



Education
Funding
Agency

Academy Sector Report:

Invest, Expand, Improve

For the year ended 31 August 2016



Purpose of this report

EXAMPLE TEXT

This report has been published to inform Parliament about developments in the academies programme. *[[Section 11 of the Academies Act 2010 places a duty on the Secretary of State for Education to prepare, publish and lay before Parliament an annual report on academies, starting with the year beginning on 1 August 2010. The legislation requires the annual report to contain 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 (under which academies must provide certain information to the Secretary of State) and under the contractual arrangements which academies enter into with the Secretary of State for Education.]]*

- This report gives information on the number of academies opened during the 2013/14 academic year, and reports on the educational performance of the sector during this period.

Definitions

EXAMPLE TEXT

- Throughout this report the term 'academy' is used to refer to any place of education which is directly funded by DfE and free from local authority control, including Free Schools, Studio Schools, University Technical Colleges and xxxx [what else? PRUs?]
- 'Trust' refers to the legal entity with which the department has the funding relationship and is responsible for the production of statutory returns such as annual accounts
- Definitions of
 - o Single academy trust
 - o Multi-academy trust
 - o Sponsor
 - o Chain

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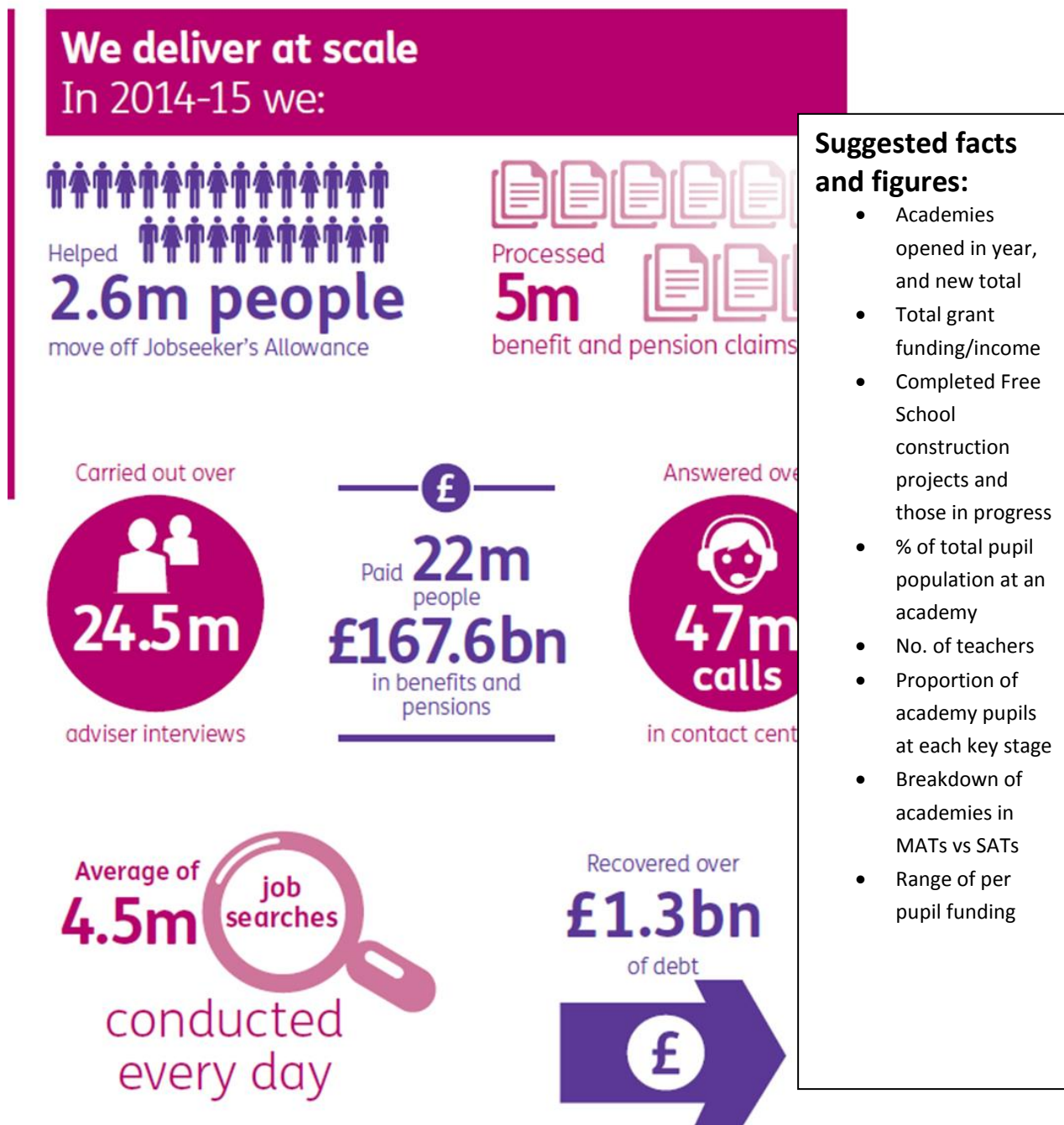
Table of figures

