



For periods ended 31 August 2022

For periods ended 31 August 2022



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1. Introduction

Welcome to our eleventh benchmarking report focusing on academies in Norfolk and Suffolk.

As in previous years we have “grouped” the results to show primary schools, secondary schools and multi academy trusts (MATs) to assist the comparison of like-for-like academy trusts and contrast single academy trusts with MATs.

We hope that by comparing data between similar schools, our report will assist trustees, members and senior leadership teams in understanding the financial position of their trust and highlight areas where action may be required.

The information within our report is based on publicly available audited financial statements for the period ended 31 August 2022. We have scrutinised the information within the notes to the financial statements to ensure, as best we can, that our benchmarking data has been presented on a consistent basis. Where there are omissions in the data, the relevant information was not included within the available financial statements.

We have excluded those schools in the region who are part of national MATs. However, where MATs are predominantly based in Norfolk and Suffolk, with further schools in neighbouring counties, the results have been included within this report. We have also excluded alternative provision and special schools.

Throughout this report we refer to academy trusts by their registered company name as at 31 August 2022. Therefore, where a trust has changed its name part way through the year, the reference is as per the financial statements at 31 August 2022.

We would welcome any feedback on the report to ensure that the information contained within future versions is of practical value. We would also be happy to meet with you to discuss the report and our services to academies.



Alice Lynch
Partner

1. Key measures summary

+ Sector overview

- 2.1 Number of academies by school type
- 2.2 Number of academies by county
- 2.3 Growth of MATs by pupil number

+ Income

- 3.1 Total income per pupil
- 3.2 GAG income / Total revenue income
- 3.3 Average GAG income per pupil

+ Staff

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- 4.2 Staff costs / GAG
- 4.3 Staff costs per pupil
- 4.4 Pupil : Teacher ratio
- 4.5 Staff restructuring costs
- 4.6 Principal's remuneration (CEO for MATs)
- 4.7 Principal's remuneration (CEO for MATs) / GAG
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+ Surpluses

- 5.1 Movement in reserves
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- 5.3 Net cash flow from operating activities / GAG

+ MATs – Central services

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+ Current assets, liabilities and reserves

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- 7.2 Reserves per pupil
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+ Pensions

- 8.1 LGPS asset / liability per pupil
- 8.2 Pension costs / GAG income

+ Governance

- 9.1 External auditors
- 9.2 Total external auditor fees / GAG
- 9.3 Internal scrutiny
- 9.4 Members and Trustees
- 9.5 Solicitors

2. Sector overview

2.1 Number of academies by school type

A further 14 schools gained academy status in the 2021/22 academic year. This growth continues to be led by primary schools, with 71% of new academy schools in the year being in the primary sector (2021 - 90%). The remaining 29% were special schools. There is still only 1 remaining Local Authority led secondary school in Norfolk and 4 remaining in Suffolk.

2.2 Number of academies by county

The number of new academy schools was the same for Norfolk and Suffolk in the 2021/22 academic year, both with 7 additional schools. This is compared to 7 in Norfolk and 3 in Suffolk in the 2020/21 academic year.

2.3 Growth of MATs by pupil number

Following a 'quieter' period during the Covid-19 pandemic, we have once again seen a significant amount of re-brokerage in the 2021/22 academic year, with some larger trusts making the move to merge with another and we are aware that this trend is set to continue into the following academic year.

All additional academy schools during the 2021/22 year have joined with existing MATs. We also note 4 single academy trusts and 2 MATs ceased during the year, with all constituent schools transferring into another existing MAT.

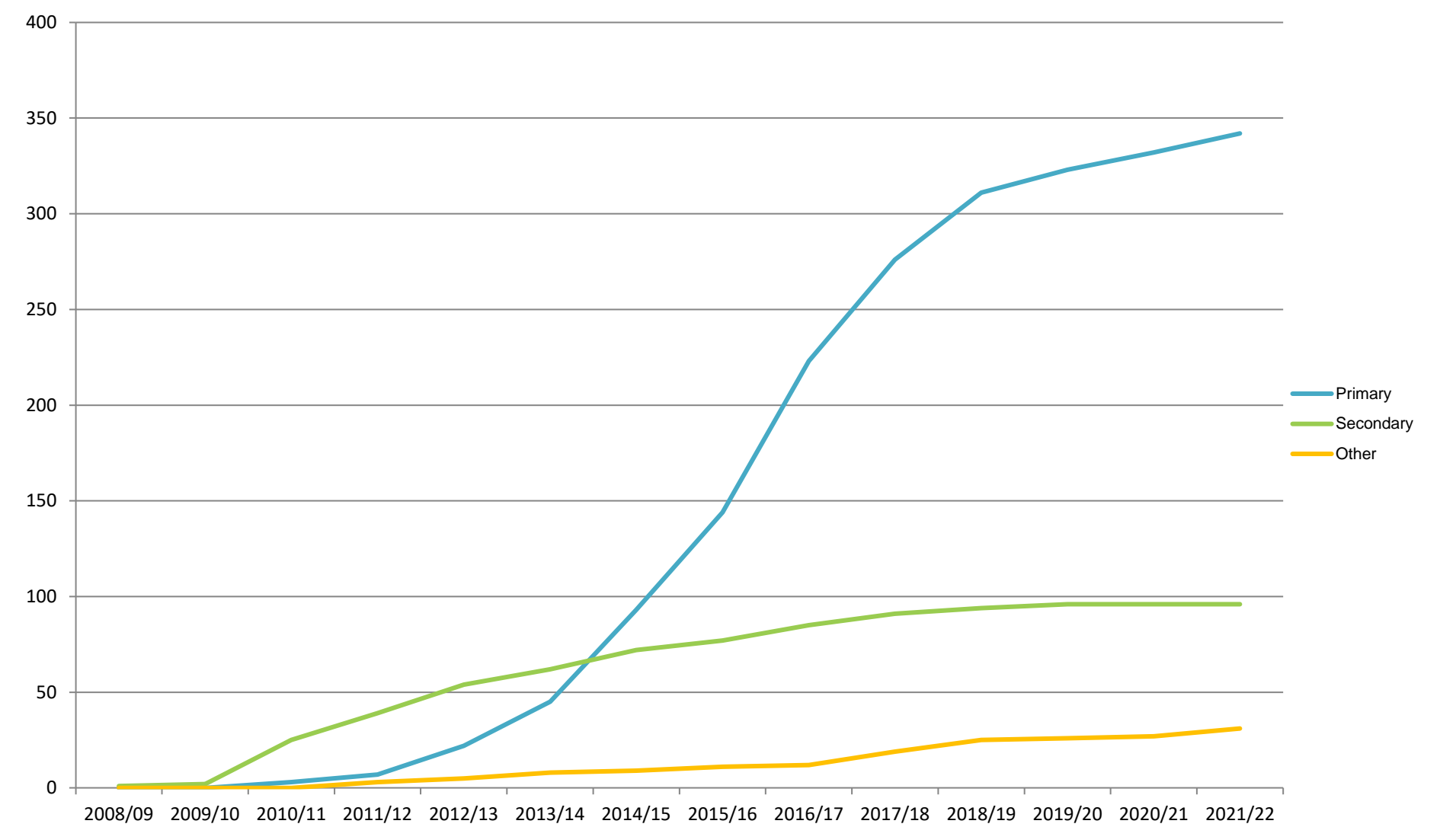
As a result of these movements, by 31 August 2022, 98% of academy schools in the region were part of a MAT (2021 - 97%).

There were no new MATs formed during the year, however 35% of existing MATs expanded during the year, adding new schools. The average number of schools within MATs in our sample has increased from 8.6 to 9.5.

The pupil numbers have been extracted from the Local Authority directory of schools, where possible.

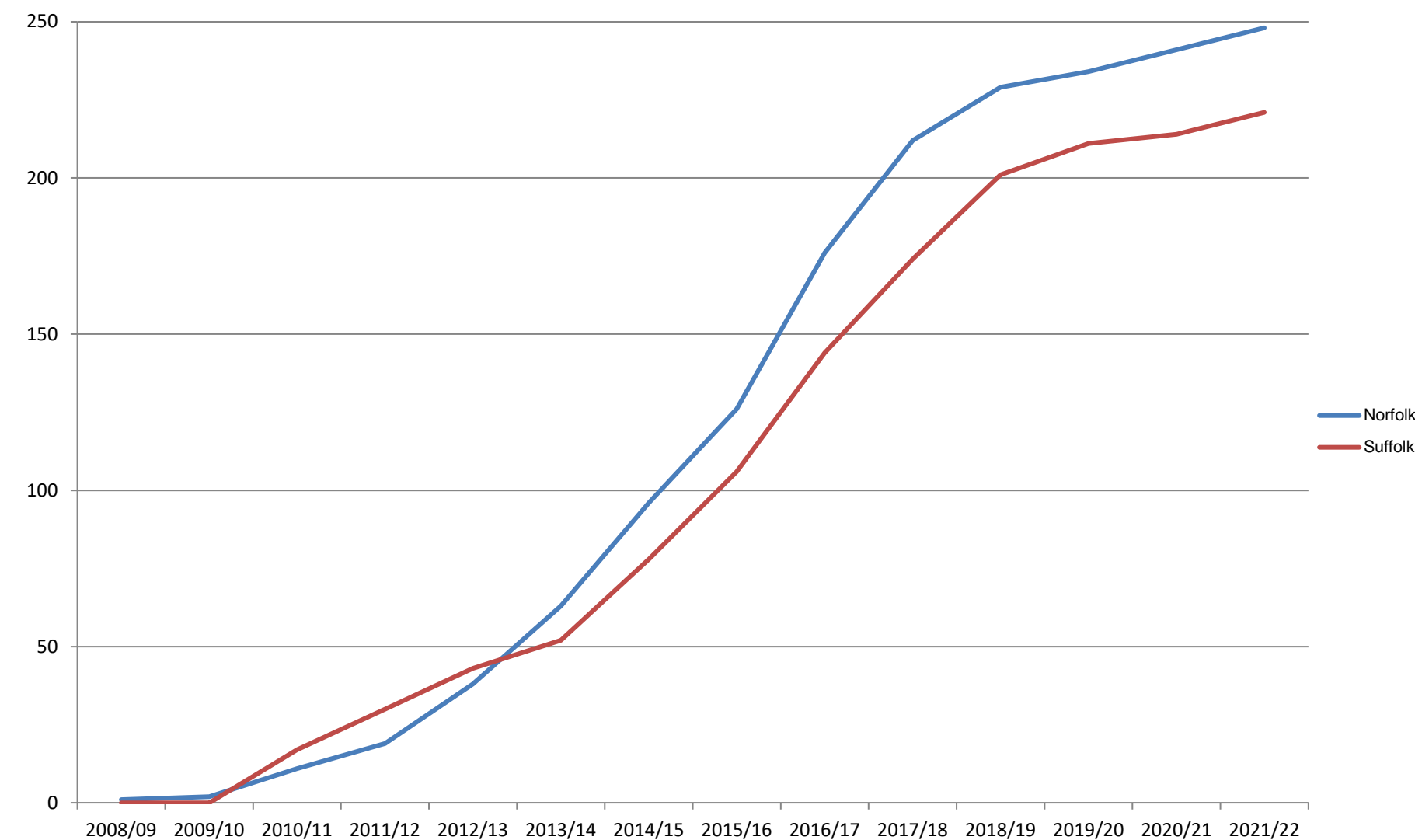
2. Sector overview

2.1 Number of academies by school type



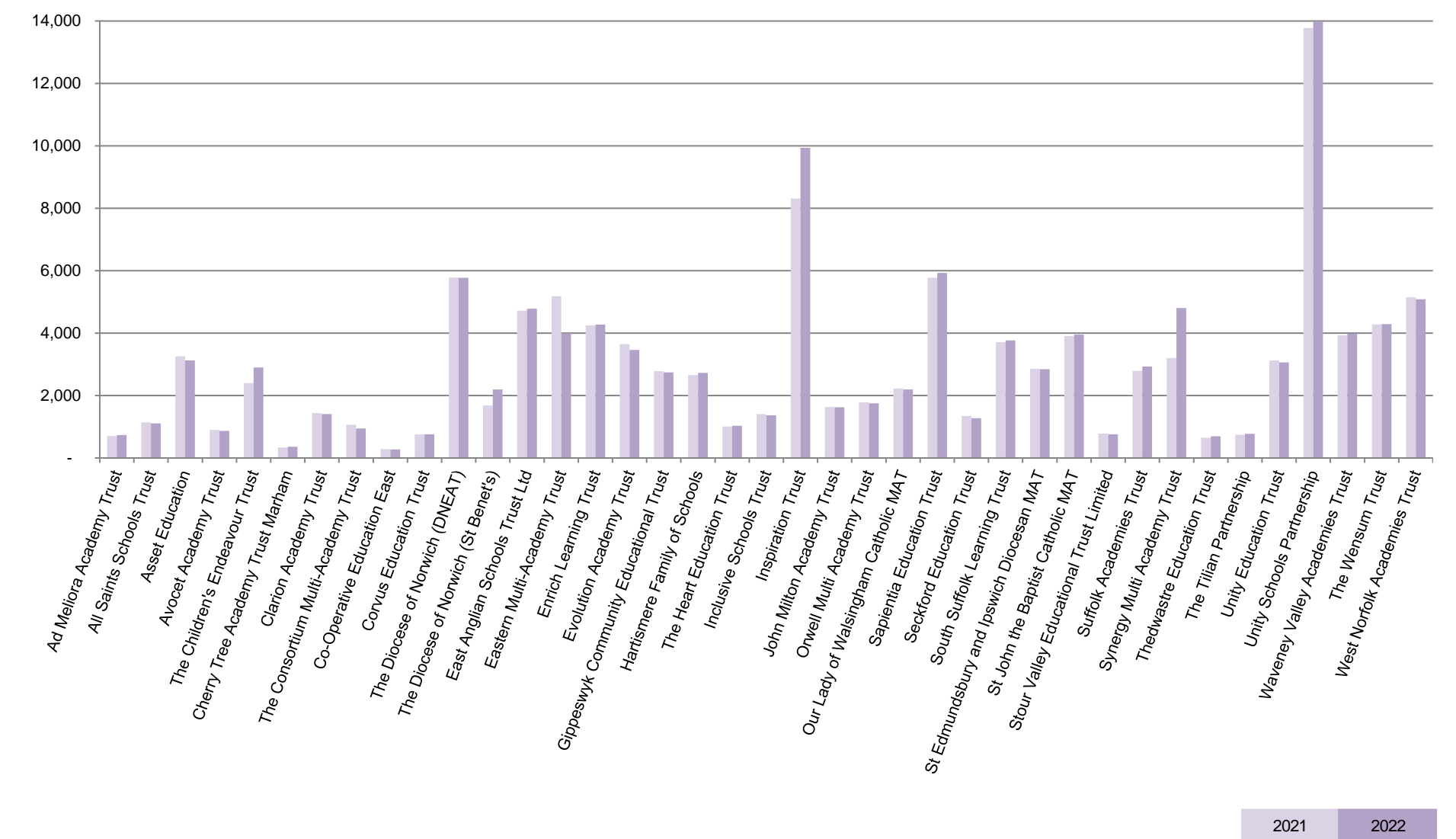
2. Sector overview

2.2 Number of academies by county



2. Sector overview

2.3 Growth of MATs by pupil number



3. Income

3.1 Total income per pupil

Total income excludes boarding fees, income recognised on conversion or transfer from other trusts and any donations in kind received during the year. Capital grant funding is included, which can cause variances year to year and between academies.

The average total income per pupil for primary schools has increased by 15.6% from £5,985 to £6,921, secondary schools have seen an increase of 1.4% from £6,595 to £6,686 and MATs an increase of 5.2% from £6,260 to £6,583. During the year, schools received Covid Recovery funding along with other Covid related grants and a supplementary grant from the ESFA for the period April 2022 to August 2022. As government restrictions were lifted, there was also a gradual return to income generating activities as well as school trips and club activities.

3.2 GAG income / Total revenue income

Total revenue income is total income excluding capital grants, capital donations and income recognised on transfer from Local Authority and other trusts.

From 2021 to 2022, the average General Annual Grant (GAG), as a proportion of total income figure has fallen slightly for primary schools from 74% to 73%, but increased for both secondary schools (from 82% to 86%) and MATs (from 78% to 79%).

Where a MAT includes special schools or alternative provision, with funding predominantly from the Local Authority, this ratio is expected to be lower than other similar sized trusts which include only mainstream schools.

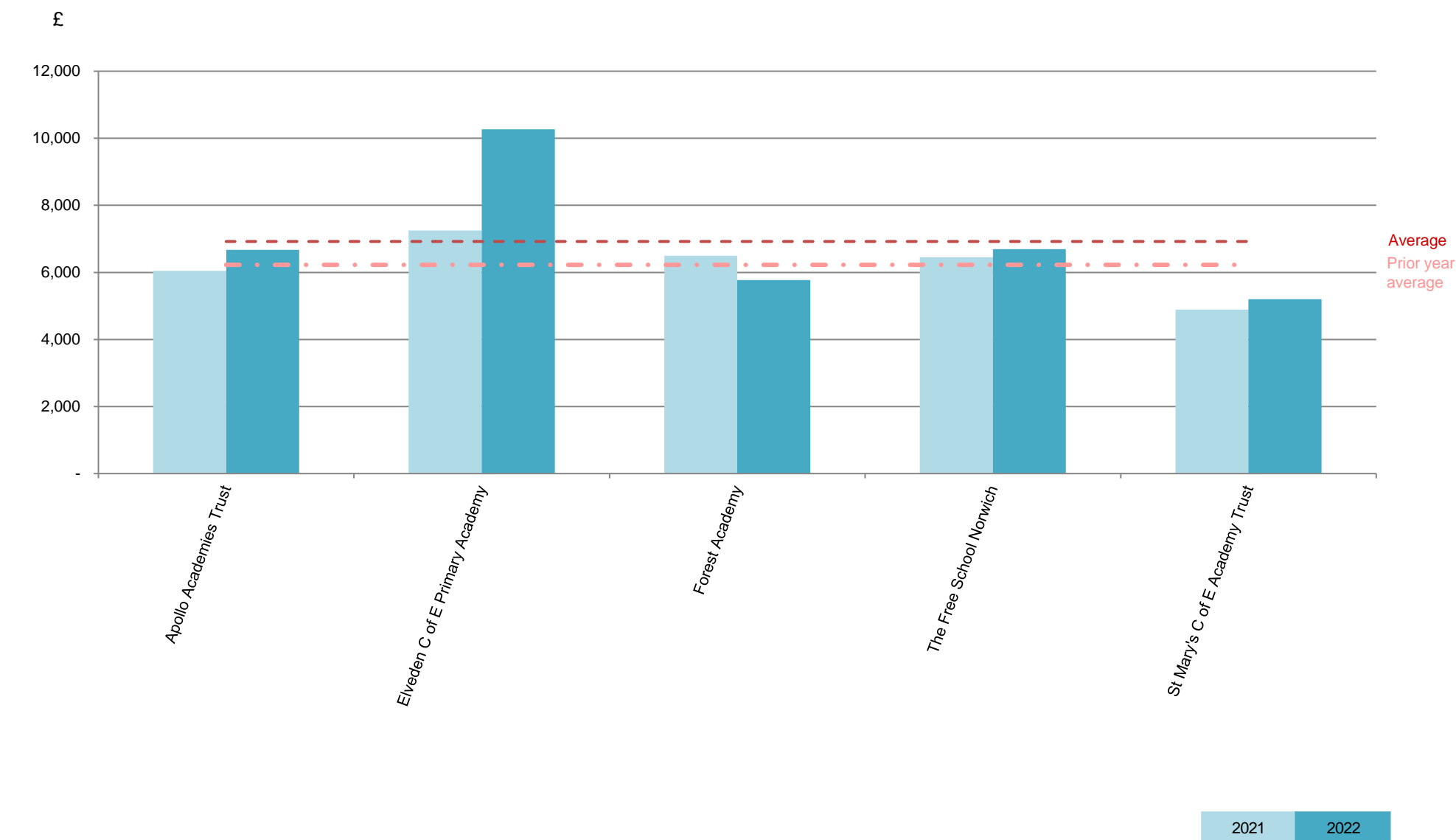
3.3 Average GAG income per pupil

GAG income per pupil has historically appeared fairly static. However, in the last 2 years there has been a significant increase. From 2020 to 2021 the increase was particularly noticeable in stand-alone primary and secondary schools. From 2021 to 2022 the increase was particularly noticeable for MATs. Over the last 2 years, primary schools showed an increase of 14.8%, secondary schools 9.6% and MATs 10.1%.

Due to the majority of schools receiving GAG funding on a lagged basis, marginal changes from year to year may be driven by fluctuations in pupil numbers. With lagged funding, the income received is related to the pupil numbers in the prior year, whereas our data bases the pupil numbers on the year in which the funding was received.

