educational estate and will increase building values going forward.

Authorisation

These accounts were authorised for issue by Susan Acland-Hood (Accounting Officer) on the date they were certified by the Comptroller & Auditor General.

There have not been any other significant post reporting period events that have required disclosure in the accounts.

113 Implementing school system reform in 2022 to 2023 – GOV.UK (www.gov.uk)

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