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1. Performance Report

1.1. Overview

[A visual double page spread here will be used to depict the key inputs to and outputs from the sector for the reported academic year]



We improve lives In 2014-15 we:

Suggested metrics:

- Pupil places (total; Ofsted outstanding / good)
- % of academies given Capital Improvement Funding
- Headline Performance Data from Performance Tables



Saw a record

31.1m

people in employment
– including 22.7m full-time

NEA

Enabled the creation of

65,570

new businesses through the
New Enterprise Allowance

Boosted the number
of people saving
in workplace
pensions by



2.2m

and legislated for
a simpler, fairer
State Pension



Helped

105,000

families turn their
lives around through
the Troubled Families
Programme

Helped more than

32,400

disabled people find
and stay in work by
reducing barriers
through

Access to Work



Gave

198,000

young people the
opportunity to
gain valuable work
experience with an
employer placement

Supported a
2.1 percentage
point increase in the
employment rate of
disabled people

up to

46.3%

Achieved

86%

parents paying
maintenance for their
children



1.1.1. Foreword by Secretary of State

EXAMPLE TEXT

The 2013/14 academic year has seen continued growth in the numbers of schools choosing to benefit from the freedoms that come with academy status.

Across the academies programme, I have seen great examples of schools and teachers using their autonomy to realise the following crucial objectives:

A high quality place for all: every child and young person can access a high quality place from 3-19, including specialist provision where it is needed;

Safe from harm: all children and young people are protected from harm and opportunities for the most vulnerable are as good as those for any other child;

Educational excellence, everywhere: every child and young person achieves to the best of his or her ability regardless of prior attainment, location or background;

Employer-valued skills: employable 19 year olds graduate from school or college well-skilled to contribute to the UK economy, especially in STEM; and

Character and resilience: all children and young people are well-rounded, confident, happy and resilient – prepared for success in adult life.

Secretary of State for Education

1.1.2. Accounting Officer's Perspective on Performance

Academies are publicly funded independent schools that a local authority does not maintain. The term encompasses the following: former city technology colleges; academies (those that are both sponsored and those that converted from local authority control); free schools; university technical colleges; studio schools; faith and special academies. Once converted, academies are run by an academy trust, which is a charitable company limited by guarantee.

Many academy trusts are multi-academy trusts in that they operate more than one member academy, with each academy within the multi-academy trust having a funding agreement with the Secretary of State.

The academy sector has seen further significant growth in 2013/14 with the number of trusts increasing by xx% to xxxx at 31 August 2014 (xxxx at 31 August 2013). Revenue funding paid to academies in 2013/14 rose by xx% to £xx.x billion. We have worked with Regional School Commissioners and Head Teacher Boards to shift operational decision making from ministers and officials to our best academy head teachers.