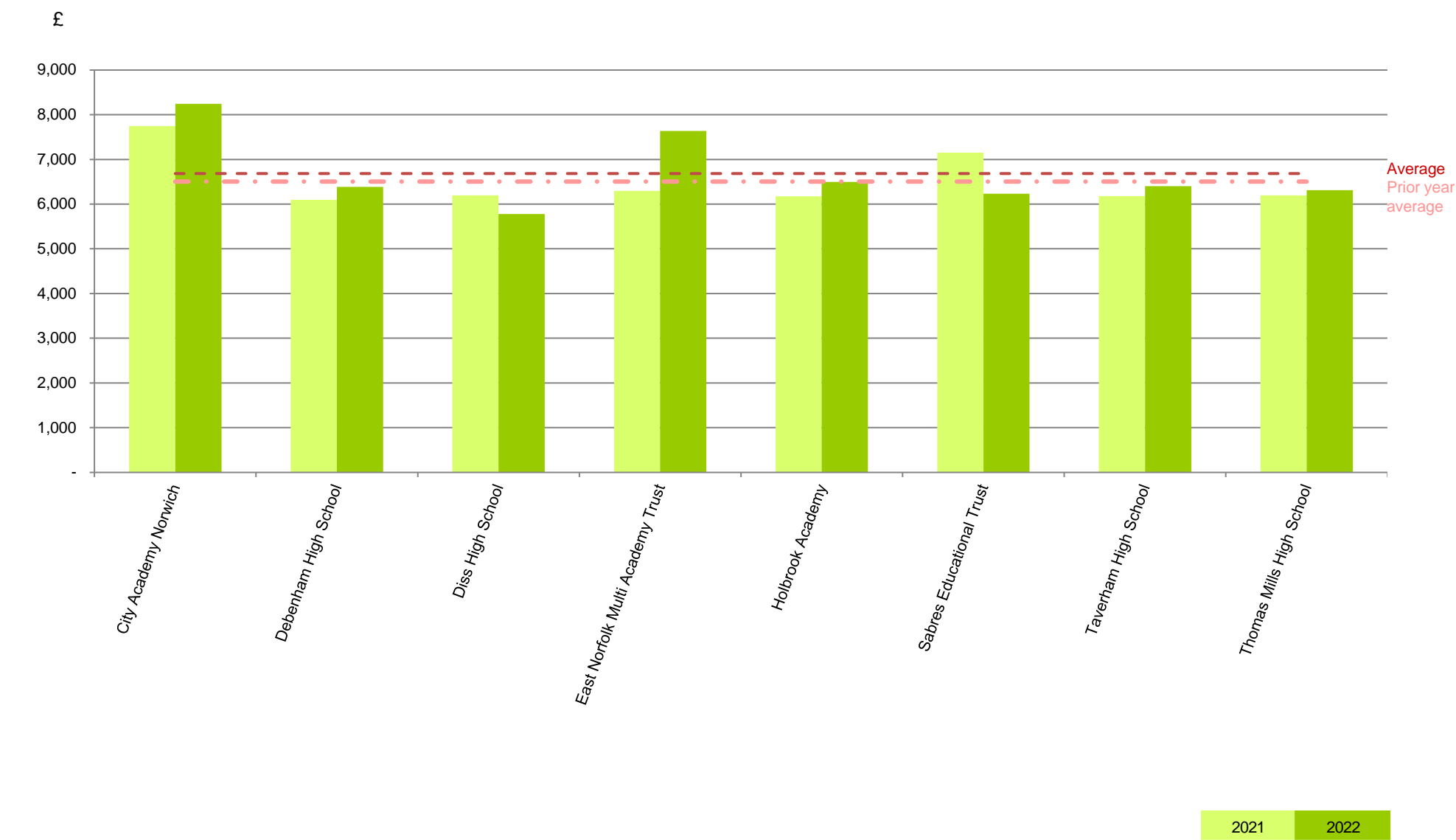
3. Income

3.1 Total income per pupil (primary schools)



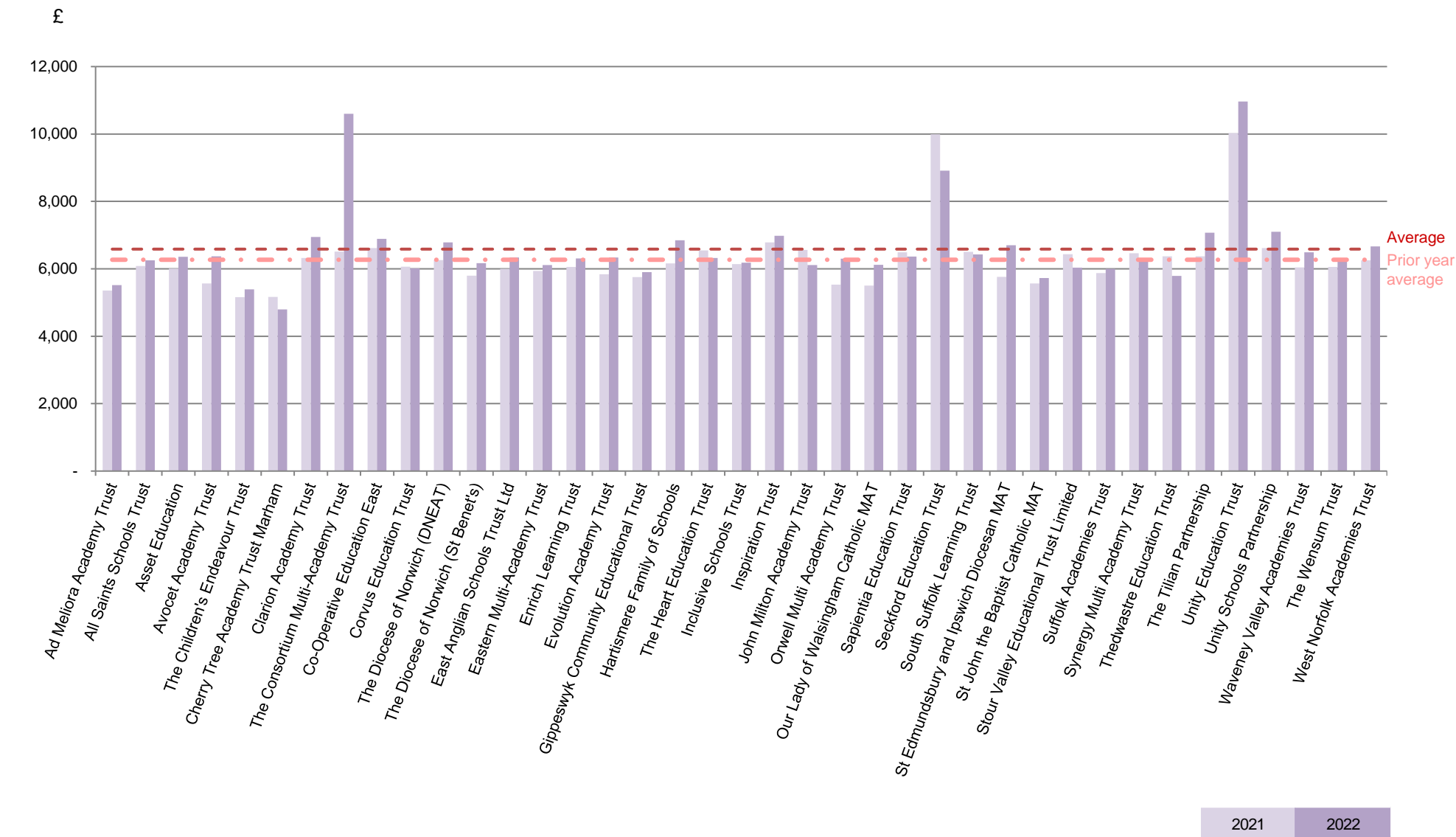
3. Income

3.1 Total income per pupil (secondary schools)



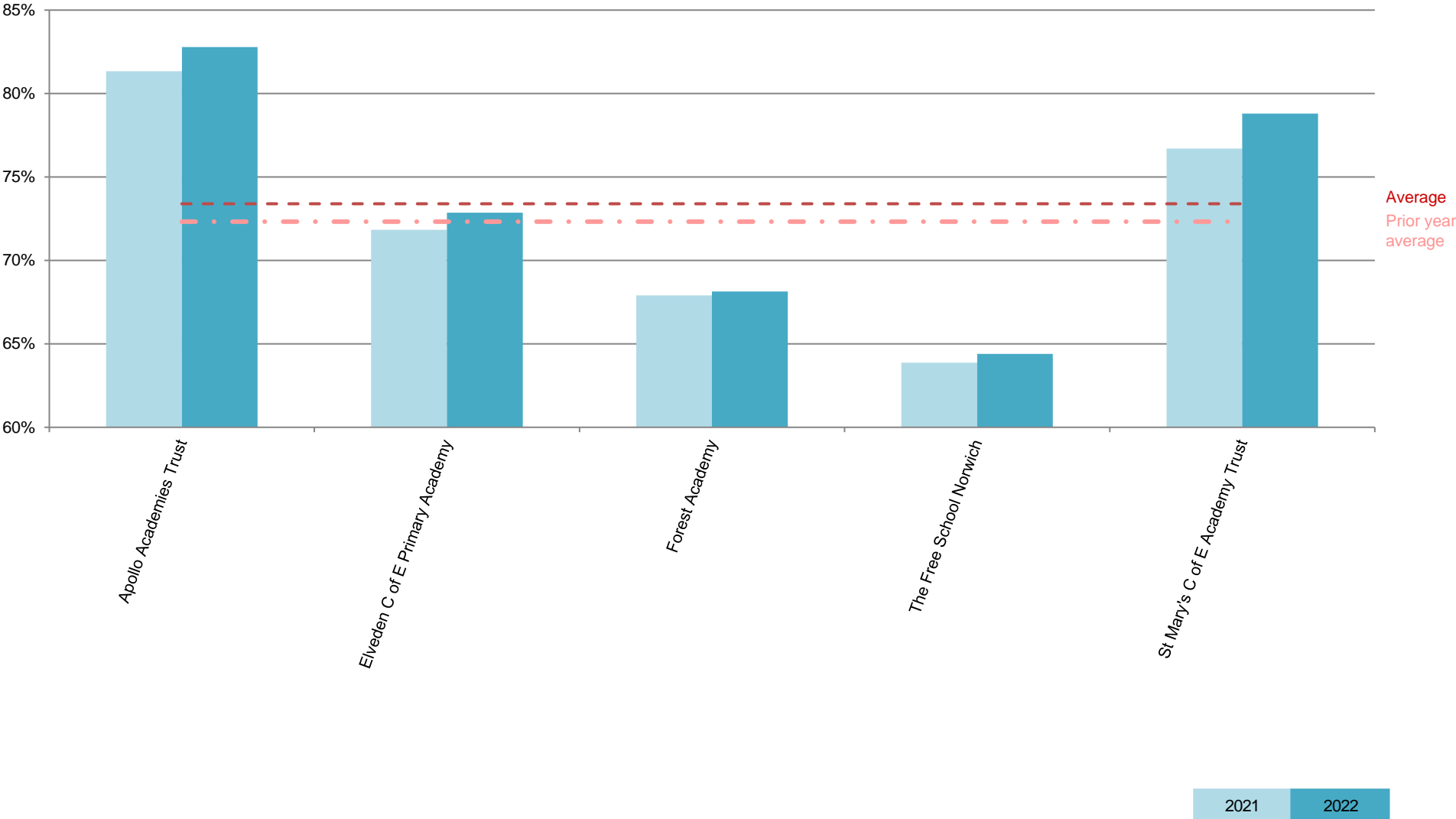
3. Income

3.1 Total income per pupil (MATs)



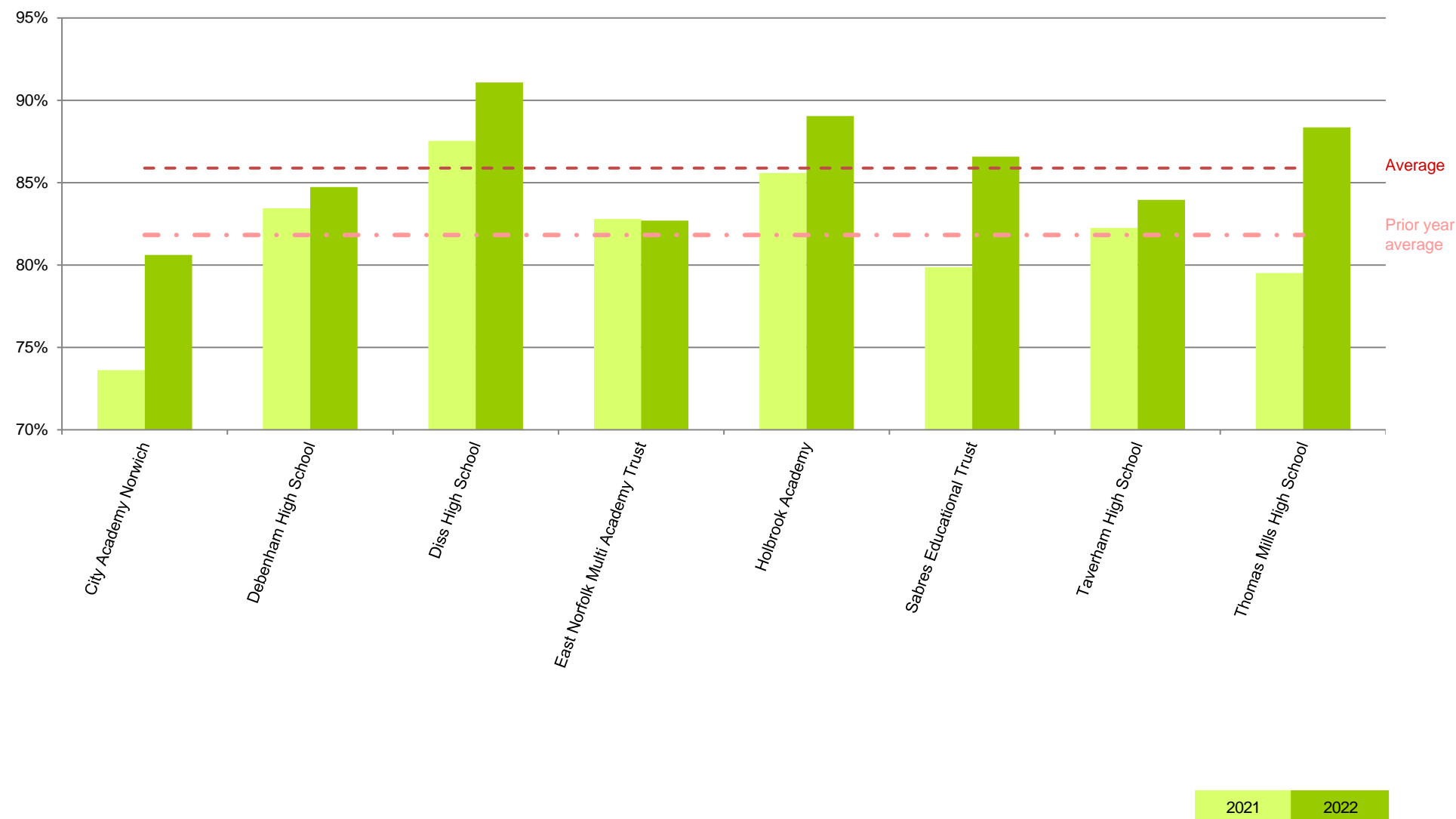
3. Income

3.2 GAG income / Total revenue income (primary schools)



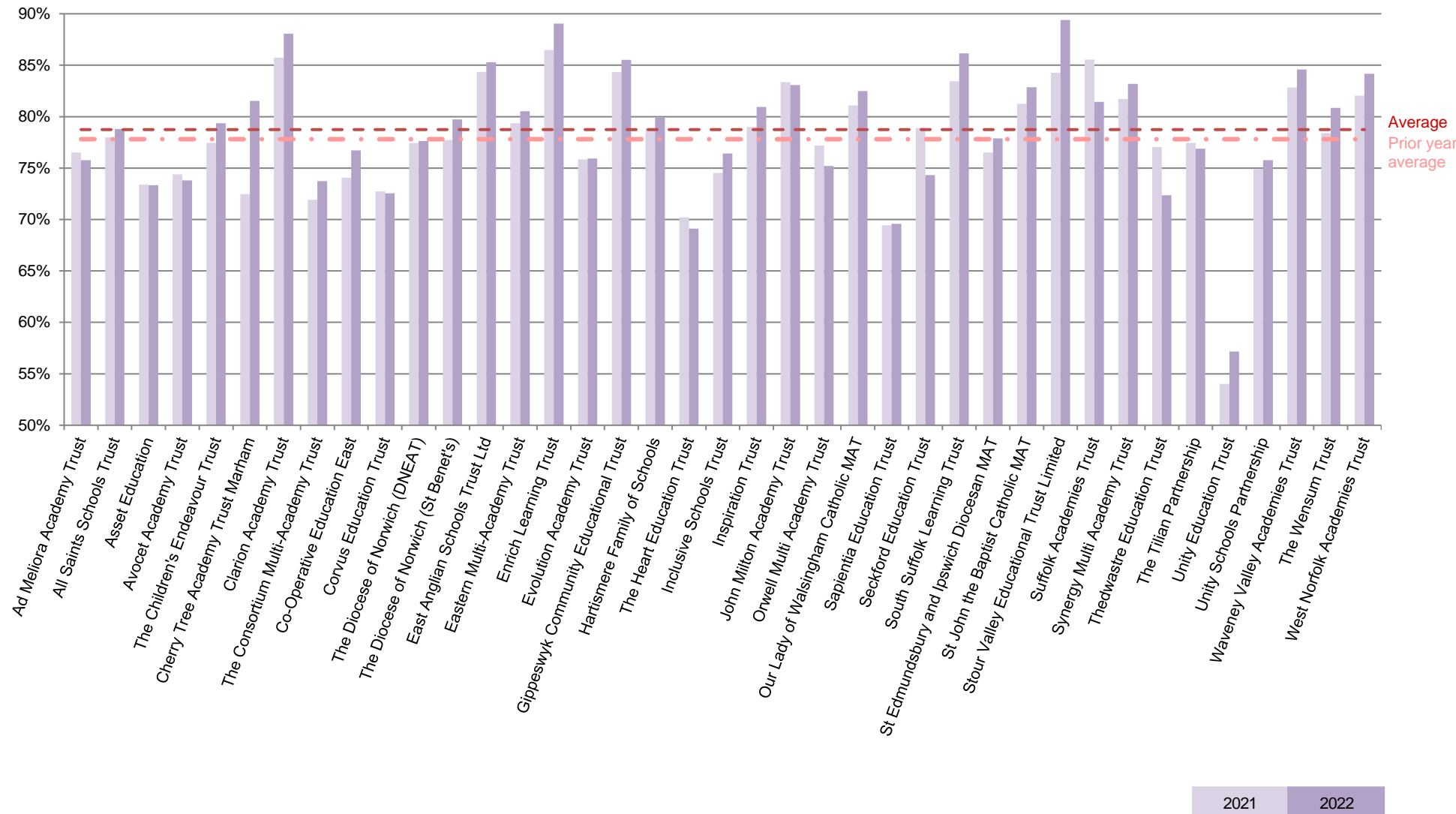
3. Income

3.2 GAG income / Total revenue income (secondary schools)



3. Income

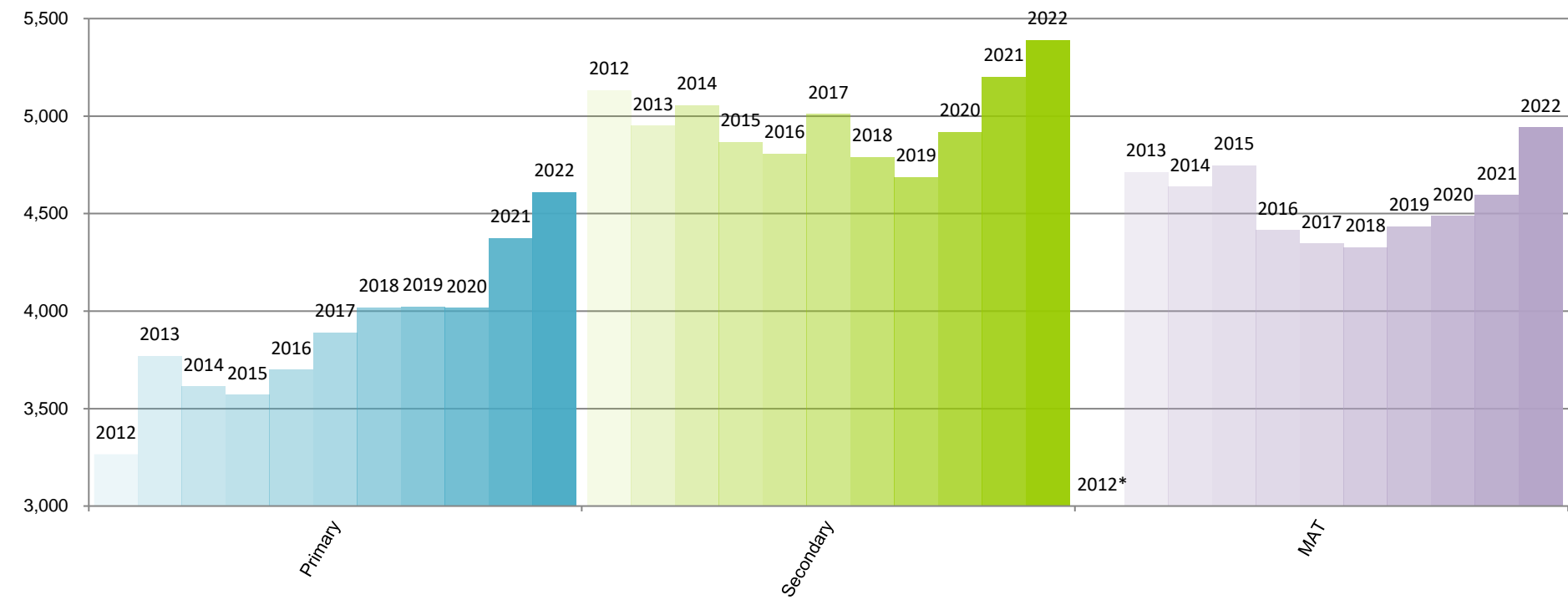
3.2 GAG income / Total revenue income (MATs)



3. Income

3.3 Average GAG income per pupil

£



4. Staff

4.1 Staff costs / Total resources expended (excluding depreciation)

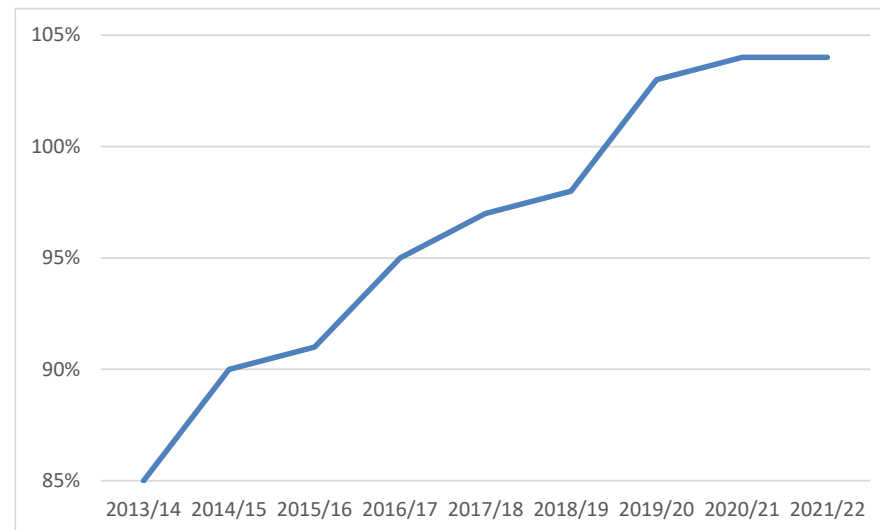
Staff costs include gross wages and salaries, employer's social security costs, pension costs, supply staff costs, agency staff costs and any compensation payments made in the period.

As expected, staff costs continue to represent the largest area of expenditure for all academy trusts. If one excludes depreciation, amortisation and any extraordinary expenditure, on average staff costs made up 74% of total resources expended for primaries, 79% for secondaries and 78% for MATs. These percentages each show a marginal decrease from the prior year.

Given that staffing represents such a significant proportion of an academy trust's costs, reducing the payroll outlay potentially remains the only real place where significant cost savings can be made if balanced budgets are to be achieved. However, many trusts are now competing with commercial business when recruiting, particularly for central roles within a MAT. This means a workplace offering that has a forward thinking, purpose driven strategy will be required to attract high calibre individuals.

4.2 Staff costs / GAG

Staff costs, as a proportion of GAG income, have continued to steadily rise over the last few years from an average of 85% in 2013/14 to 104% in 2021/22, as shown below:



For the year ended 31 August 2022, staff costs exceeded GAG income for 67% of academy trusts in our sample. This includes 80% of primaries, 13% of secondaries and 77% of MATs.

Where staff costs exceed GAG income the shortfall is predominantly funded by other grant sources, for example SEN, Pupil Premium, Recovery Premium, Academic Mentoring.

4. Staff

4.3 Staff costs per pupil

Average staff costs per pupil have risen 5% in 2022 for the primary sector, up from £4,526 to £4,774. Secondaries have seen an increase of 4%, from £4,828 to £5,026. The figure for MATs has risen from £4,855 to £5,252, an increase of 8%.

The total staff costs include employer's pension contributions to the Teachers' Pension Scheme and the current service cost from the actuarial valuation of the Local Government Pension Scheme (LGPS).

The current service cost represents the increase in the present value of the LGPS resulting from employee service during the current period. As part of the year end accounts preparation, this figure is computed by an actuary and replaces the cost of employers' pension contributions actually paid during the year.

Further discussion of the pension costs for academy trusts is shown in Section 8 of this report.

4.4 Pupil : Teacher ratio

With funding being primarily driven by pupil numbers, and staff costs being the main expenditure for academy trusts, the relationship between the number of teachers and pupils is key both financially as well as educationally.

The DfE School Workforce Statistics for November 2021 show that nationally pupil : teacher ratios are approximately 20.7 for primary schools and 16.5 for secondary schools. Our survey indicated figures in Norfolk and Suffolk were marginally higher than these national averages for primary schools but marginally lower for secondary schools.

4.5 Staff restructuring costs

Academies are required to separately disclose staff restructuring costs. Total staff restructuring costs across the 52 academy trusts in the survey were £798k, compared with £1.453m in 2021, £1.618m in 2020, £1.901m in 2019, £1.765m in 2018, £1.629m in 2017 and £1.505m in 2016. As the sector has matured, the opportunities for restructuring activity appear to have reduced.

99% of the restructuring costs were incurred by MATs and probably reflect measures taken to remove duplicated roles and achieve economies of scale, particularly as schools join the MAT. Over 50% of the total staff restructuring costs across the academies in our report arose within just 3 trusts, 2 of which were MATs that took on new schools during the year.

Academy trusts have the delegated authority to make special severance payments under £50,000. Payments over this amount require prior approval from the Treasury via the ESFA. Within our sample, the highest individual non-contractual, non-statutory payment disclosed was £32,000, therefore well below the threshold for ESFA approval.

The value for money rules apply to all payments and academies should document why non-contractual payments are justified and considered to be in the interests of the trust. This judgement should be based on a legal assessment of the chances of the trust successfully defending the case at an employment tribunal.

4. Staff

4.6 Principal's remuneration (CEO for MATs)

Where the senior executive leader is appointed as a trustee, their salary will be disclosed within the accounts. This note requires disclosure of gross pay and employer's pension contributions within £5,000 bandings. For the purposes of our report, the lowest figure in the banding range has been used to measure the Principal's gross pay and employer's pension contributions paid. Total remuneration paid is then the sum of these two figures.

For MATs, the remuneration for the Chief Executive Officer (CEO) has been included, where available, and considered in comparison to the Principal's remuneration in single academy trusts.

The average remuneration of primary school Principals has risen by 4% from £81,667 in 2021 to £85,000 in 2022. The average remuneration for a secondary school Principal has fallen by 7.4% from £114,444 to £105,938. There was a very significant range in the remuneration of MAT CEOs, reflecting the diverse nature and size of MATs, with the average being £124,909, a small increase of 1% from £123,676 in 2021.

In 2018 the ESFA's Chief Executive directly contacted all academy trusts paying either salaries of £150k or above, or 2 or more salaries between £100k and £150k, asking them to consider carefully their approach to the setting of executive pay. Further to this, the 2020 Academies Financial Handbook introduced a requirement for trusts to publish on their websites the number of staff paid over £100k. This additional requirement is part of the government's continuing approach to tackle rising executive salaries. From the information available for our sample, we noted 63% of trusts were paying over £100k to their Principal (or CEO) and 7 MATs were paying over £150k to their CEO.

4.7 Principal's remuneration (CEO for MATs) / GAG

Although the average remuneration of primary school Principals is less than that of secondary school Principals and MAT CEOs, they are consistently a much larger proportion of the GAG income.

On average, primary schools are spending 9.4% (2021 - 9.8%) of their total GAG funding on the Principal's remuneration, compared to only 2.4% (2021 - 2.9%) and 1.4% (2021 - 1.6%) in secondary schools and MATs respectively.

4.8 Payroll 'on costs' / Staff costs

Payroll 'on costs' include employer pension contributions paid to the Local Government Pension Scheme (LGPS) and Teachers' Pension Scheme (TPS) and social security costs.

Our results show only a minimal movement from the prior year for all sectors. However, the revised employer pension contribution rates arising from the triennial valuation of the LGPS will lead to further fluctuations in 'on costs' in the future.

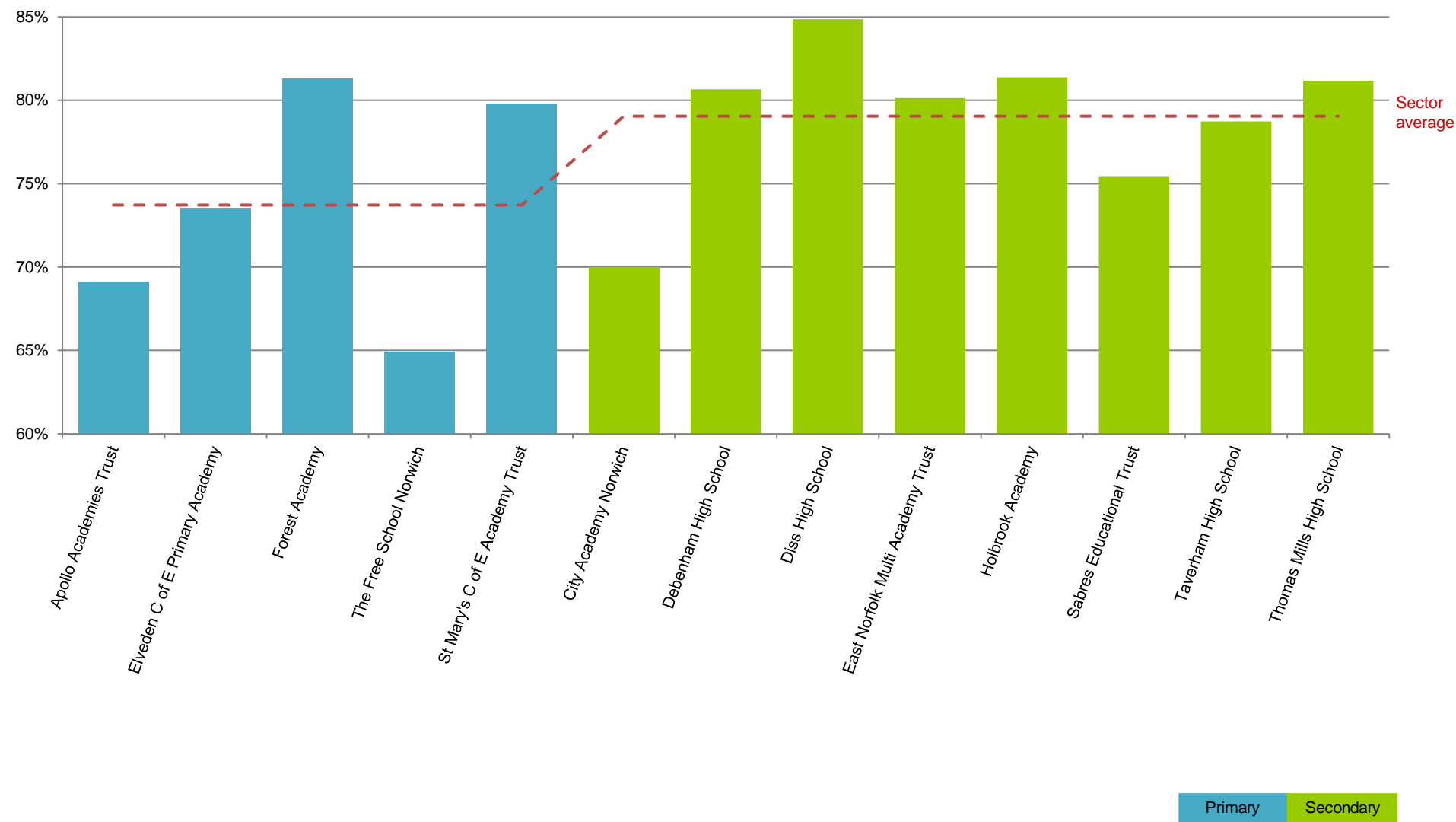
4.9 Agency costs / Staff costs

Recruiting high calibre staff continues to be challenging for many trusts and, coupled with staff absences, has led to significant expenditure on agency staff during the year.

On average, primary schools spent 1.93% (2021 - 3.54%) of their staff costs on agency staff, compared to 1.83% (2021 - 1.26%) in secondary schools and 2.08% (2021 - 1.55%) in MATs.

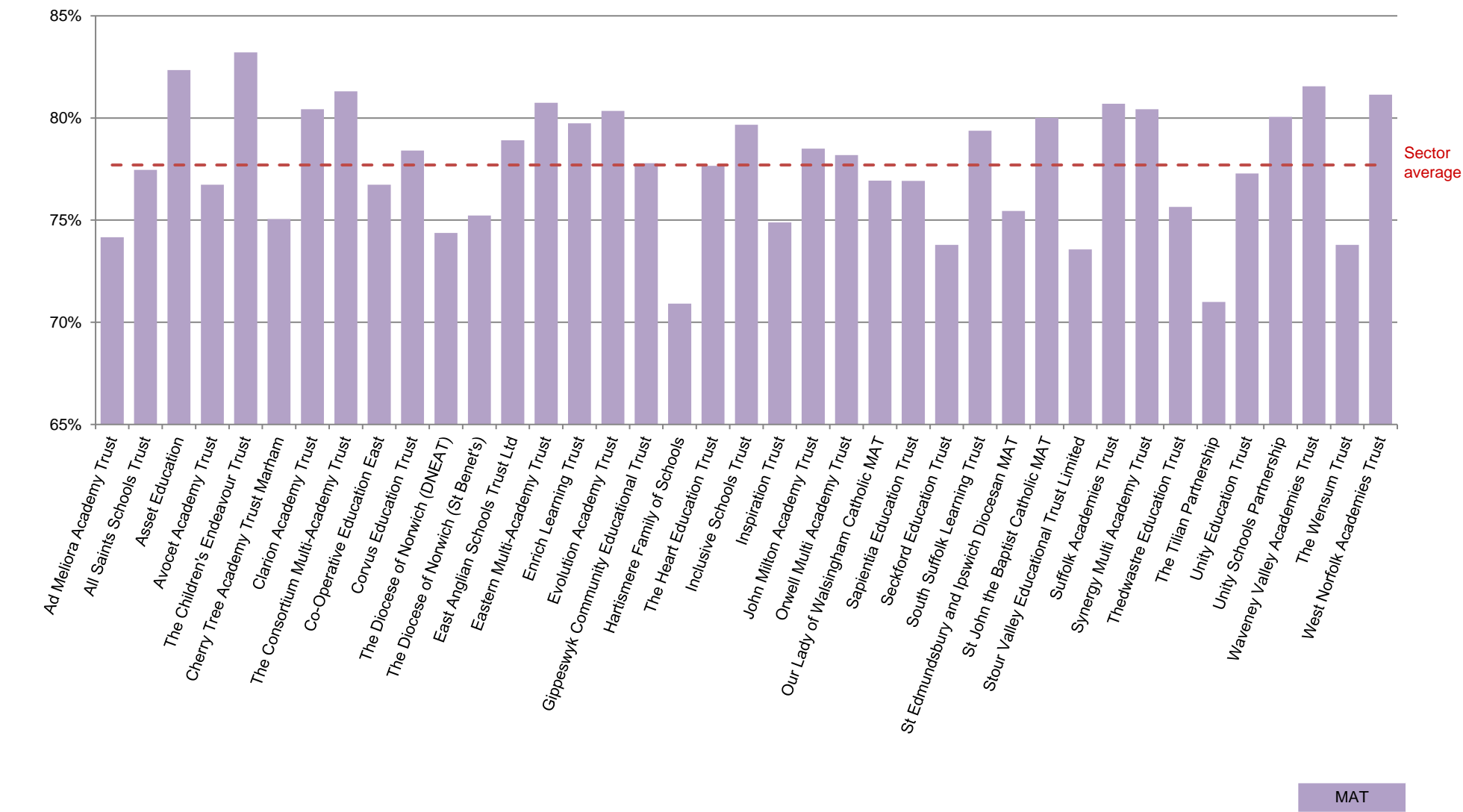
4. Staff

4.1 Staff costs / Total resources expended (excluding depreciation)



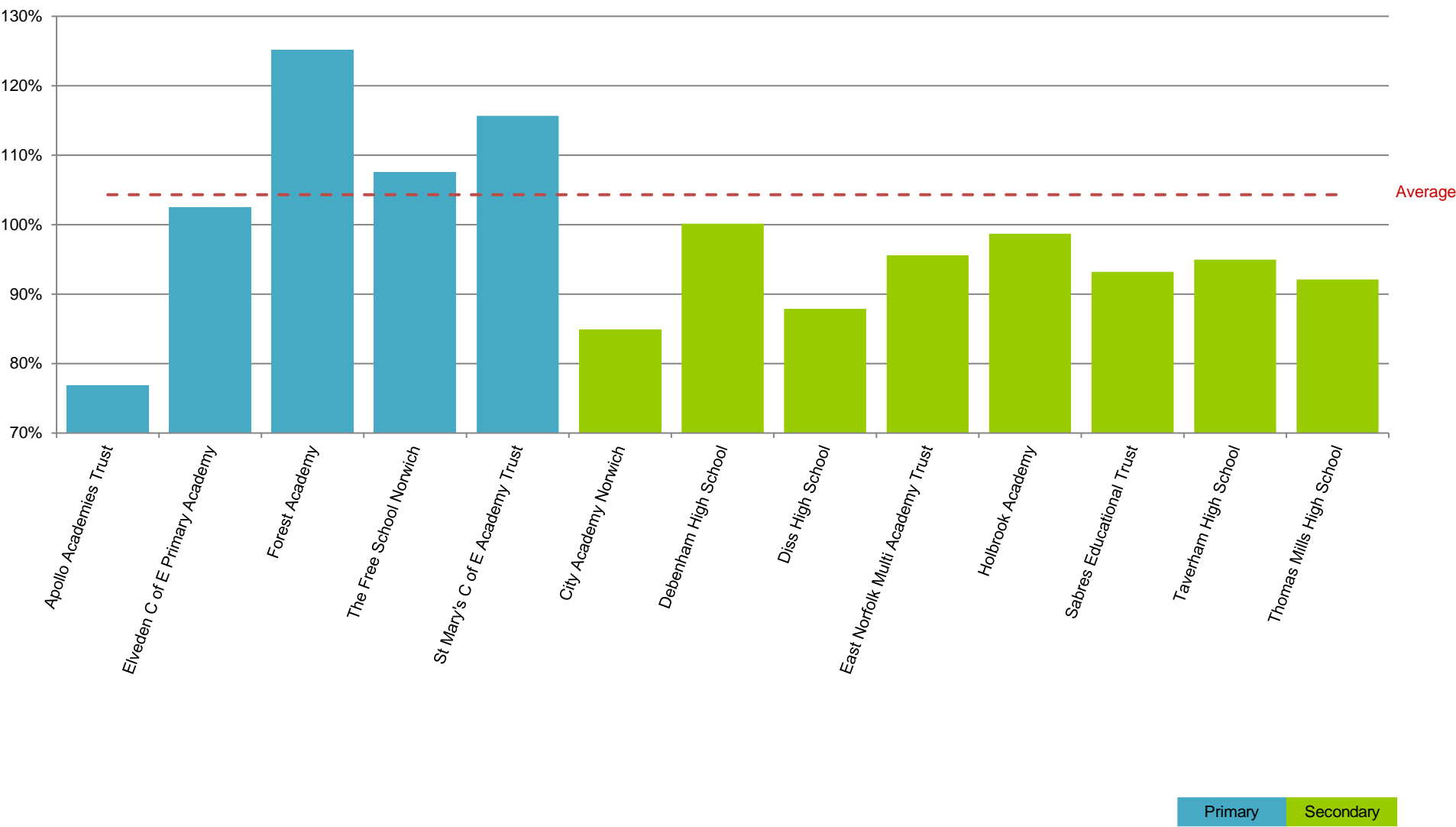
4. Staff

4.1 Staff costs / Total resources expended (excluding depreciation)



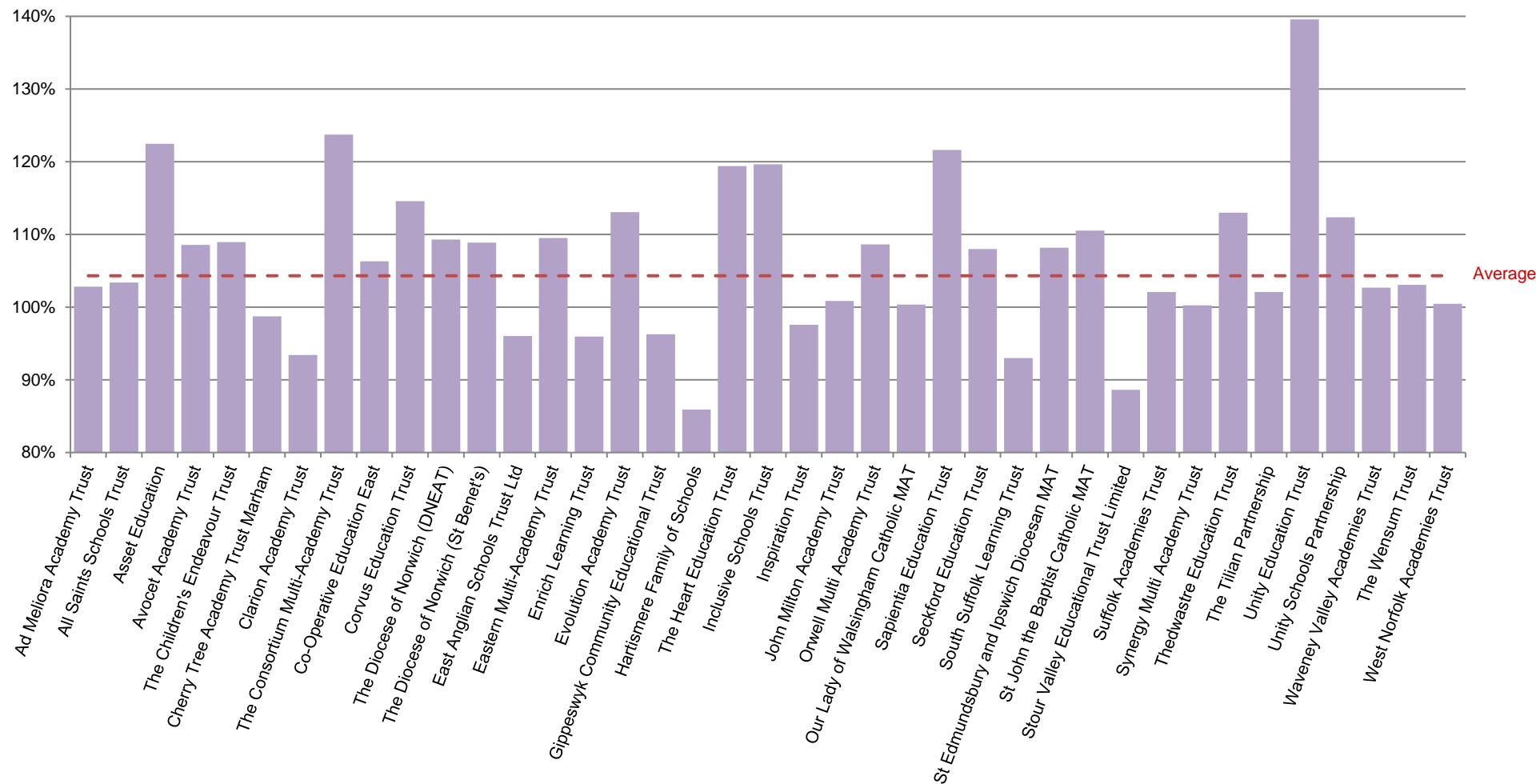
4. Staff

4.2 Staff costs / GAG



4. Staff

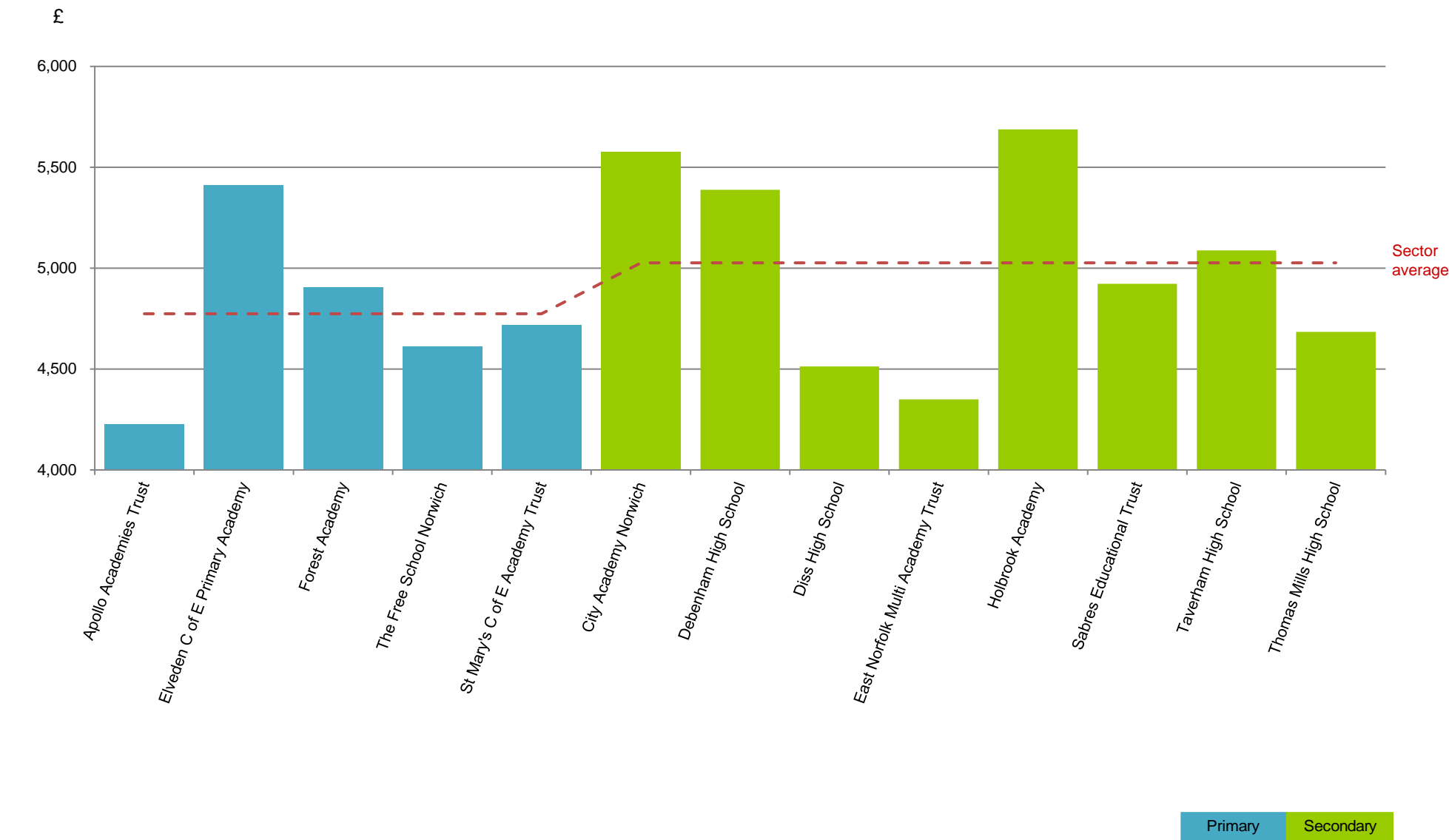
4.2 Staff costs / GAG



MAT

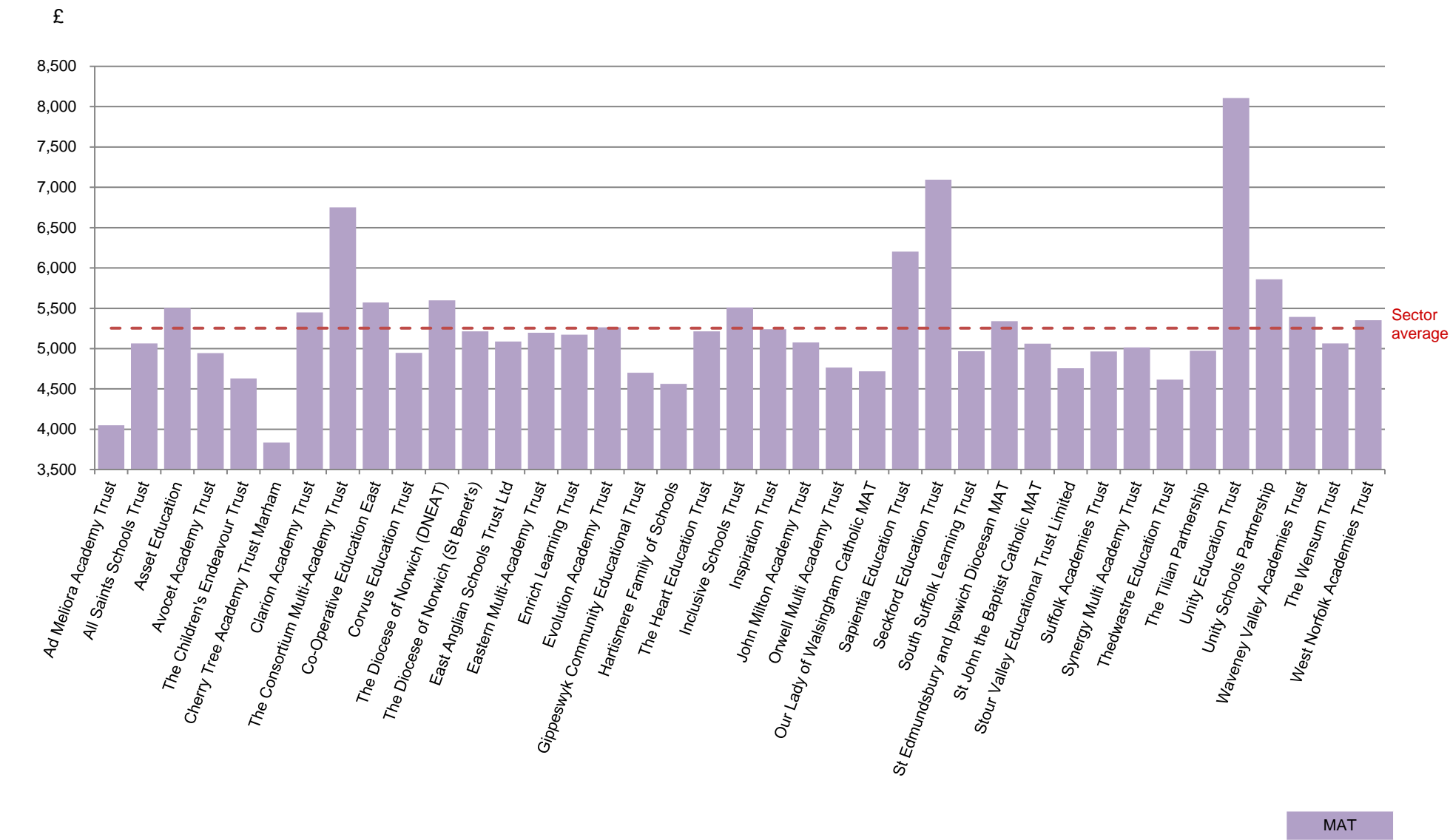
4. Staff

4.3 Staff costs per pupil



4. Staff

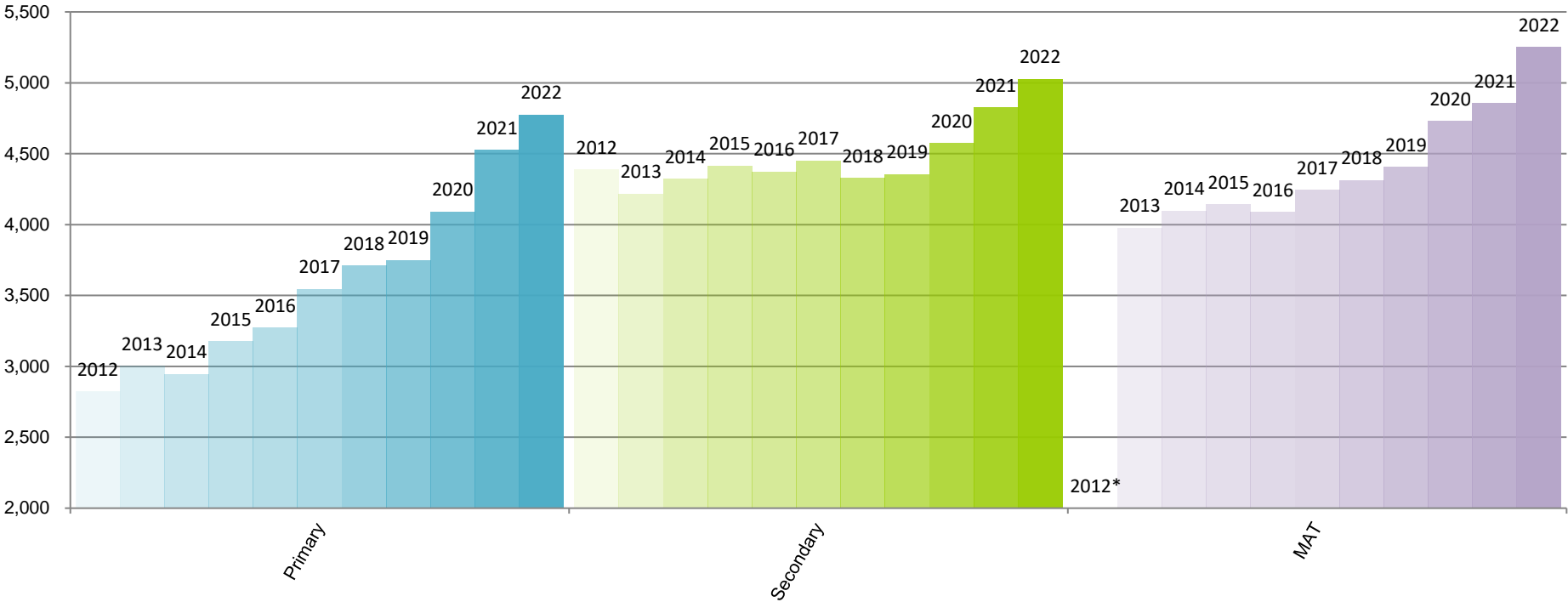
4.3 Staff costs per pupil