1.1.3. Performance Summary

The scale of operations in the academy sector in 2013/14 includes:

- x,xxx new academies opened in the period; the total number of academies at 31 August 2014 was x,xxx. There were xx new free schools, xx studio schools and xx university technical colleges.
- providing schools places for 2.4 million pupils¹
- academies make up 56.9% of state-funded secondary schools, and 10.7% of primary schools²
- operating income of £16.49 billion, of which £13.19 billion was revenue funding from the Department for Education.
- operating expenditure was £15.40 billion, of which £10.87 billion was spent on staff costs.
- employing 263,502 staff, including 134,854 teachers.

¹ As at January 2014:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/433680/SFR16_2015_Main_Text.pdf

² As above

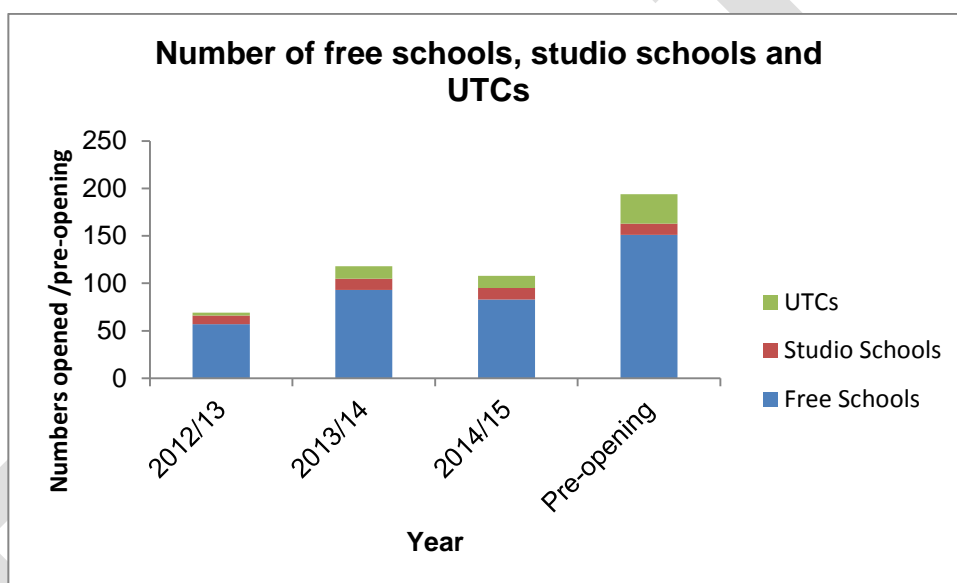
- property, plant and equipment of £30.41 billion, with land and buildings valued at £29.13 billion.
- investing £1.45 billion in capital additions during the year.