4. Staff

4.3 Staff costs per pupil

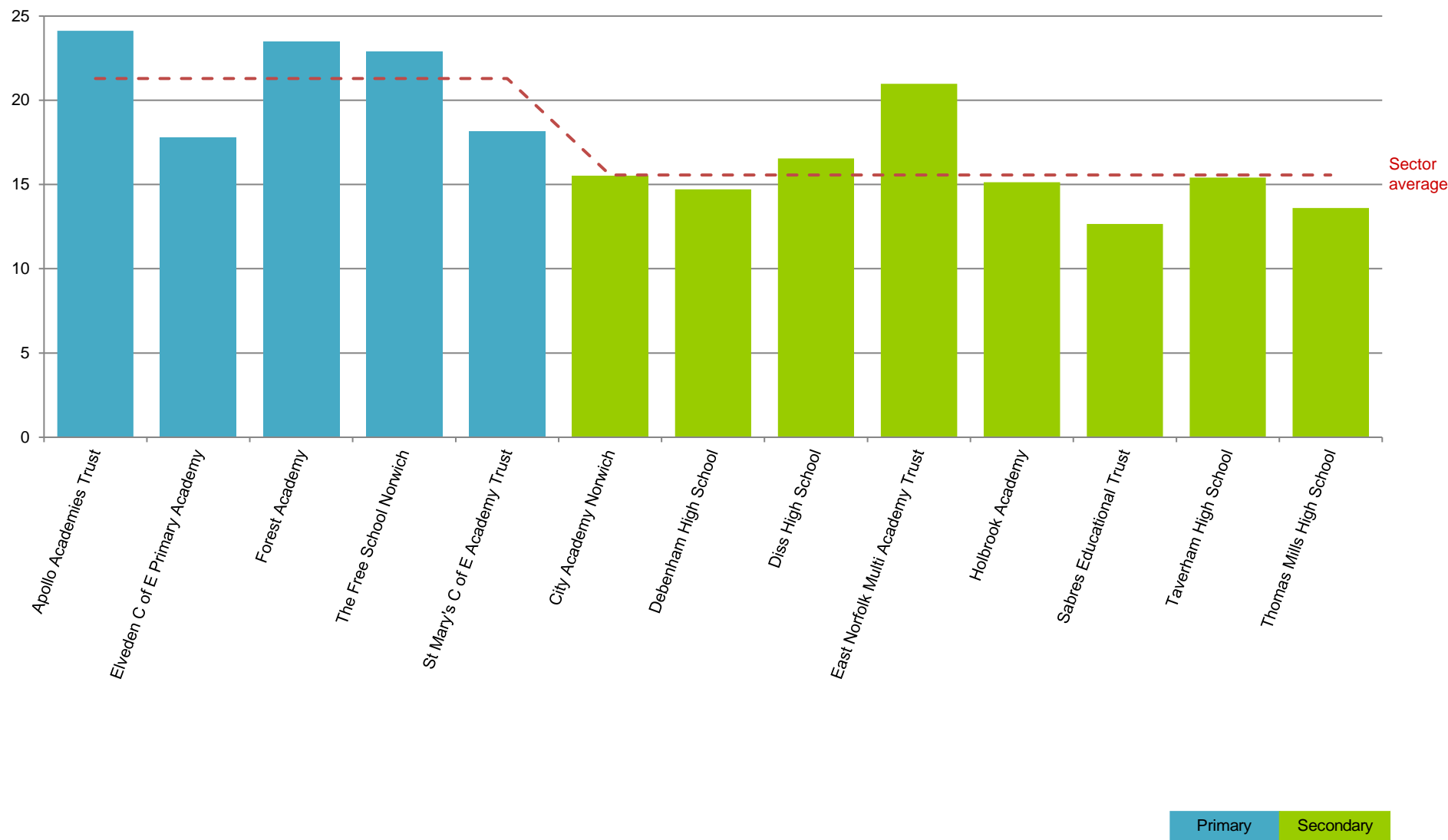
£



* Information not available

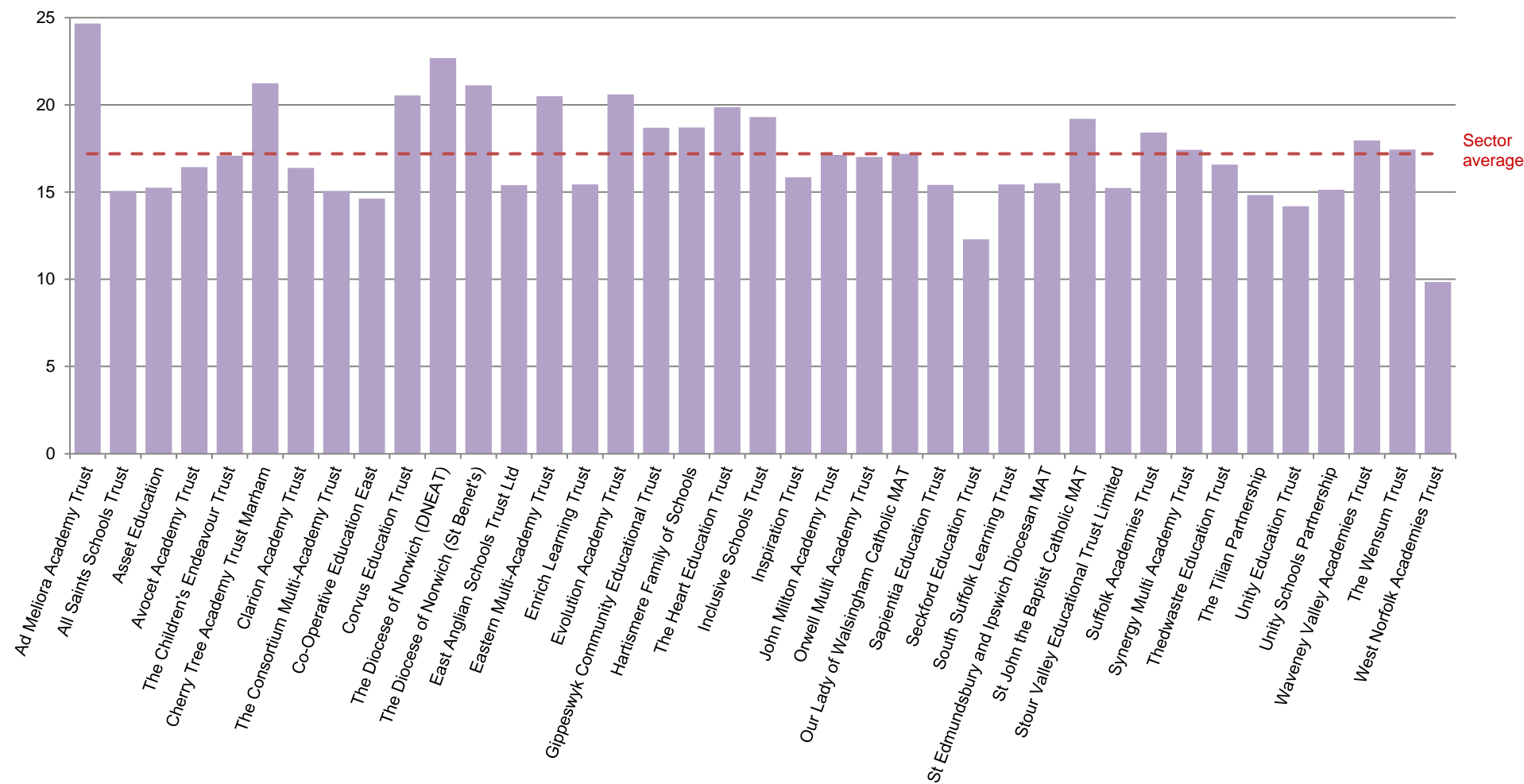
4. Staff

4.4 Pupil : Teacher ratio



4. Staff

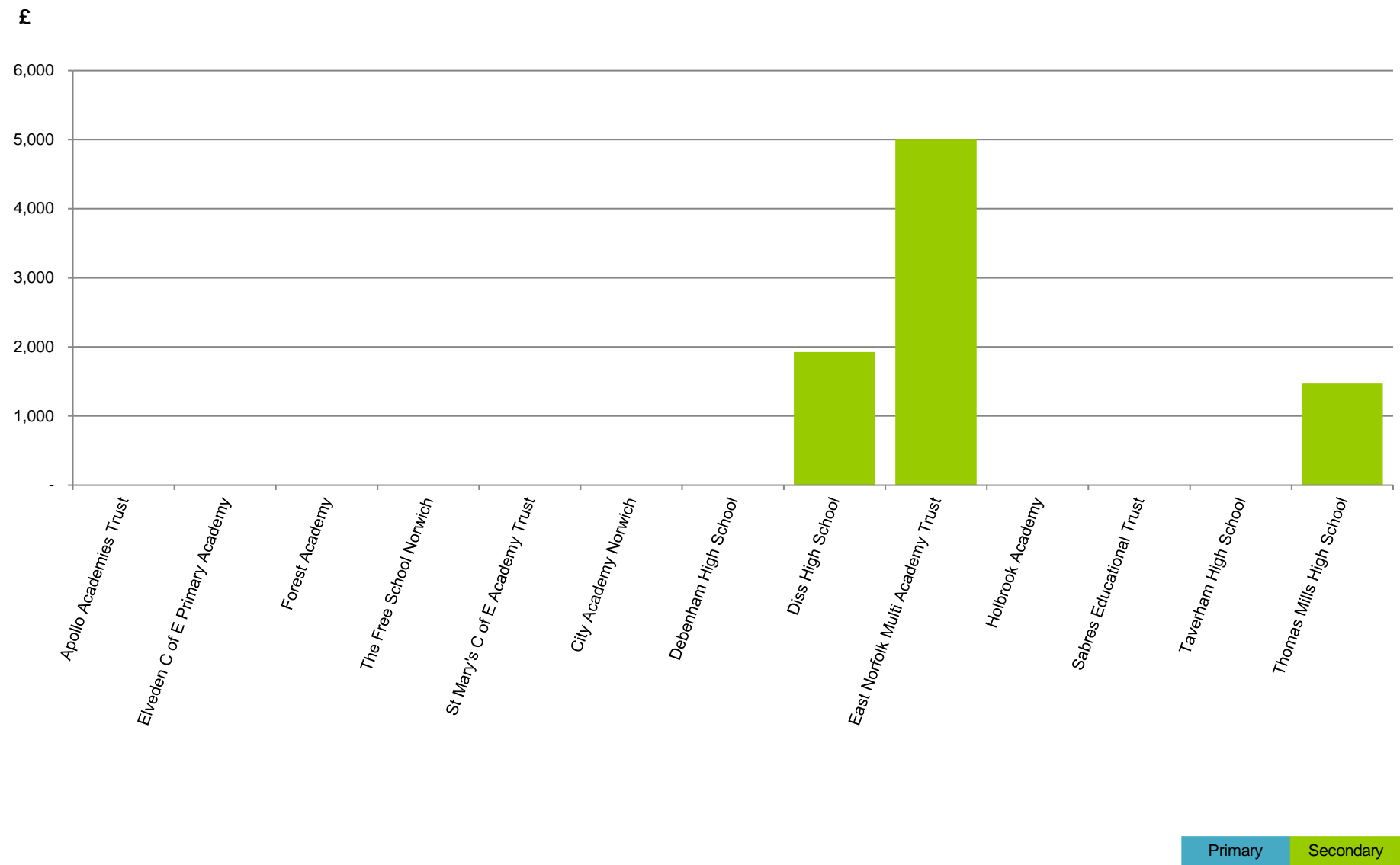
4.4 Pupil : Teacher ratio



MAT

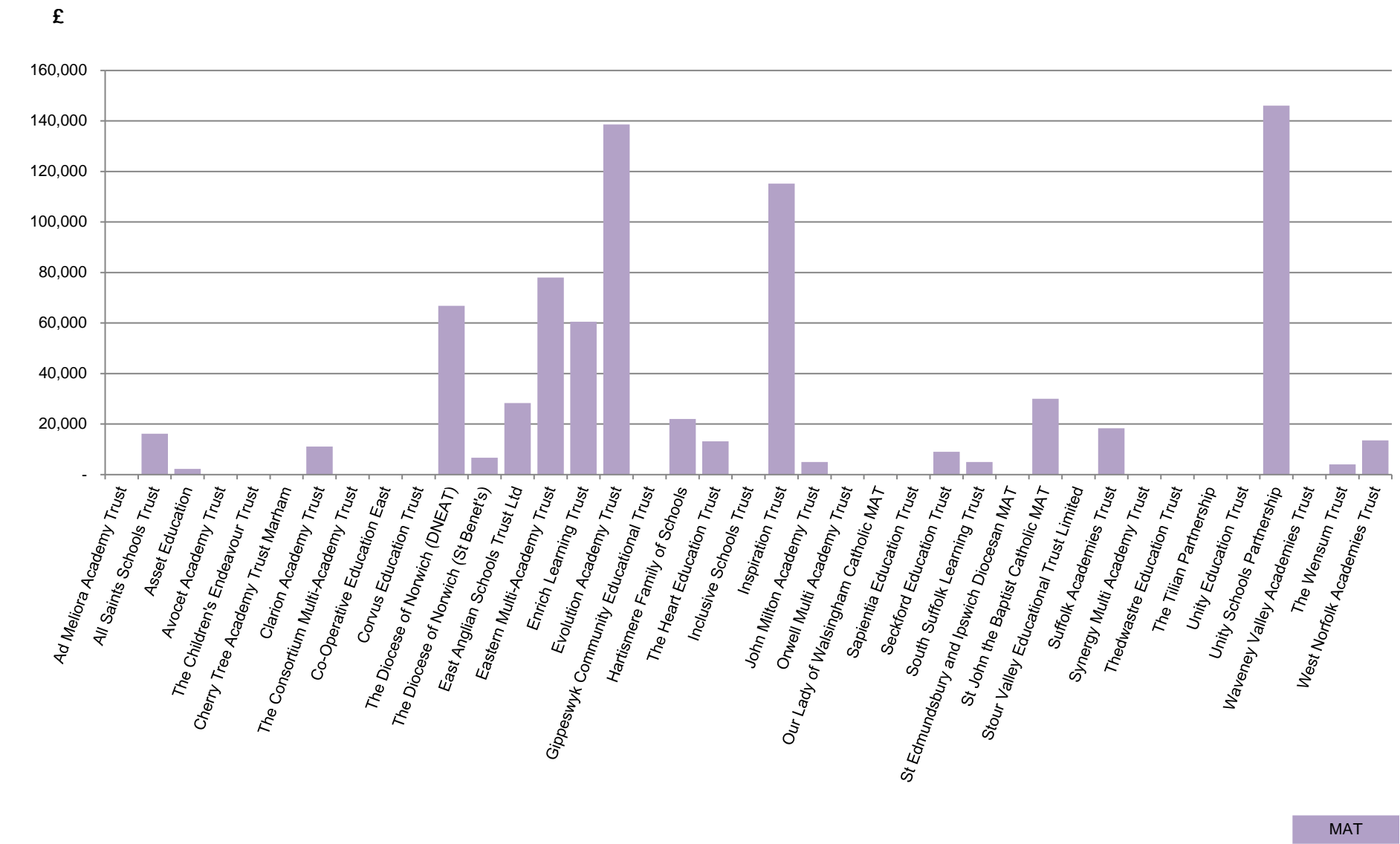
4. Staff

4.5 Staff restructuring costs (including severance and compensation payments)



4. Staff

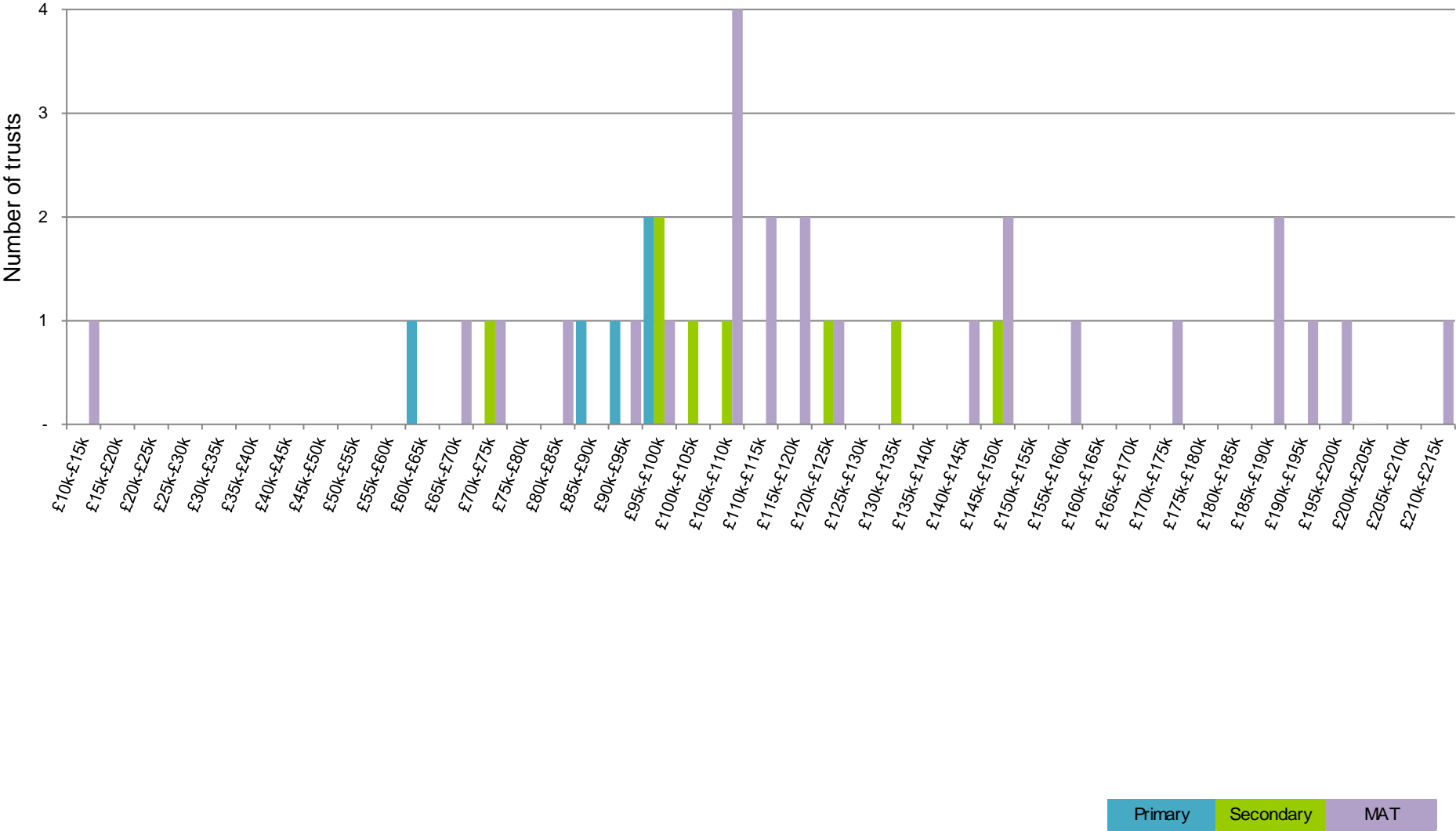
4.5 Staff restructuring costs (including severance and compensation payments)



MAT

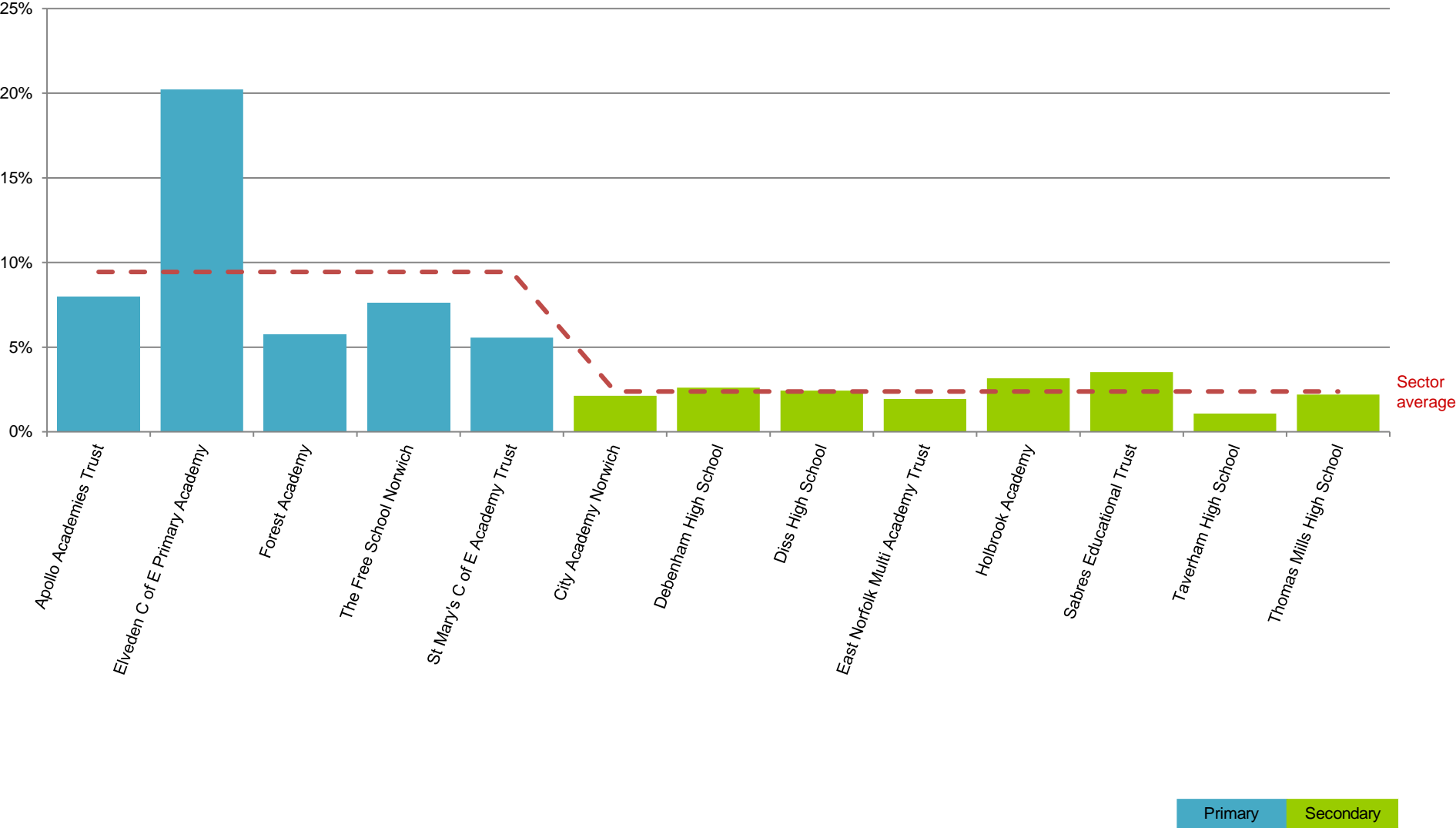
4. Staff

4.6 Principal's remuneration (CEO remuneration for MATs)



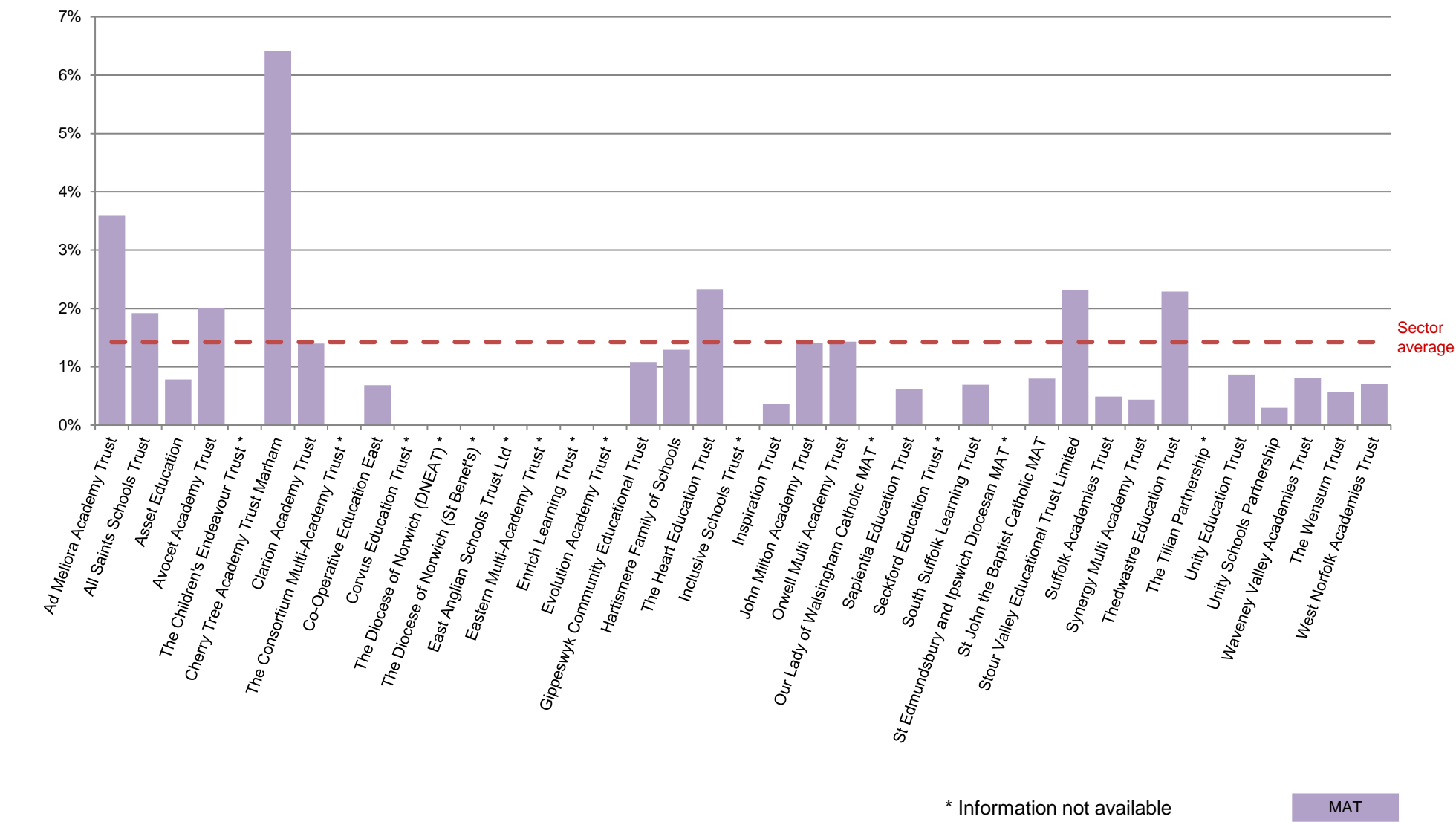
4. Staff

4.7 Principal’s remuneration (CEO remuneration for MATs) / GAG



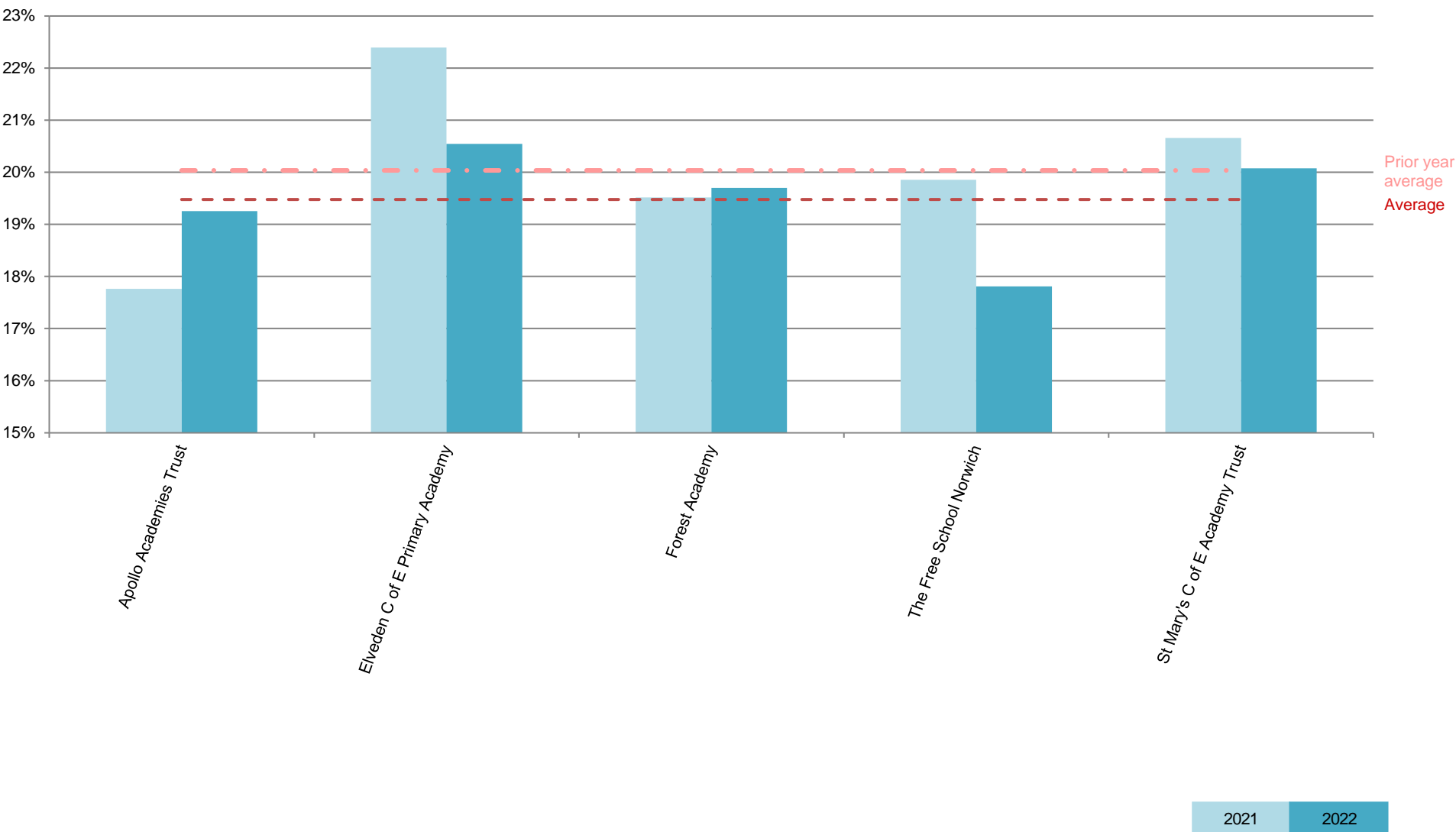
4. Staff

4.7 Principal’s remuneration (CEO remuneration for MATs) / GAG



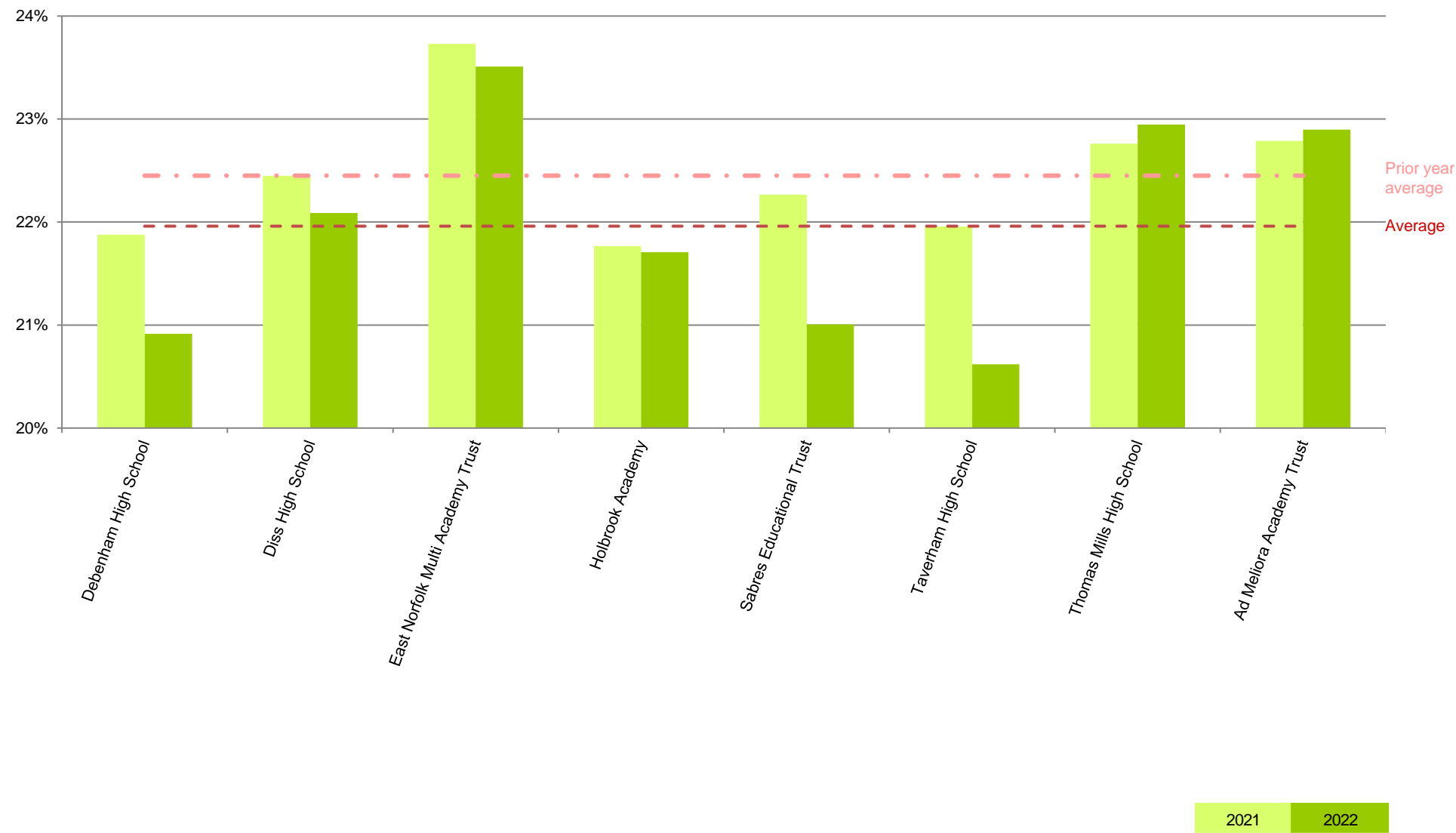
4. Staff

4.8 Payroll 'on costs' / Staff costs (primary schools)



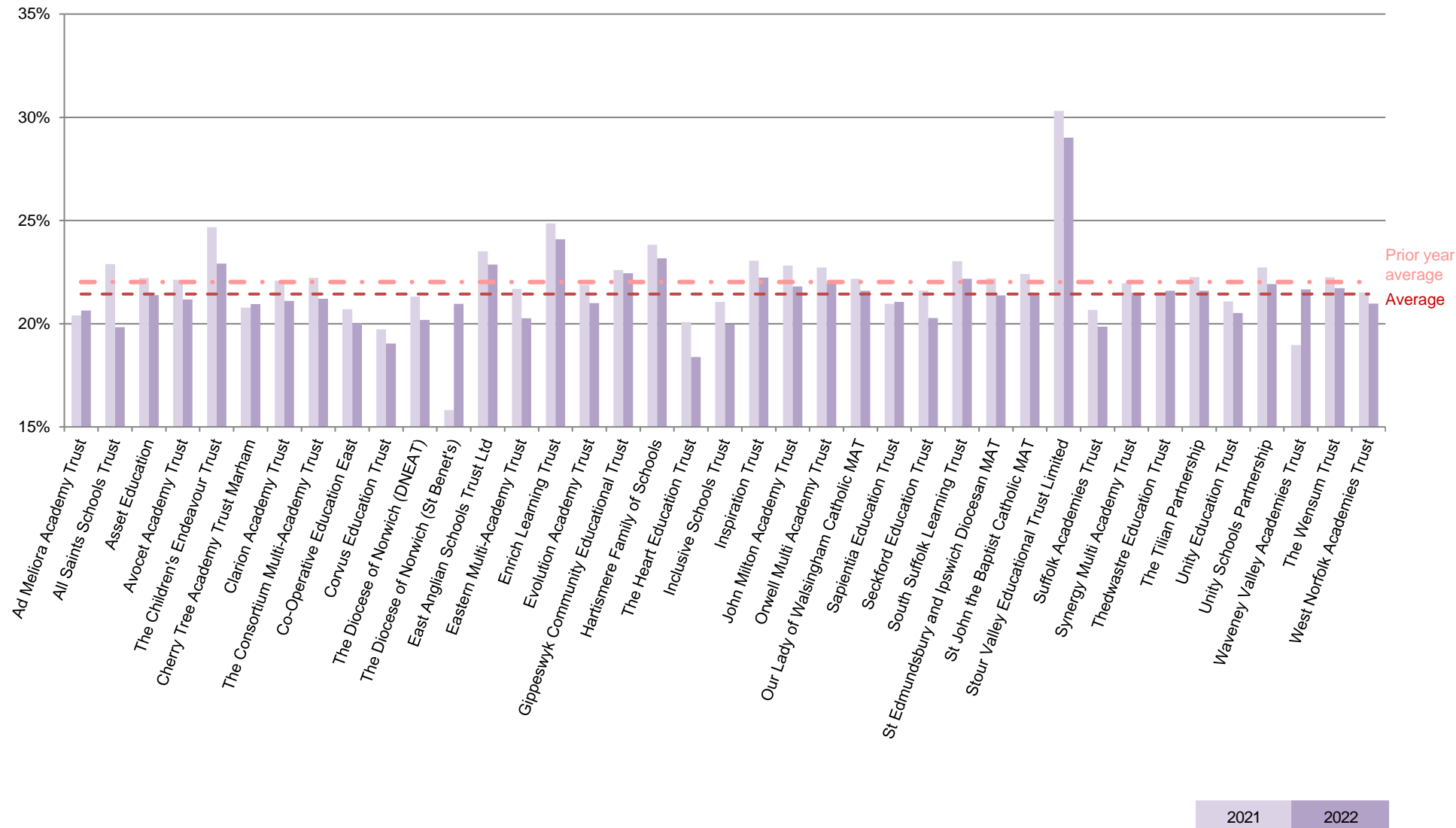
4. Staff

4.8 Payroll 'on costs' / Staff costs (secondary schools)



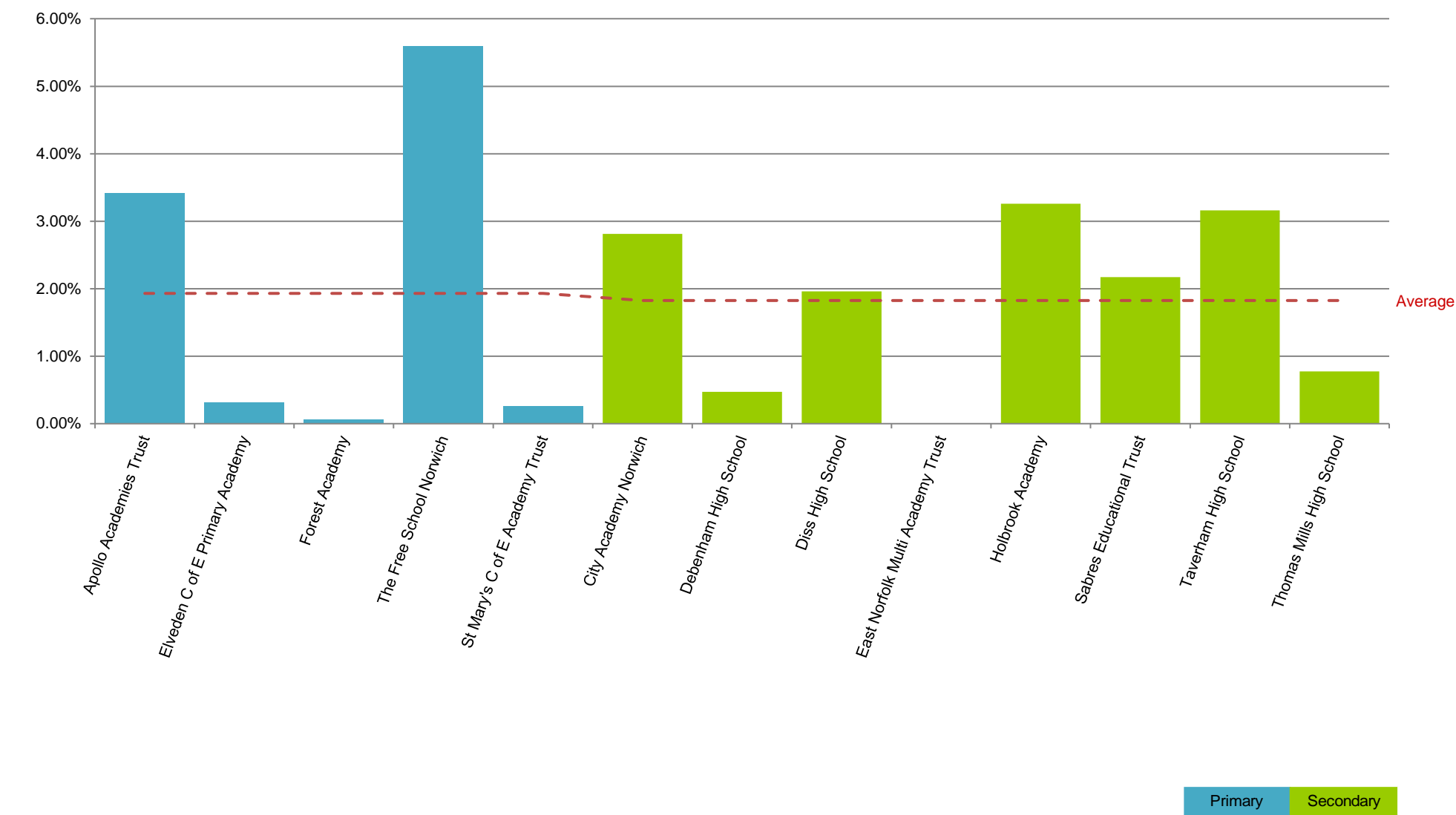
4. Staff

4.8 Payroll 'on costs' / Staff costs (MATs)



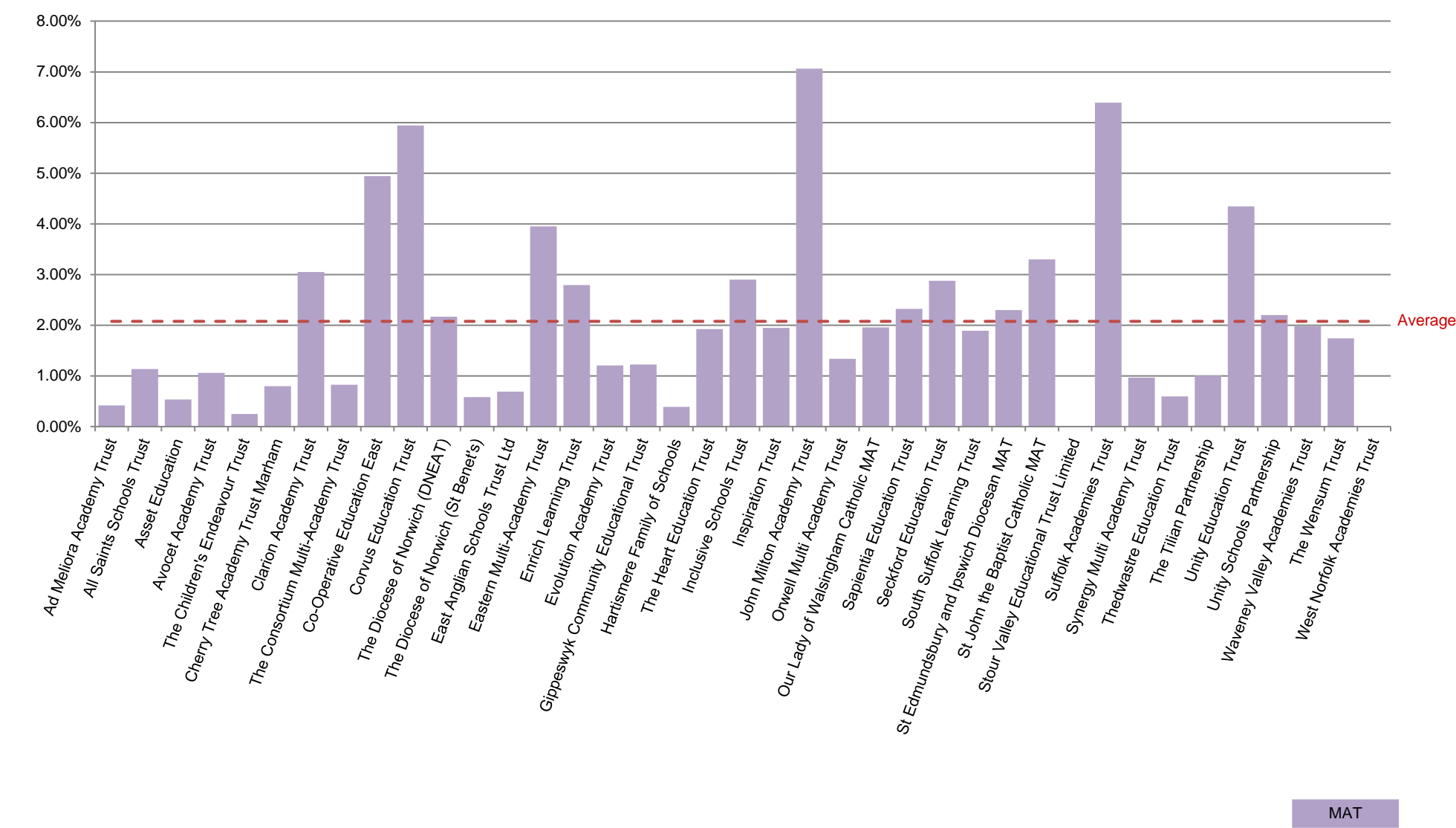
4. Staff

4.9 Agency costs / Staff costs



4. Staff

4.9 Agency costs / Staff costs



5. Surpluses

5.1 Movement in reserves

Reserves considered in this section exclude pension liabilities and restricted fixed asset funds and therefore represent 'revenue' funds of the academy trust.

From the academy trusts sampled, 73% had a positive movement on their revenue funds. Our sample includes 13 academy trusts where additional schools have joined during the year and therefore we would expect to see an impact in reserves due to balances inherited from the Local Authority or from the predecessor academy trust.

The cash and reserves balances at the year end are discussed further in Section 7 of this report.

5.2 Movement in cash

Our analysis shows the overall movement in the cash balance of the academy trust over the period. Additional schools that join MATs with a large cash balance will have a positive impact upon this figure, as will any significant capital funding received but not spent at 31 August. It is also important to remember that the cash balance at 31 August can be distorted by the timing of payments or the receipt of funding for on-going or forthcoming projects.

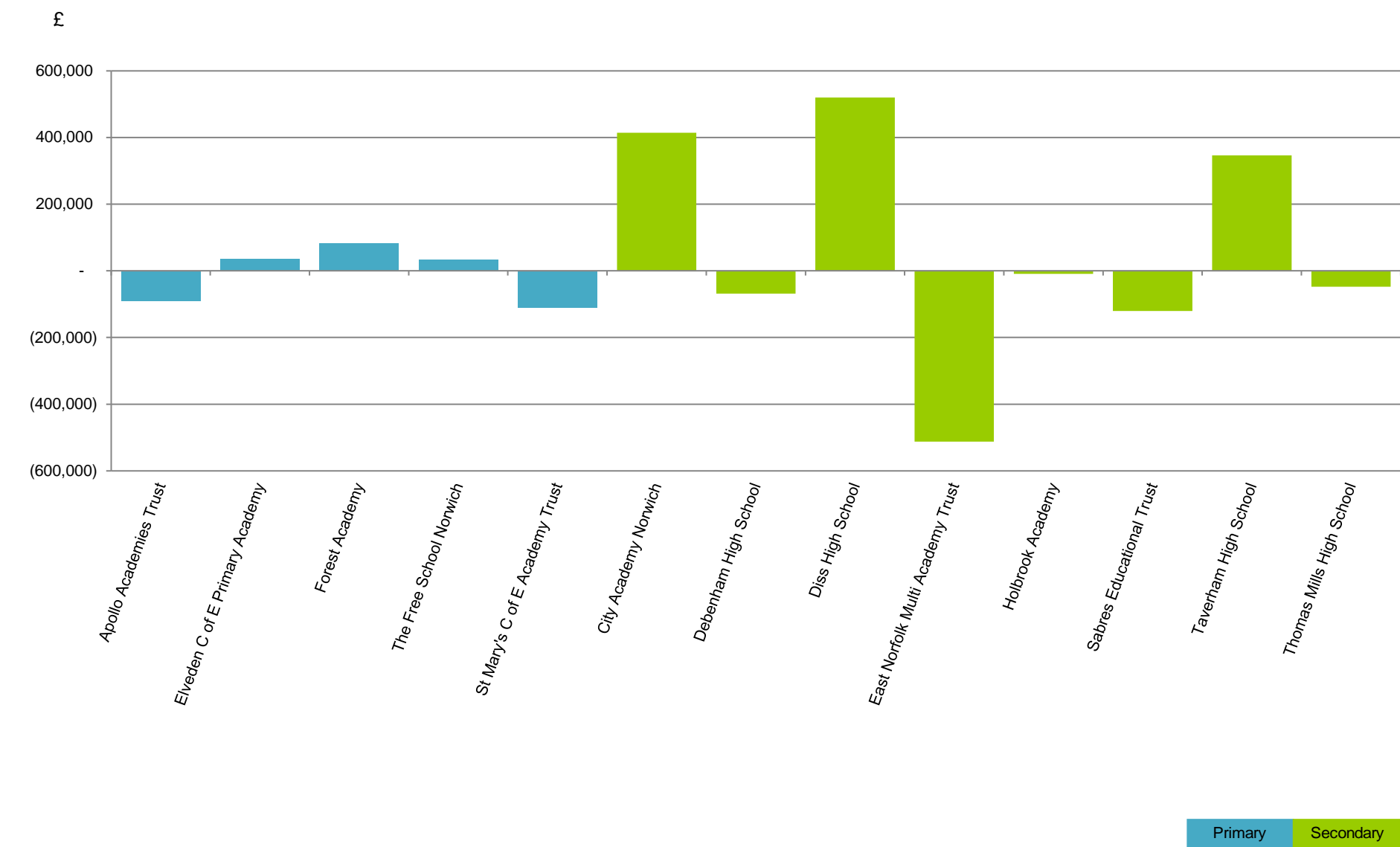
71% of academy trusts sampled had a positive movement on their overall cash balance.

5.3 Net cash flow from operating activities / GAG

25% (2021 - 28%) of the academy trusts we reviewed recorded a net cash outflow from operating activities in the period. As in the prior year, many academy trusts are continuing to spend more on their day-to-day activities than they are receiving.

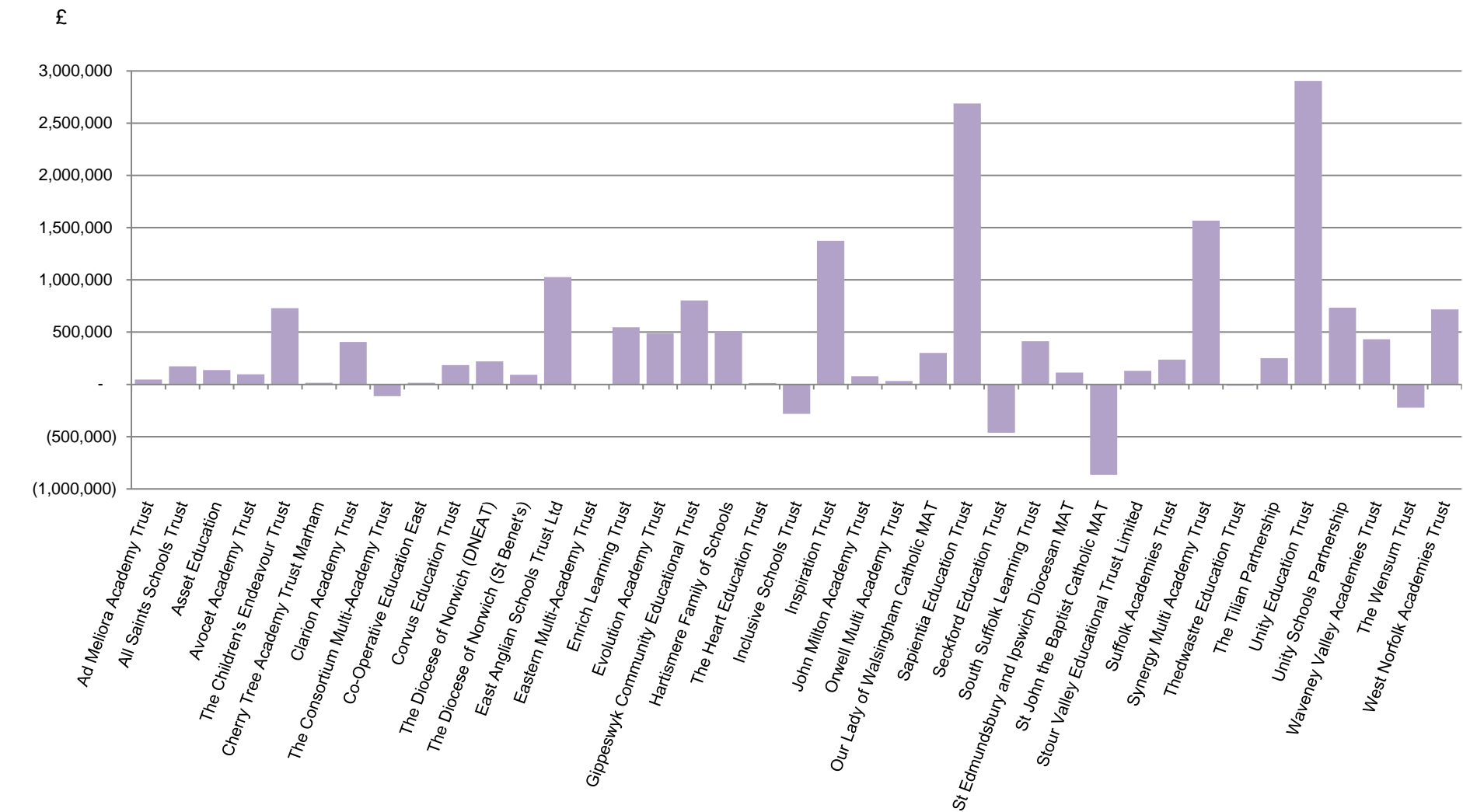
5. Surpluses

5.1 Movement in reserves



5. Surpluses

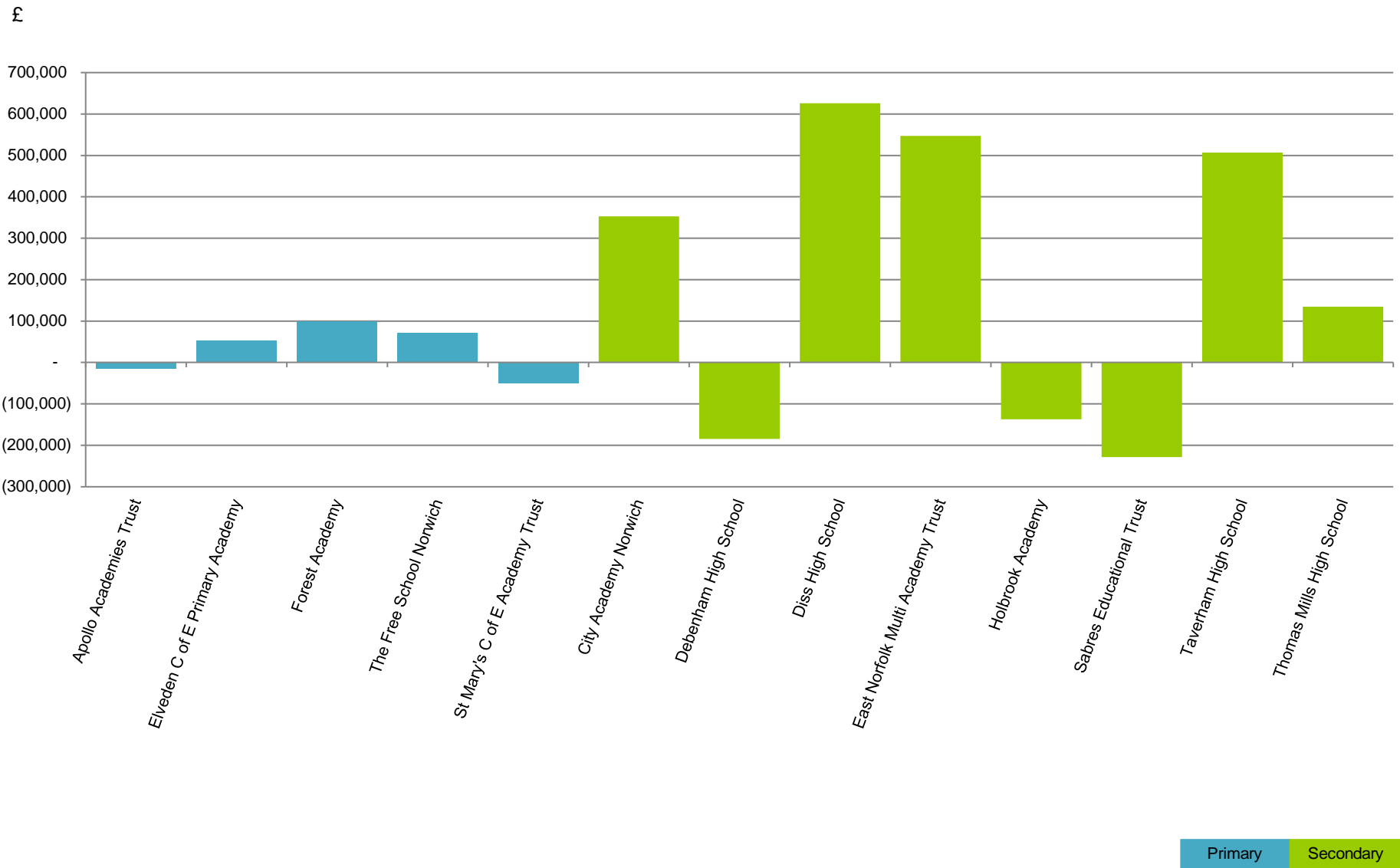
5.1 Movement in reserves



MAT

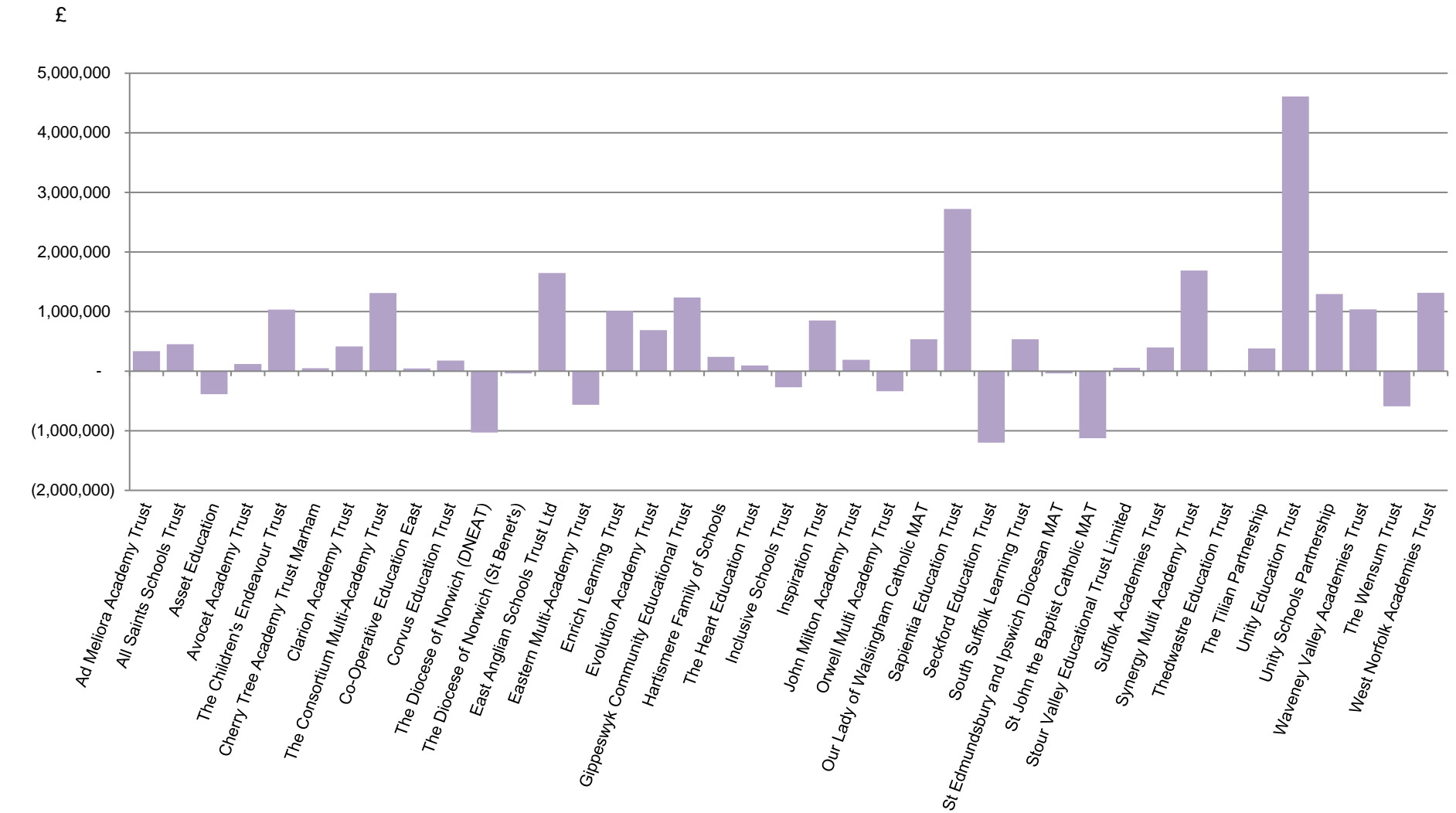
5. Surpluses

5.2 Movement in cash



5. Surpluses

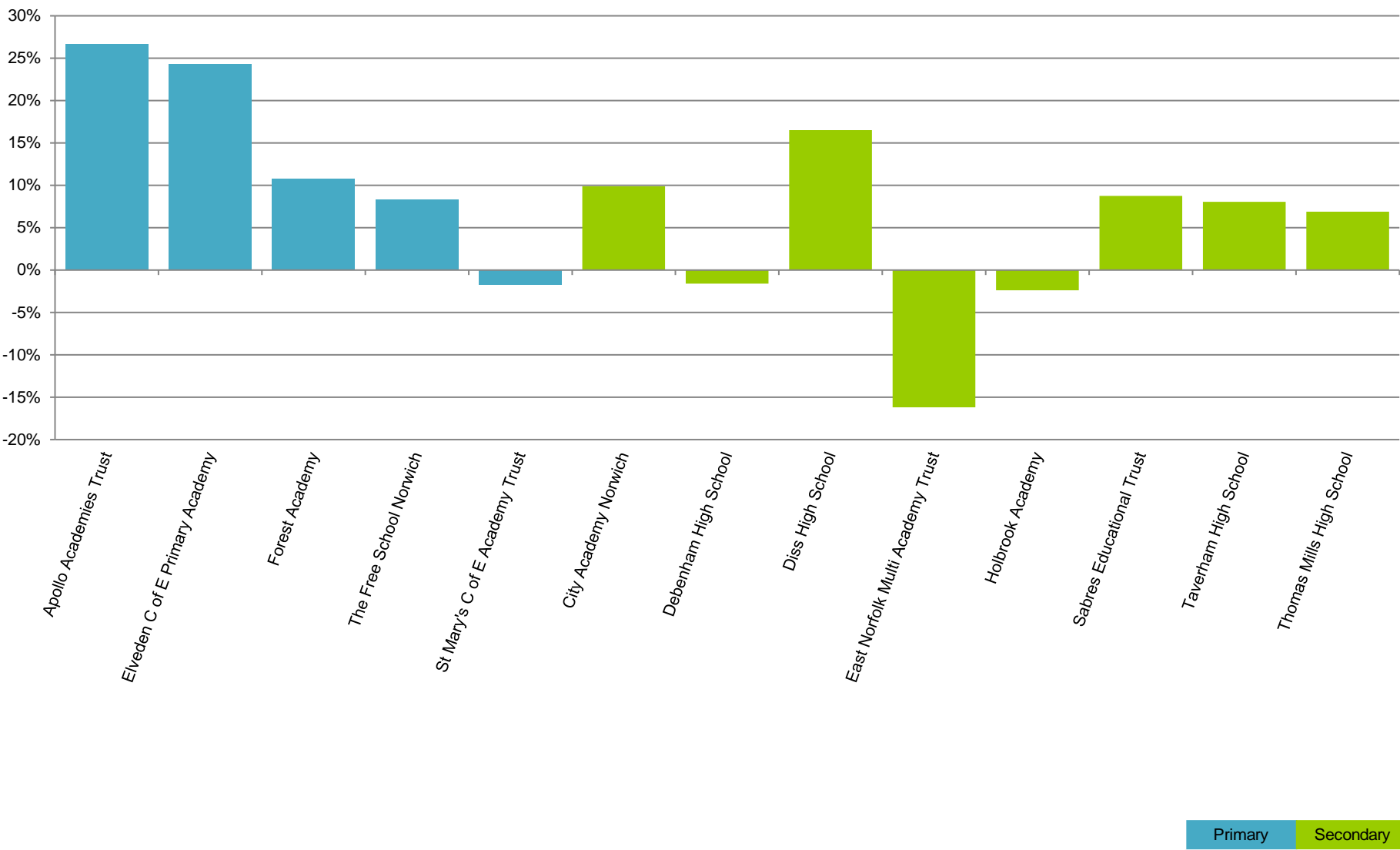
5.2 Movement in cash



MAT

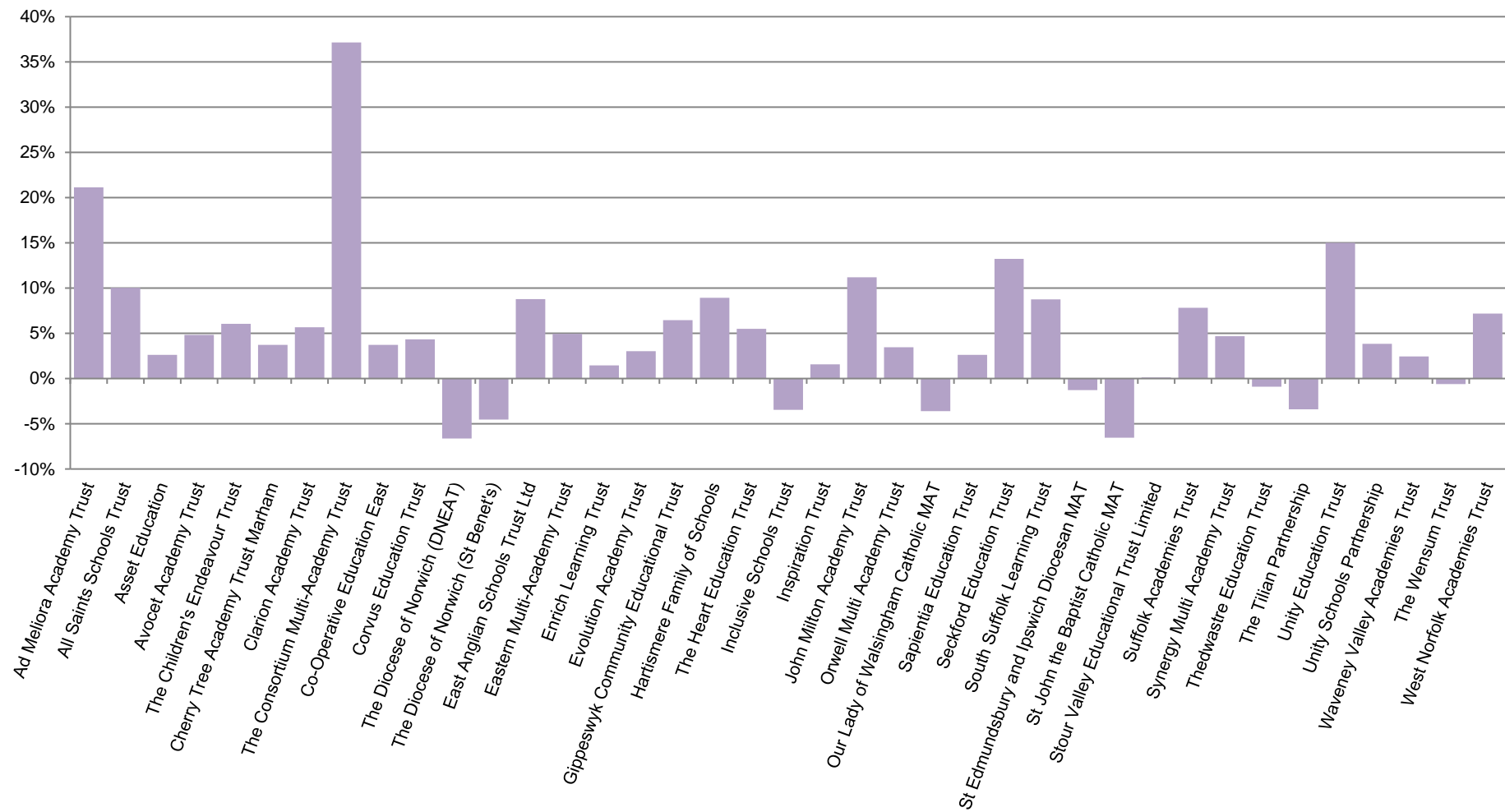
5. Surpluses

5.3 Net cash flow from operating activities / GAG



5. Surpluses

5.3 Net cash flow from operating activities / GAG



MAT

6. MATs – Central services

6.1 Central service charge / GAG income

As noted in Section 2, the region has continued to see growth in the number of schools within MATs.

One of the benefits of being a MAT is that functions such as finance, human resources and procurement can be centralised and efficiency savings made. MATs have to decide how they are to fund these “central services”. A variety of methods are used in determining how the central charge should be computed including a percentage of GAG, an amount per pupil, or a flat charge per school.

We fully anticipate that more MATs will introduce GAG pooling in the coming years, sharing resources between the schools within their trust. We are aware that the ESFA is considering issuing a good practice guide on GAG pooling to cover issues such as the treatment of reserves when a school leaves a MAT that has adopted GAG pooling.

The most common approach to setting the central service charge was to base it on a percentage of GAG income, for the MATs within our sample the average central service charge as a proportion of GAG income was 8.3% (2021 - 7.2%).

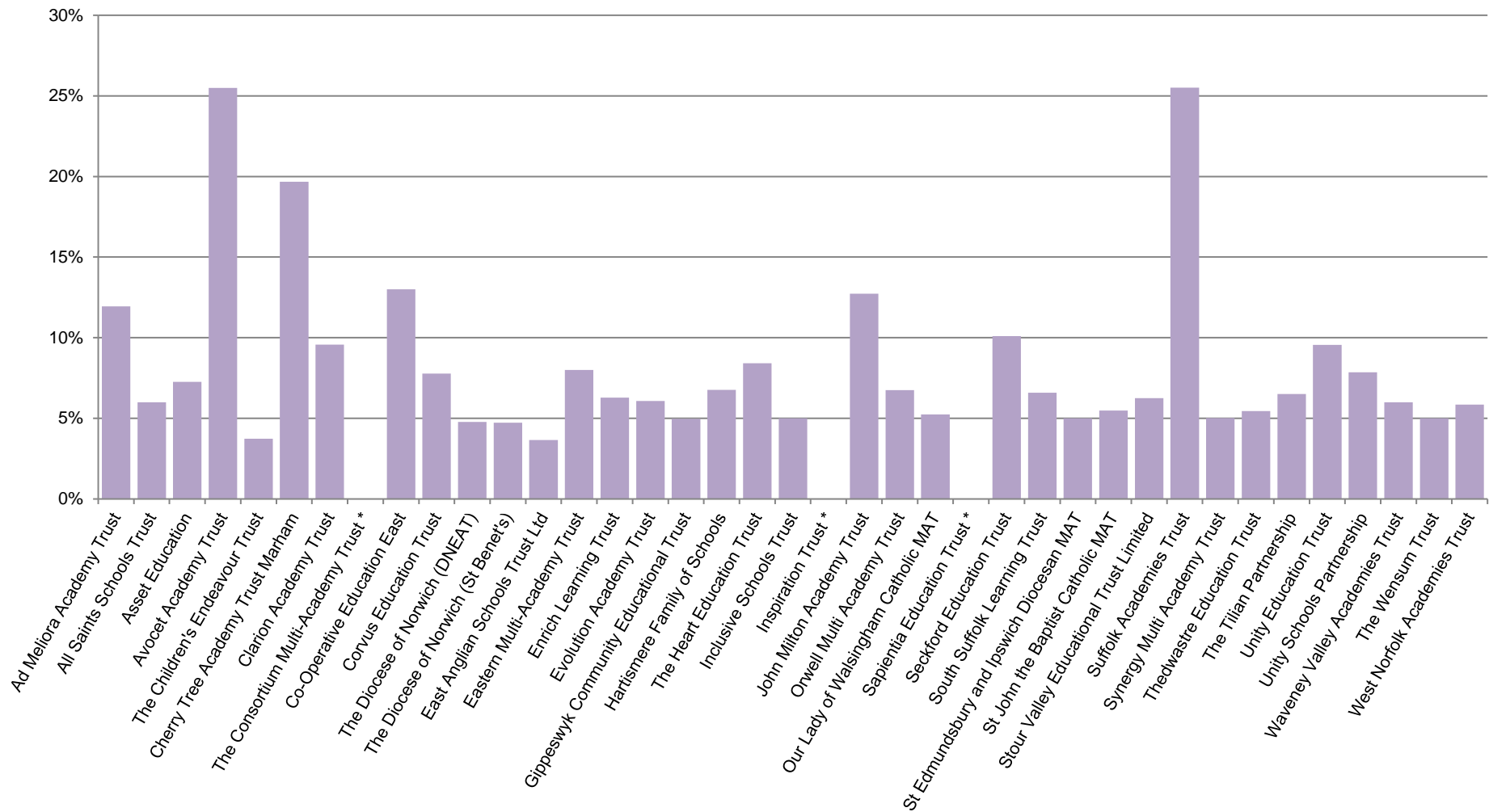
6.2 Central service fund balance per pupil

A high central charge can put-off potential new joiners to a MAT and be resisted by Local Governing Bodies. The level of central charge will also depend on the range of services that are provided centrally.

In our sample, 10% of MATs had a deficit balance on their central services fund (2021 - 19%) and a further 5% had a nil balance (2021 - 10%). This suggests that trusts are continuing to undercharge schools for the central services they are providing.

6. MATs – Central services

6.1 Central service charge / GAG income

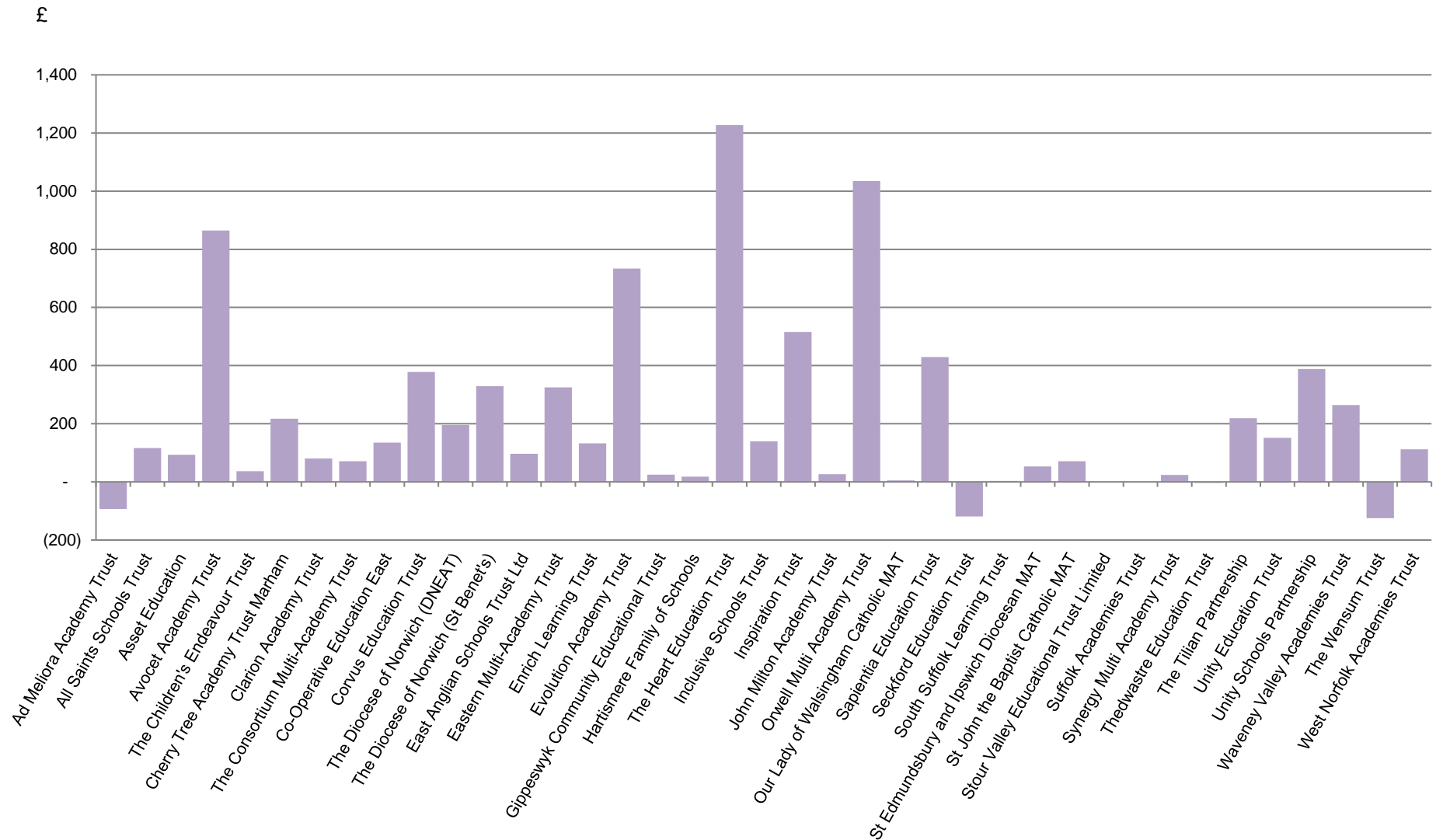


* Information not available

MAT

6. MATs – Central services

6.2 Central service fund balance per pupil

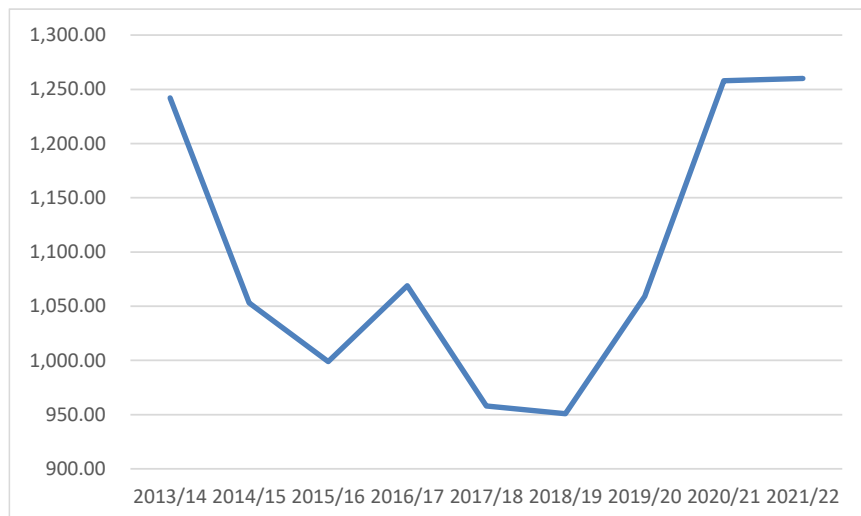


MAT

7. Current assets, liabilities and reserves

7.1 Cash per pupil

Academy trusts had, on average, cash balances of £1,260 per pupil as at 31 August 2022. Over the last 9 years this figure has seen a decline, followed by a steady return to similar levels noted in 2014, as shown below:



At 31 August 2022, this figure is broken down between primary schools (£1,733 per pupil), secondary schools (£1,123 per pupil) and MATs (£1,227 per pupil).

The average cash balances held were £440,615 (2021 - £423,530) for primaries, £1,145,325 (2021 - £857,371) for secondaries and £3,874,611 (2021 - £3,323,008) for MATs.

7.2 Reserves per pupil

For a charitable company, “free reserves” provide a good indication of their financial position at the balance sheet date, being the income funds that are freely available for general purposes – generally unrestricted funds, excluding any designated funds or balances within fixed assets. Unrestricted funds can be used towards meeting any of the charitable objects of the academy trust, at the discretion of the trustees, whereas restricted funds must be used for the specific purposes for which they were intended.

The Academies Accounts Direction requires GAG funding to be recognised as a restricted fund, despite the broad scope of how it can be spent within the trust. For many trusts, GAG funds are considered as part of the ‘General Funds’ and therefore in this section we have not focused on “free reserves”.

Our graph shows the total reserves, excluding the pension fund and restricted fixed assets funds, per pupil.

Within our sample, all academy trusts showed a positive reserves figure and 73% showed an increase in reserves from the prior year.

7. Current assets, liabilities and reserves

7.3 Revenue reserves / Revenue income

The 2022 Budget Forecast Return included a new section to comply with a Public Accounts Committee (PAC) request that the ESFA investigate the variation in the financial health of academy trusts.

For academy trusts that hold reserves of more than 20% of income (excluding fixed assets and pension) additional questions were asked relating to the minimum level of reserves required and the reason for holding reserves.

In our sample, we identified 4 single academy trusts and 7 MATs that were holding over 20% of their revenue income as revenue reserves.

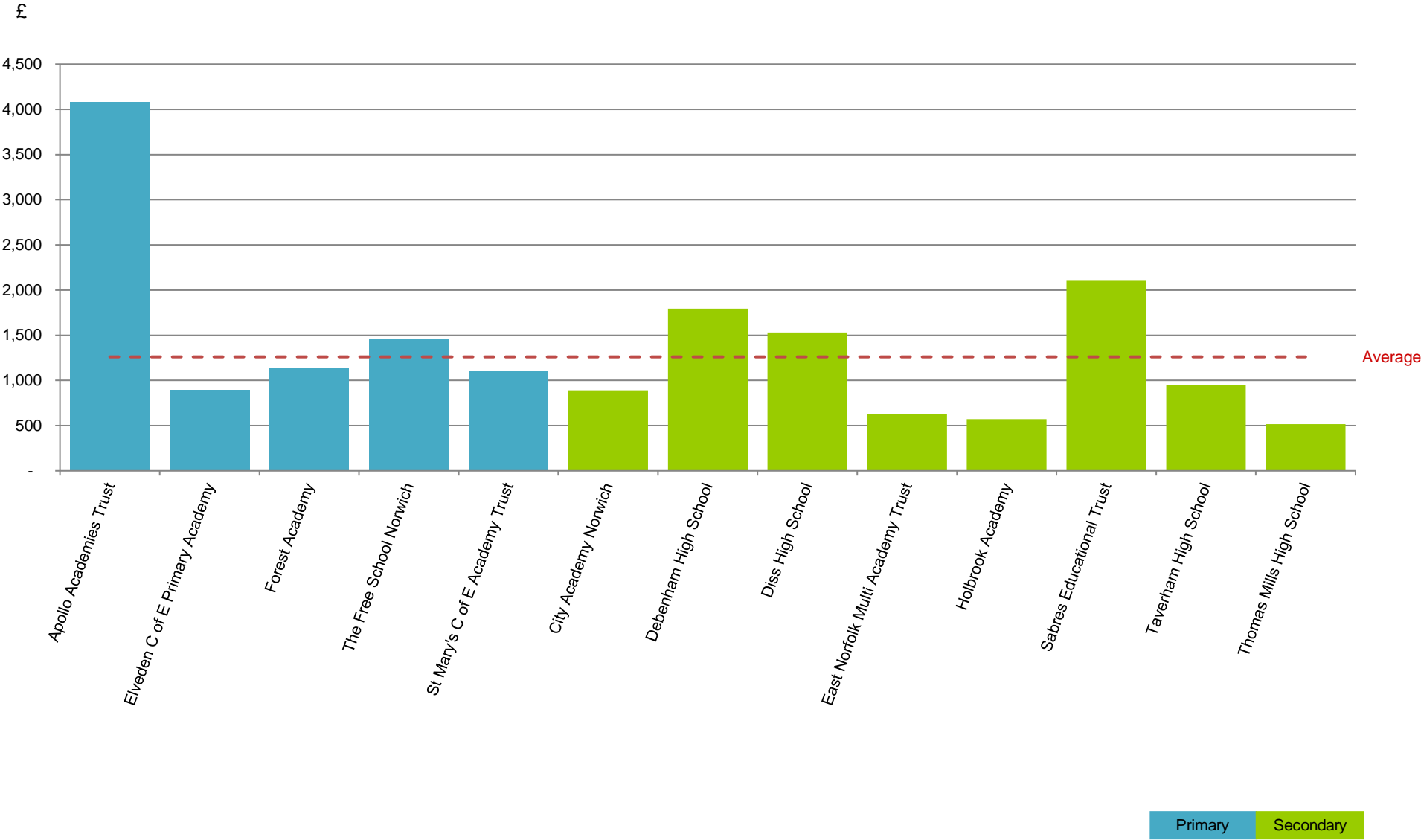
There are many good reasons for holding higher levels of reserves including:

- funding future building/estates projects
- to invest in future staff retention and development
- to support strategic development and growth plans
- to safeguard against rising costs

We believe this new area of focus from the ESFA highlights the need for a strong policy in the trustees' report to justify the level of reserves held.

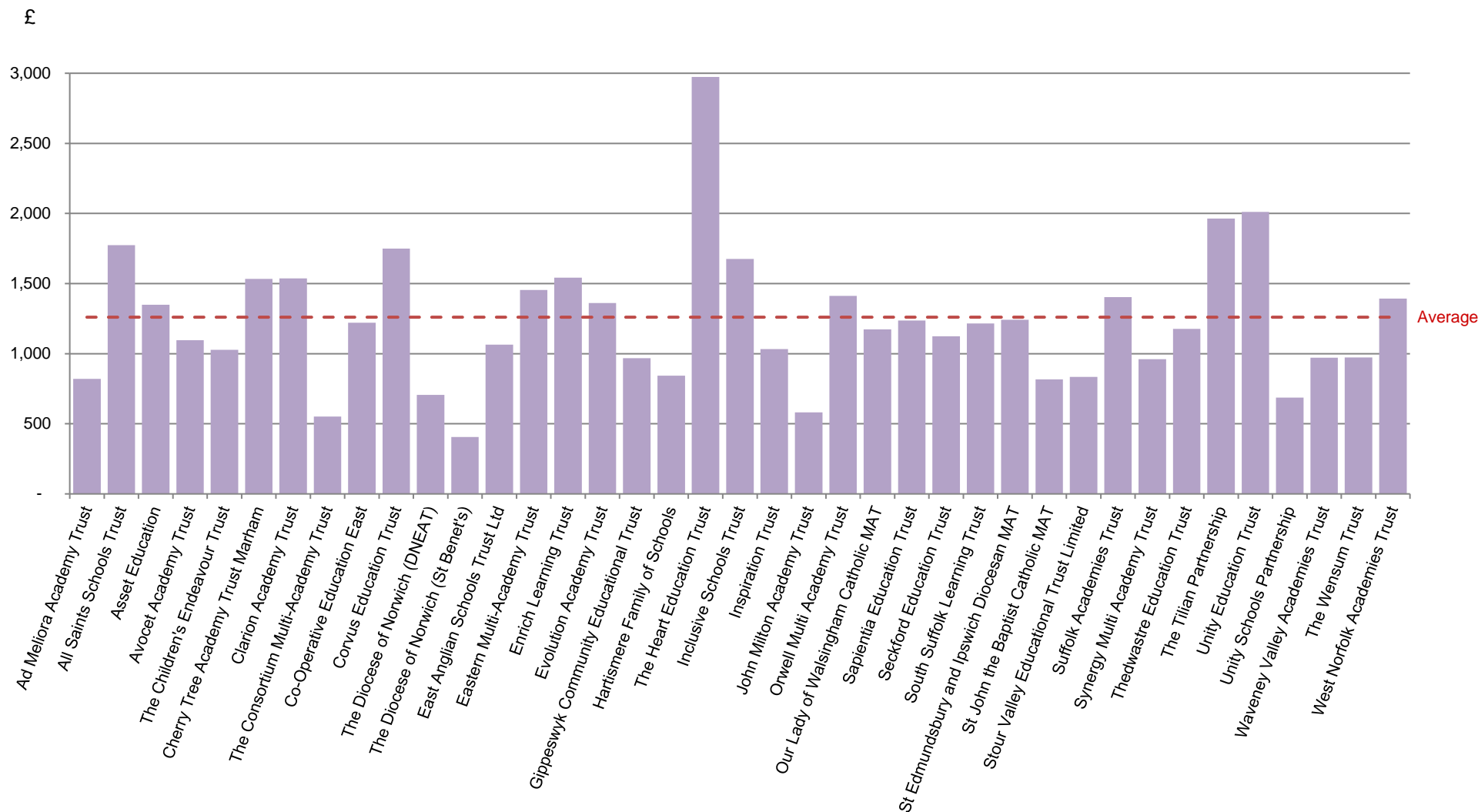
7. Current assets, liabilities and reserves

7.1 Cash per pupil



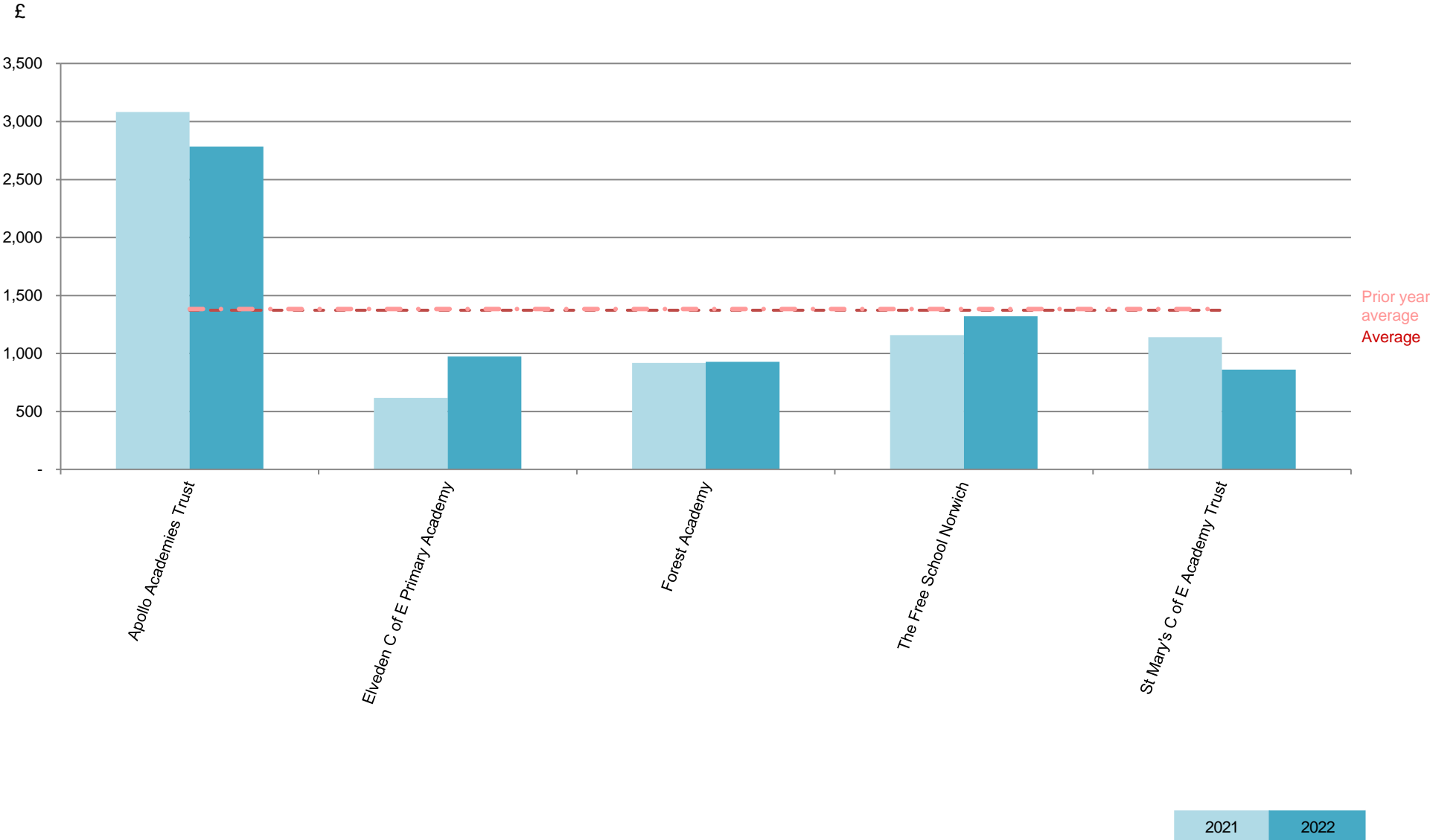
7. Current assets, liabilities and reserves

7.1 Cash per pupil



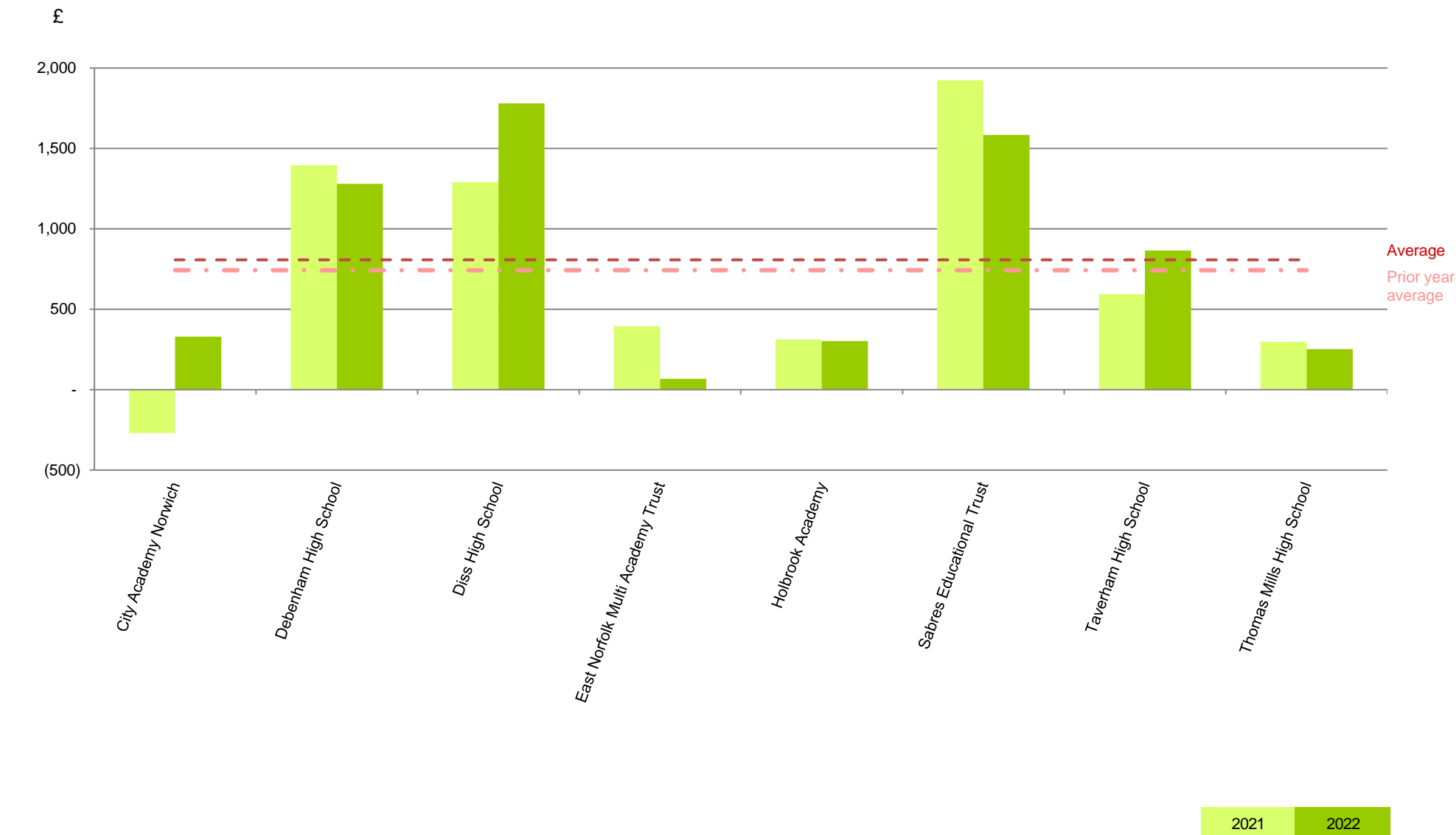
7. Current assets, liabilities and reserves

7.2 Reserves per pupil (primary schools)



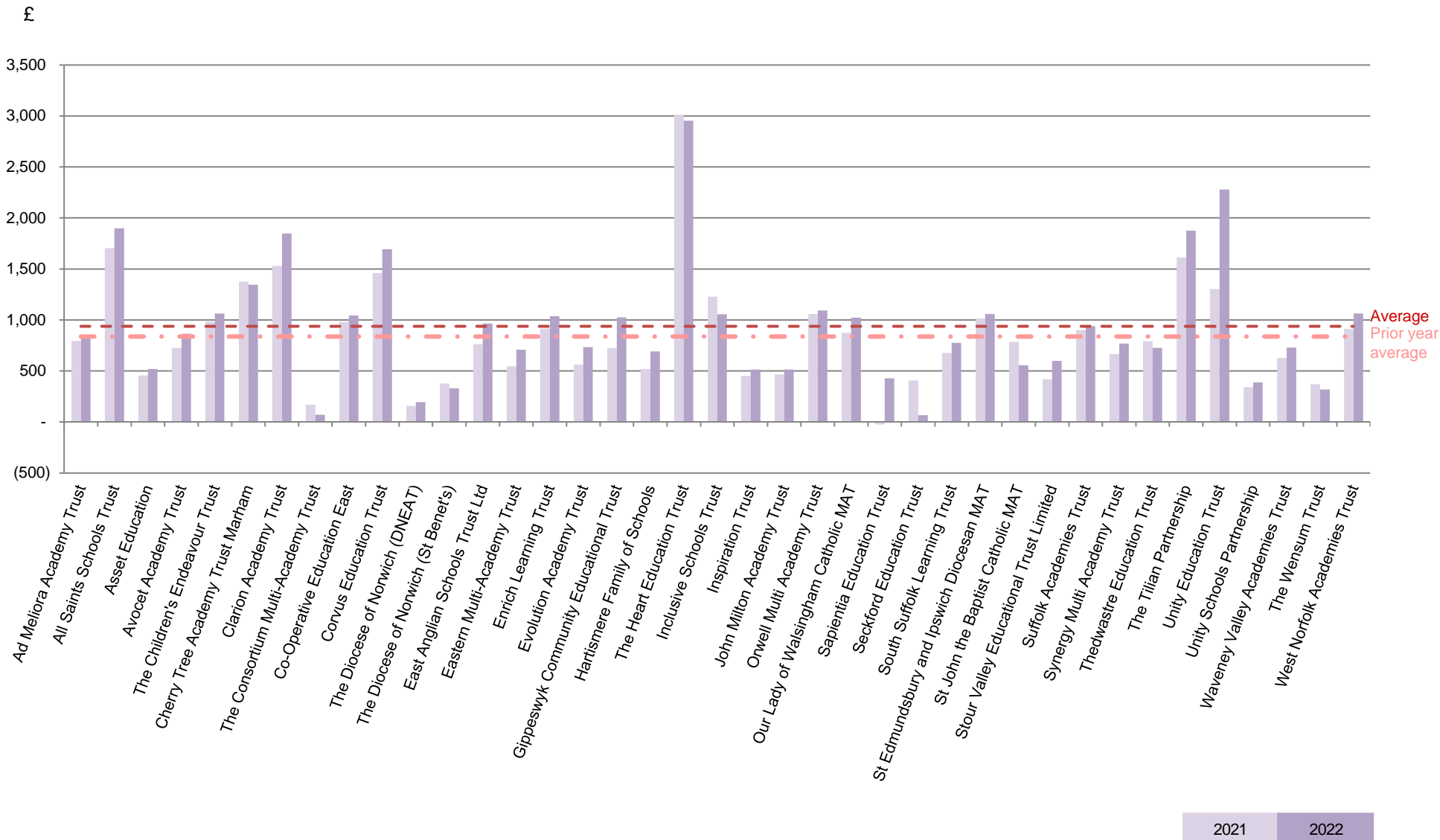
7. Current assets, liabilities and reserves

7.2 Reserves per pupil (secondary schools)



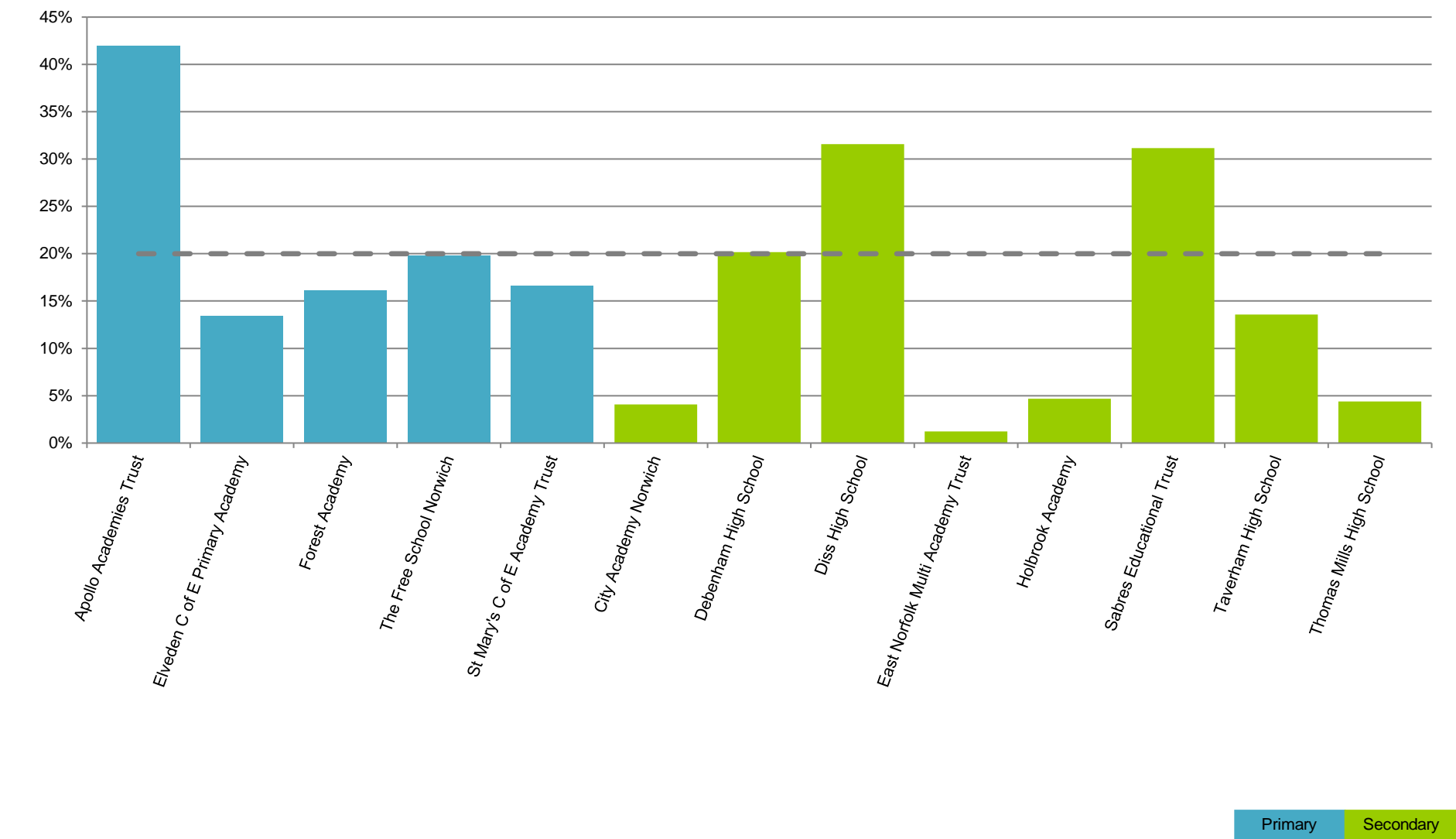
7. Current assets, liabilities and reserves

7.2 Reserves per pupil (MATs)



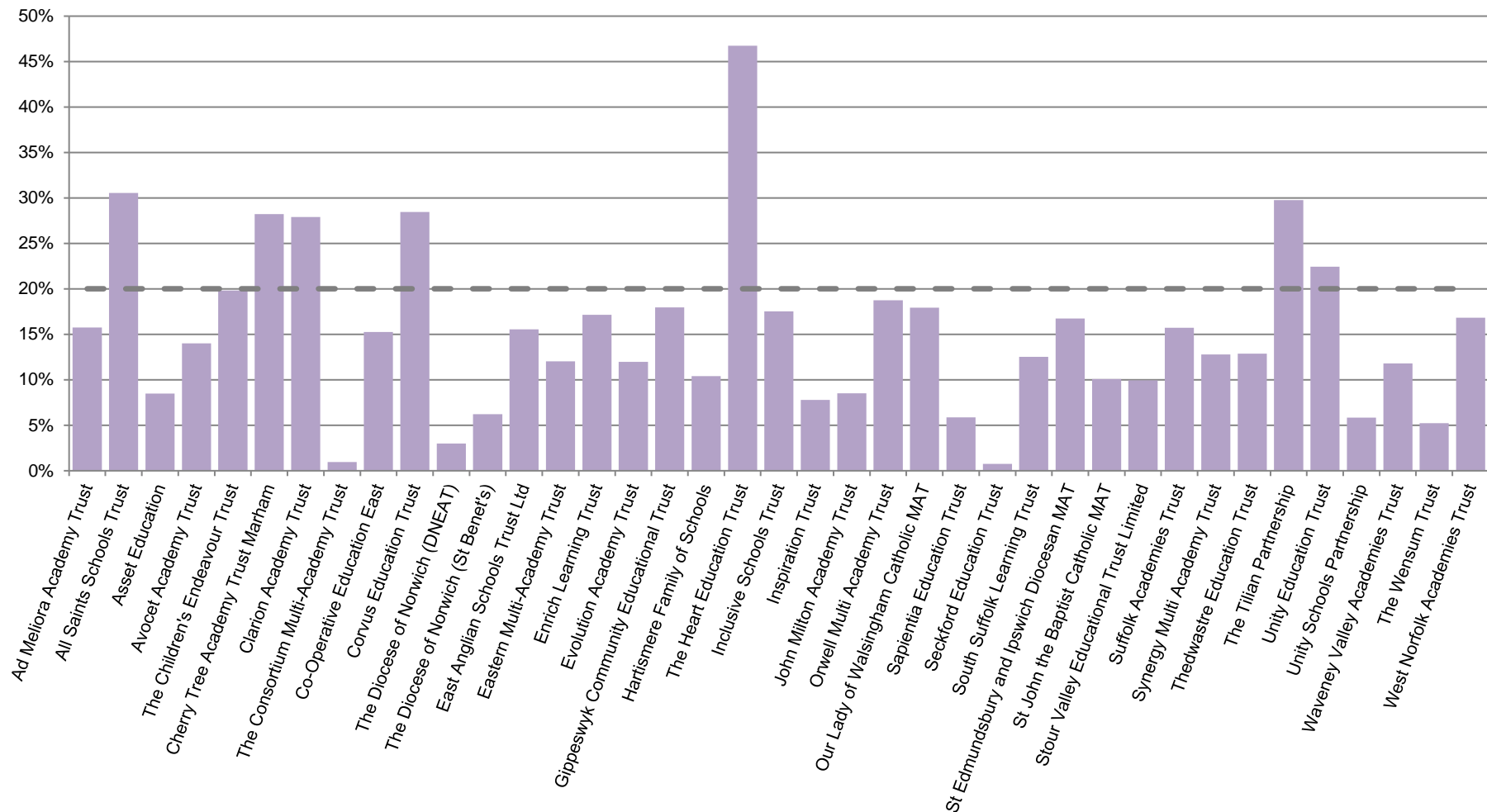
7. Current assets, liabilities and reserves

7.3 Revenue reserves / Revenue income



7. Current assets, liabilities and reserves

7.3 Revenue reserves / Revenue income



MAT

8. Pensions

8.1 LGPS asset / liability per pupil

Employees of all academy trusts are eligible to belong to one of two main pension schemes; the Teachers' Pension Scheme (TPS) for teaching staff and the Local Government Pension Scheme (LGPS) for support staff.

The TPS is an "unfunded scheme", which means that academies do not have to include their share of the assets or liabilities in their accounts. The LGPS scheme is accounted for differently, with annual actuarial valuations undertaken in accordance with financial reporting standards determining the asset or liability to be included on the balance sheet. To confuse matters further, the valuation methodology used in arriving at the asset or liability to be included in the financial statements is different to that adopted by the actuary when undertaking the triannual scheme valuations and setting future contribution rates.

One assumption made by the actuary in valuing the LGPS is the discount rate to be applied. In the current year, we have seen a significant movement in this assumption, leading to an average decrease in the LGPS liability of 91%. For 11 academy trusts within our sample, the LGPS liability was reduced entirely.

We have computed the LGPS asset / liability per pupil based on the number of pupils within all schools in the trust. Our data shows that the average LGPS liability per pupil across all trusts has decreased by 90% from £3,107 to £304.

Two otherwise similar academies may have very different LGPS liabilities due to the profile (age, sex, length of service) of their support workforce.

8.2 Pension costs / GAG income

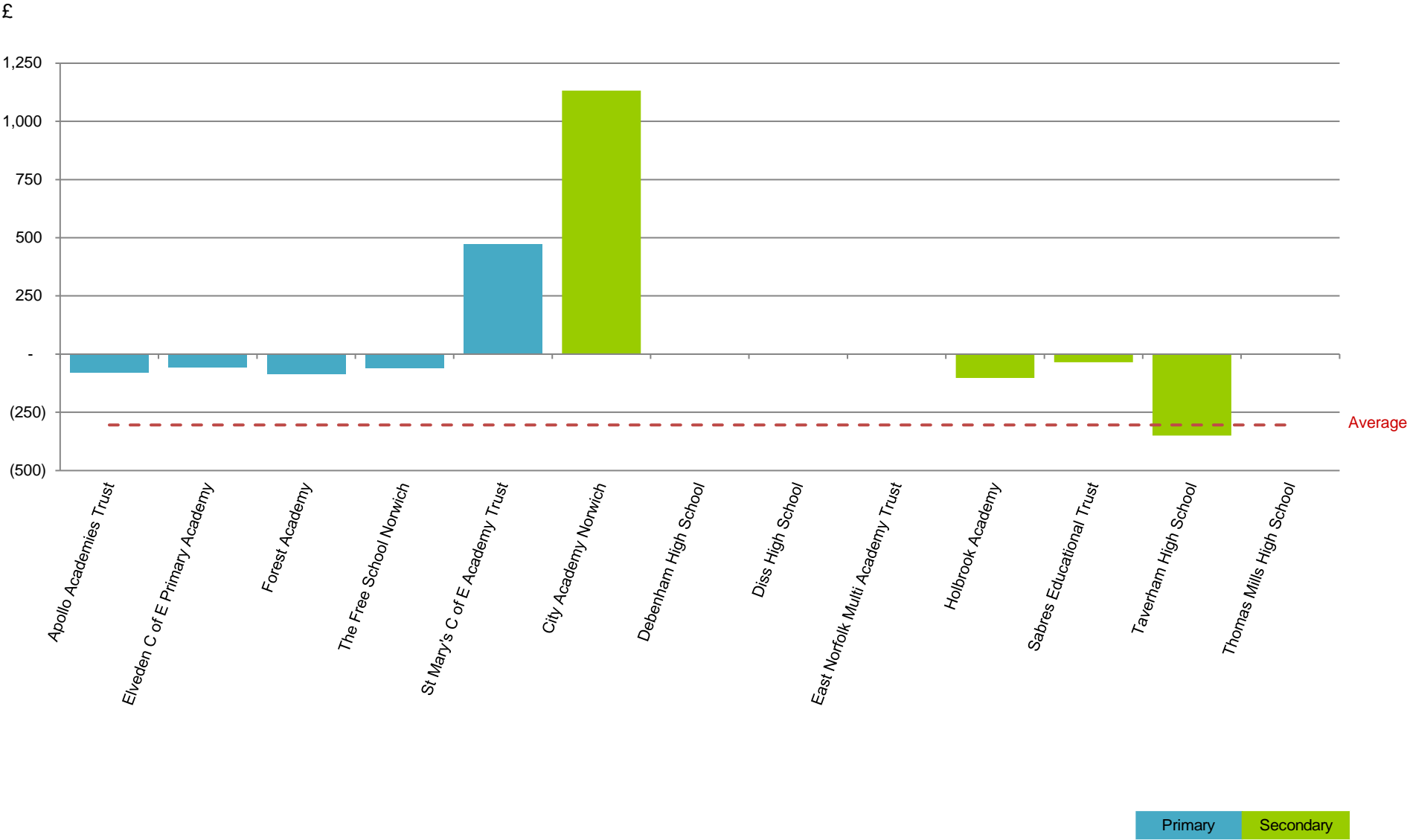
There have been no further movements in the TPS employer contribution rates since the last triennial actuarial valuation. The next valuation of the TPS is due to be implemented from 1 April 2024.

LGPS employer contribution rates will change for many academy trusts in April each year, based on the rates outlined following the latest valuation. The 2022 triennial valuation of the LGPS will determine contribution rates effective from 1 April 2023.

When looking at the combined cost of the LGPS and TPS, primary schools spent on average 26% of their GAG income on pension costs, whilst secondary schools spent on average 20% and MATs spent on average 25%, showing little change from the prior year. It should be noted that pension costs do include the impact of the actuarial valuation for the LGPS.

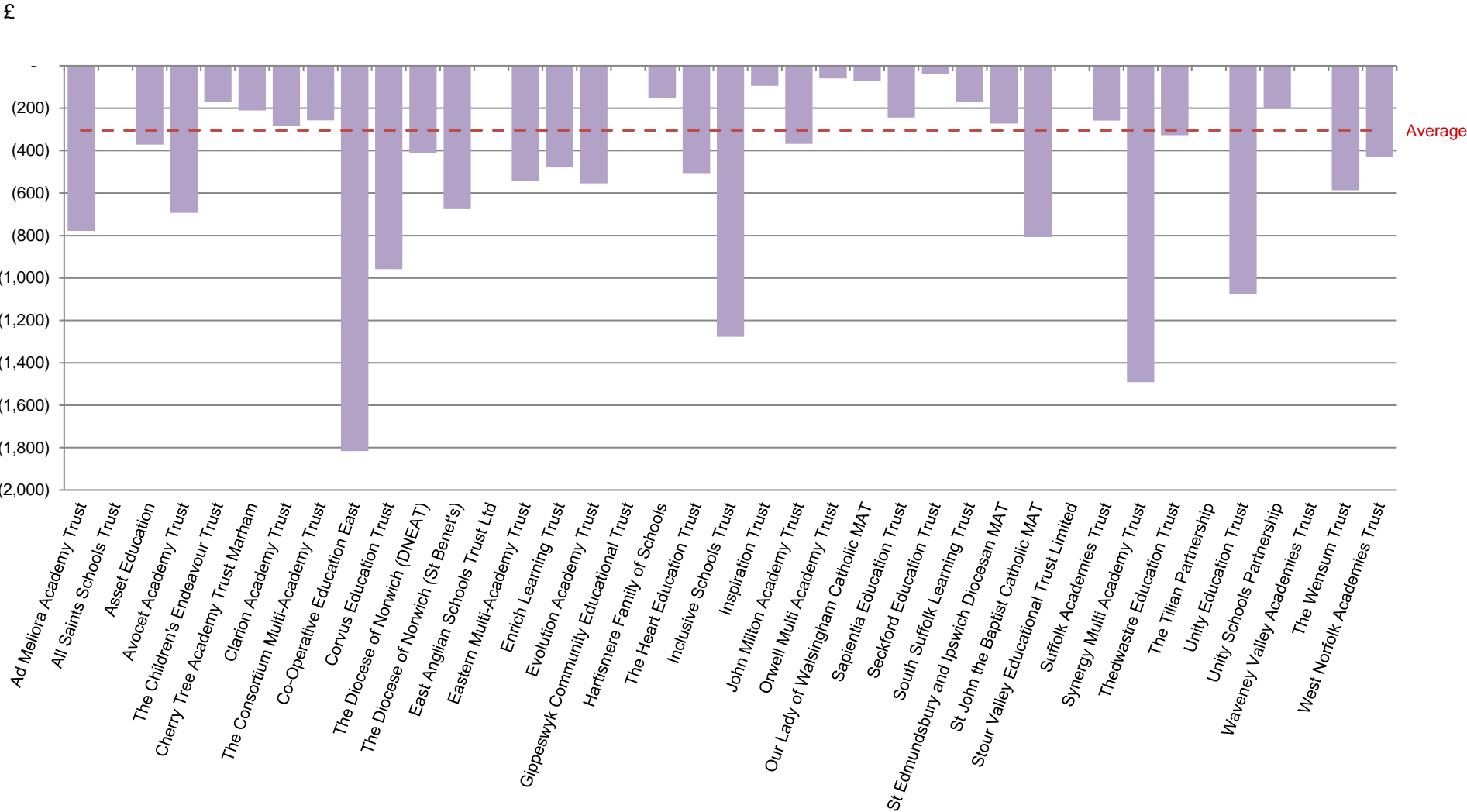
8. Pensions

8.1 LGPS asset / liability per pupil



8. Pensions

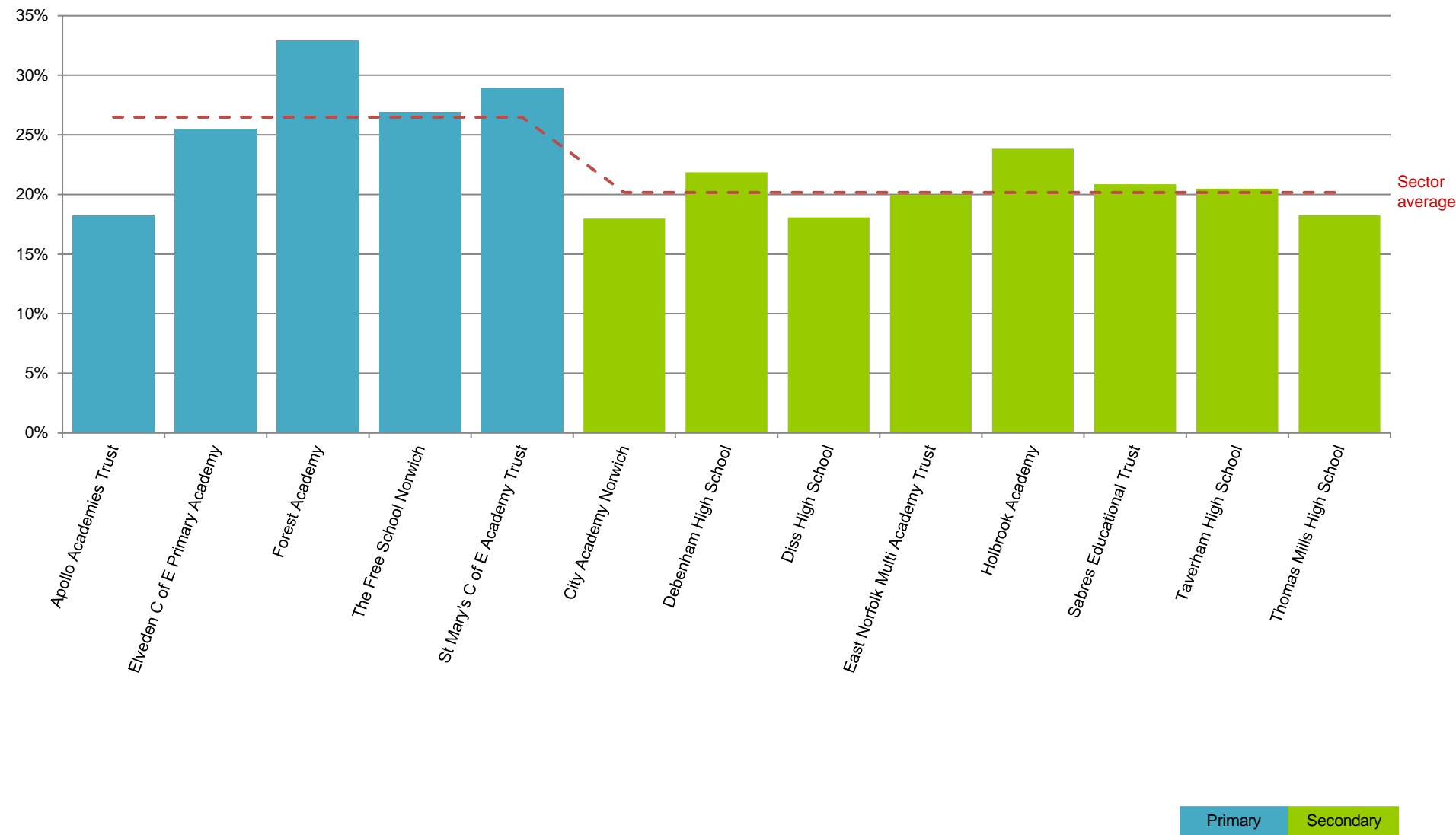
8.1 LGPS asset / liability per pupil



MAT

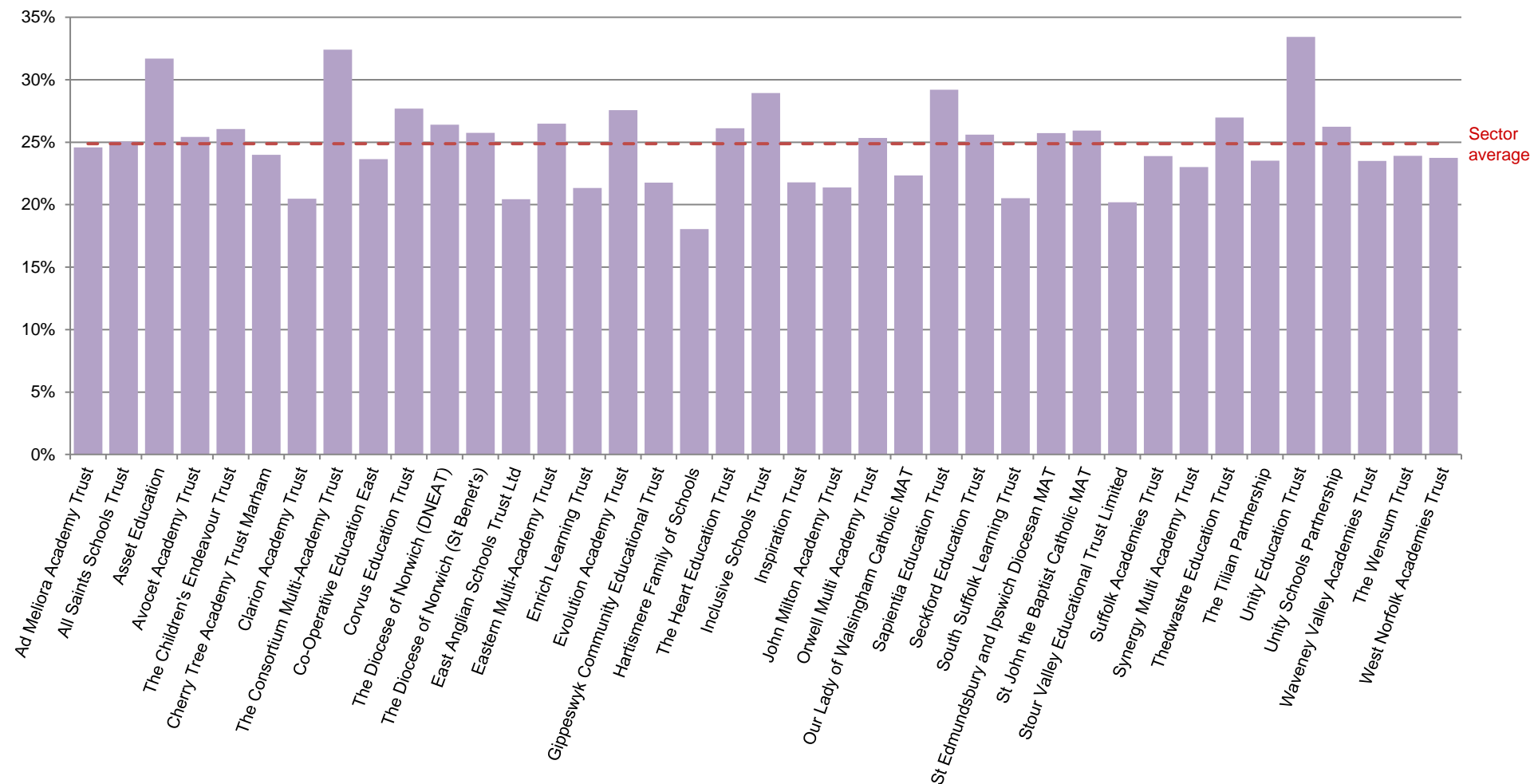
8. Pensions

8.2 Pension costs / GAG income



8. Pensions

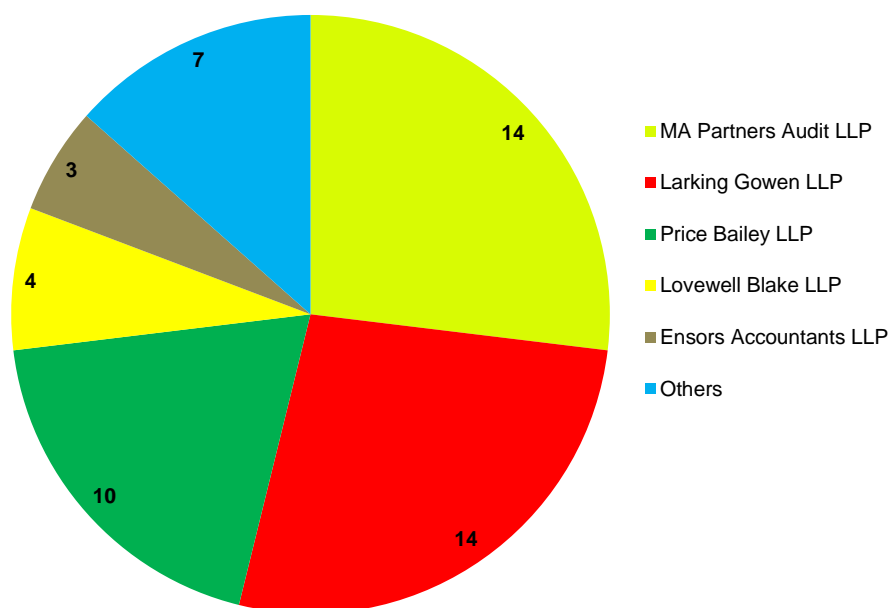
8.2 Pension costs / GAG income



9. Governance

9.1 External auditors

The external audits of 73% of the academy trusts in this survey were undertaken by 3 firms: MA Partners Audit LLP, Larking Gowen LLP and Price Bailey LLP.



Within our sample, the statutory audit report was modified for three academy trusts in relation to going concern. Each of these trusts included details of post year end rebrokerage with schools moving to other trusts and hence the academy trusts were not deemed to represent a going concern at 31 August 2022.

No further modifications to statutory audit reports were identified.

Each academy trust also includes an assurance report on regularity in its accounts, which provides limited assurance that the income and expenditure recorded by the trust is in accordance with the purposes identified by Parliament and allowable within the governance documents that academy trusts have to follow. An “except for” finding means that the independent auditors found some element of income or expenditure that may have been outside the permitted use, or other regulatory requirements were not adhered to. For 90% of trusts surveyed, the external auditors found no significant issues, compared to 93% in the prior year.

Matters identified include management accounts not prepared and ESFA approval not obtained for related party transactions.

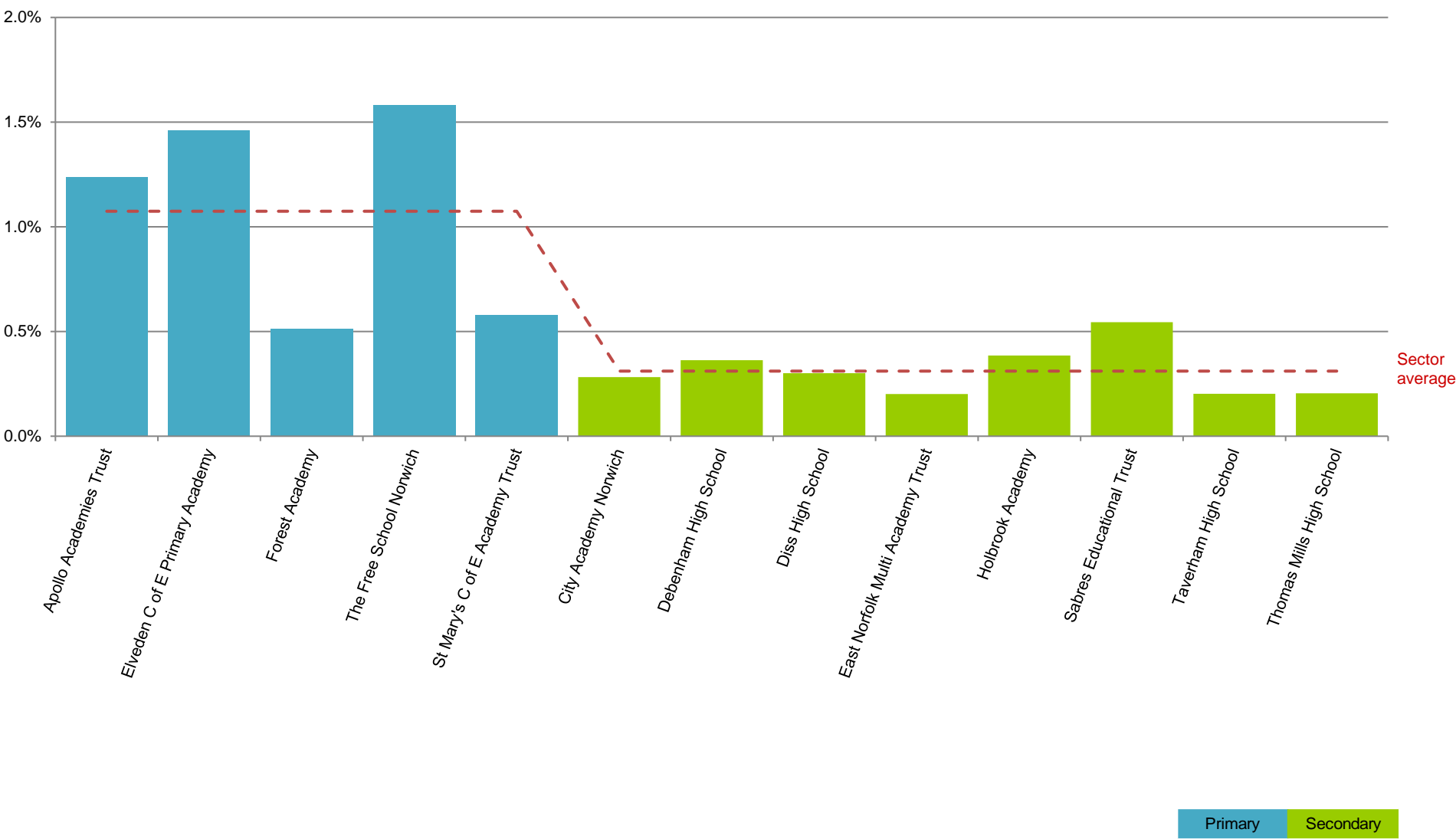
9.2 Total external auditor fees / GAG

The range of services provided by external auditors to academy trusts will vary depending upon the trust’s individual requirements, and thus the fees payable to external auditors may not relate to like-for-like services. Our graph shows total fees payable to external auditors as a percentage of GAG income.

On average, fees payable to auditors by primary schools are 1.1% of GAG (2021 - 1.1%) and for secondary schools the figure is 0.3% of GAG (2021 - 0.3%). The higher figure for primary schools reflects the fact that a similar level of audit work is required regardless of the size of school. Indeed, many primary schools require more assistance with their finances than the better resourced secondary schools. The average figure for MATs remained consistent with the prior year at 0.3% of GAG (2021 - 0.3%).

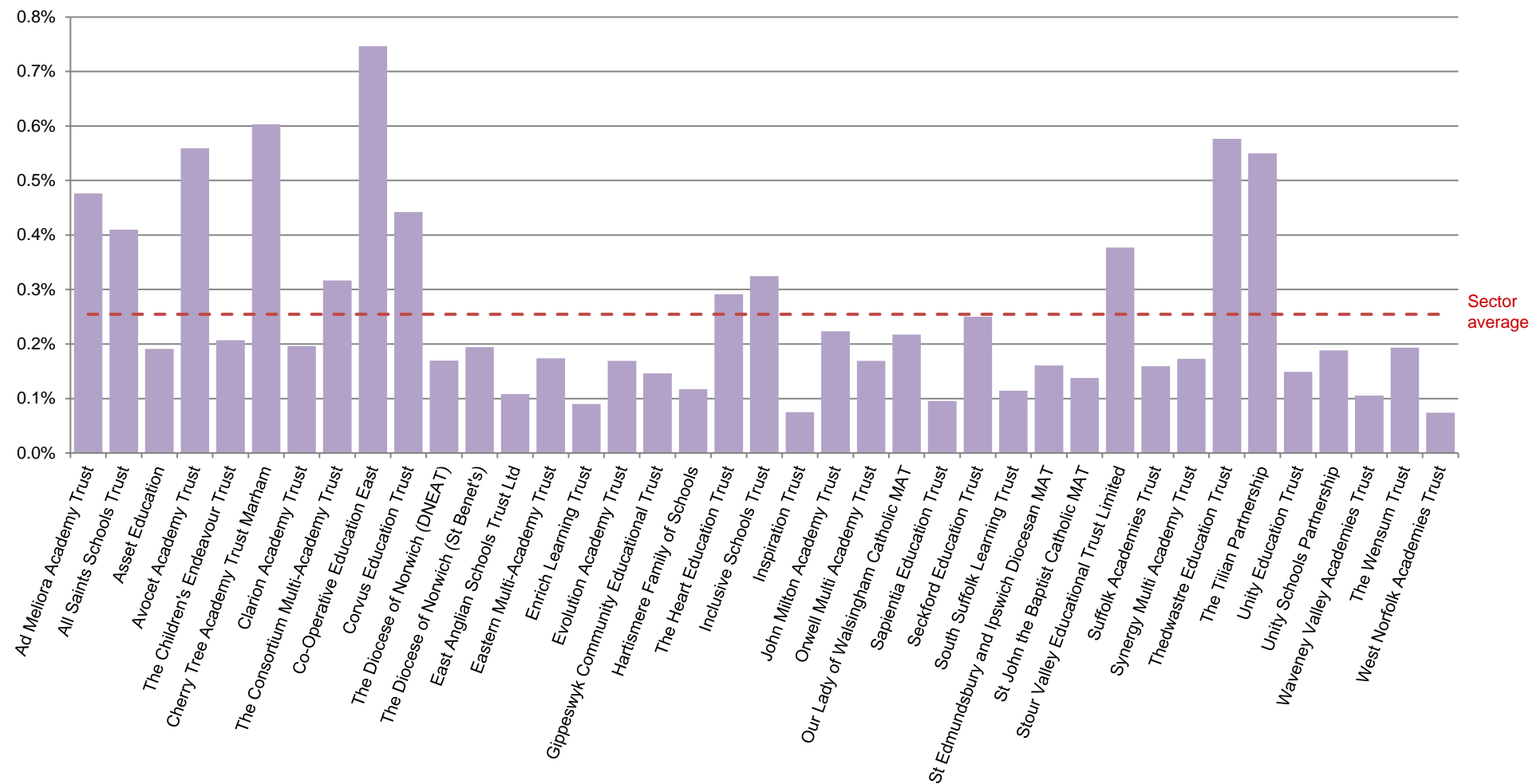
9. Governance

9.2 Total external auditor fees / GAG



9. Governance

9.2 Total external auditor fees / GAG



9. Governance

9.3 Internal scrutiny

The Academy Trust Handbook 2021 (relevant for the 2021/22 academic year) states that each trust “must have a programme of internal scrutiny to provide independent assurance to the board that its financial and non-financial controls, and risk management procedures, are operating effectively”. This process of review can be managed in the way deemed most appropriate by each trust.

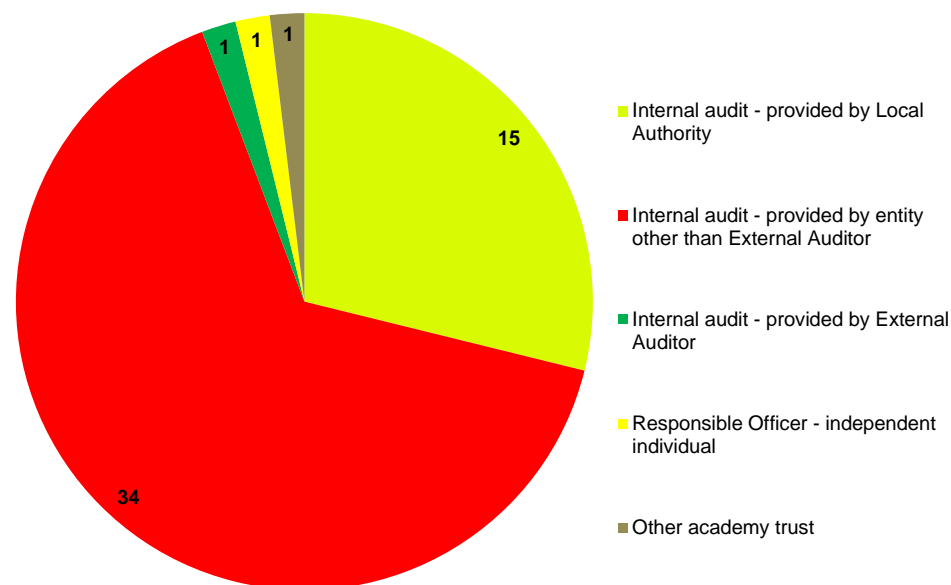
In December 2020, a ‘*Good Practice Guide*’ focusing on the delivery of internal scrutiny in academy trusts was released, adding further narrative around the implementation of internal scrutiny arrangements to meet the requirements of the Academy Trust Handbook.

From the trusts we surveyed, there is a continued move towards the appointment of professional firms for meeting the requirements of internal scrutiny.

94% of trusts appointed third party professionals showing this as the preferred method for meeting the requirements of internal scrutiny.

One of the trusts reviewed continued to adopt the “traditional” Responsible Officer method, as per the original academy guidelines when the sector was first formed.

Further to the revised Ethical Standard in December 2019, academy trusts are now required to have separate providers for their internal and external audit provision. We did however identify one trust where the external auditor continues to provide internal scrutiny services.



9. Governance

9.4 Members and Trustees

The responsibilities of trustees are set out in the Academy Trust Handbook and the Governance Handbook. However, there is no indication given as to how the board of trustees should be constituted and how many individuals there should be.

Our results show an average of 8 trustees on the board for a primary school, 11 for a secondary school and 9 for a MAT.

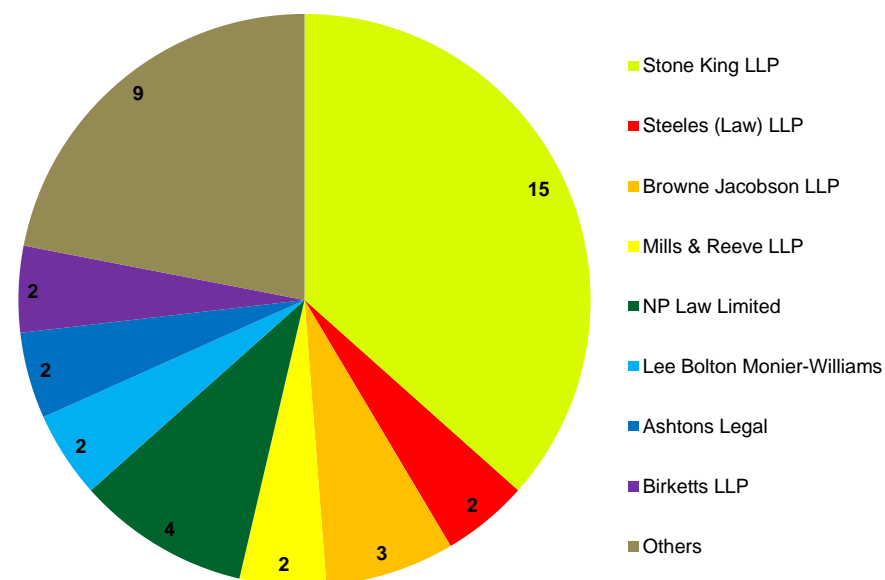
The Academy Trust Handbook 2022 states the following:
'There should be significant separation between the individuals who are members and those who are trustees... The Department's strong preference is for a majority of members to be independent of the board of trustees.'

At 31 August 2022, 96% (2021 - 89%) of the trusts included in our sample showed over half of their members were independent from the trustees and therefore meeting the guidance set out in the Academy Trust Handbook 2022.

9.5 Solicitors

Stone King LLP represents 37% (2021 - 35%) of the academy trusts surveyed.

Once again in the sample we have reviewed, 11 academy trusts did not include details of their solicitors within their accounts.



10. Conclusion and contact details

10.1 Conclusion

With the announcement in December 2022 from the Education Secretary, Gillian Keegan, that the Schools Bill 'will not progress', it is still unclear whether any parts of the bill will continue to be prioritised. Meanwhile we understand trusts continue to strive towards the position of being a 'strong trust with great teachers'.

Payroll costs for an academy trust continue to represent a significant proportion of total expenditure (78% for MATs in our report). Uncertainty around pay rises in 2021/22, and into 2022/23, has therefore been a key variable in planning budgets. Future increases are also being compounded by the ongoing pressure from unions and resulting industrial action.

In the year to 31 August 2022, 73% of trusts in Norfolk and Suffolk improved the financial position of their revenue funds and 75% showed an increase in their total income per pupil. We understand that the strength of these results overlays the continuing battles that are faced by academy trusts with no sign of reprieve in the near future. The repercussions of Covid-19 are still being felt throughout the sector as schools also grapple with exponential increases in energy costs, a high rate of inflation for all other costs and rising pay costs.

Looking to the future, the sector continues to face new challenges, but with strong leadership and governance in place we are confident that trusts will navigate through.

We are aware that no two academy trusts are the same and thus any benchmarking exercise has its limitations. This is particularly the case with MATs which range widely in terms of size and make-up. Our report, and the data and observations within it, are compiled to provide school leaders with useful information to aid their understanding of their academy trust's results and assist in decision making.

We hope you have found our report useful and look forward to working with existing and new academy clients in 2023.

10.2 Contact details

M+A Partners has been advising academy trusts since 2009. We have a growing team of qualified accountants who are experienced in acting for academy trusts and receive specialist training to ensure they are best placed to advise on the issues facing the sector.



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