1.2. Performance Analysis

1.2.1. Growth of the sector

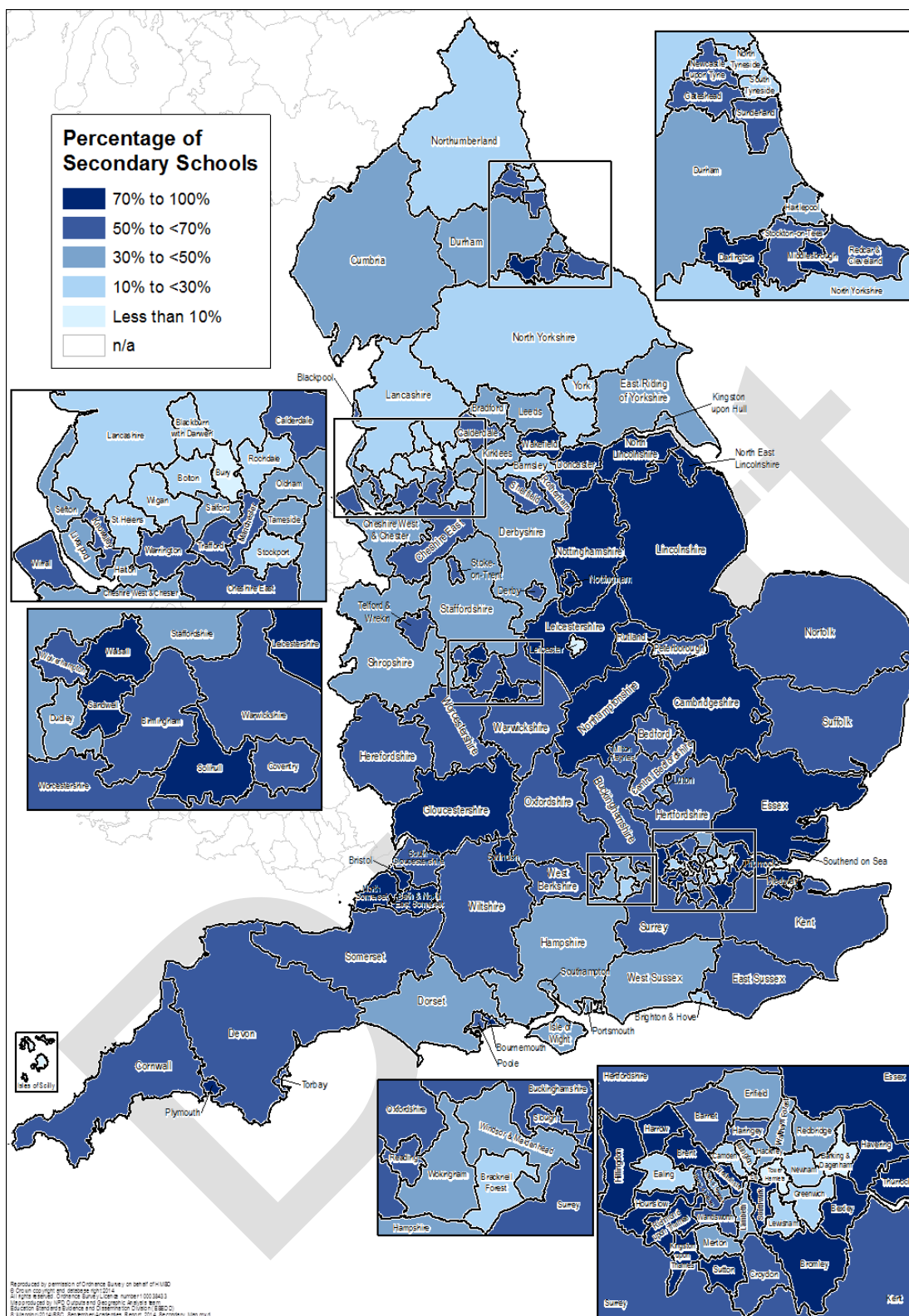
There were x,xxx academies open at 31 August 2014, and x,xxx academy trusts operational in the 12 months to 31 August 2014. The year-end number of operational academy trusts fell to x,xxx by 31 August 2014 as a result of the transfer of academies between academy trusts.

The number of free schools, UTCs and Studio Schools open continues to rise. There are currently 321 open and a further 194 are in the pre-opening stage.



During the 2013/14AY, there have been more primaries converting or applying to convert than secondaries. Primary converter academies made up the highest proportion of open academies in the 2013/14 AY.

The geographical spread of academies continues to see expansion in each part of the country, although this is most rapid in the [North West?]. The following tables show the total numbers of academies in each of the eight regions that is overseen by a Regional Schools Commissioner:



1.2.2. Growth in the Sponsor market

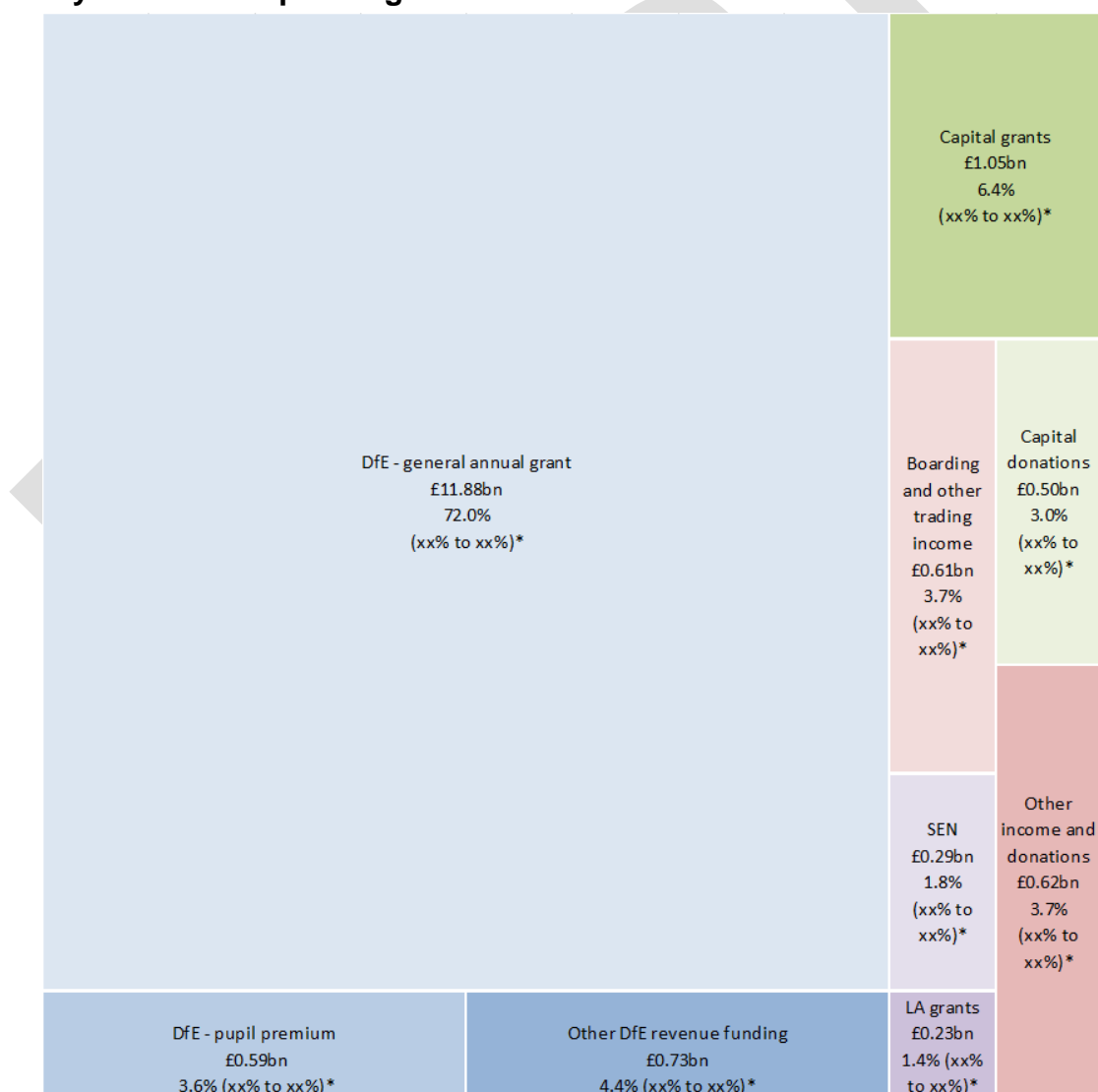
During the year, xxx organisations increased the number of academies they sponsor and xxx became sponsors of an academy for the first time. This brings the total to xxx

1.2.3. Financial performance

During the year, academy trusts generated operating income of £16.49 billion, £14.94 billion of revenue income and £1.55 billion of capital income. The Department for Education (DfE) is the main source of income for academy trusts, providing the sector with 80% of its revenue funding and 56% of its capital funding (including capital donations). Academy trusts received £0.59 billion of pupil premium funding to raise the attainment of disadvantaged pupils and close the gap between them and their peers.

Operating income has increased by xx since the previous year, with total revenue funding received from DfE increasing by xx.

Academy trusts had operating income of £16.49 billion in 2013/14

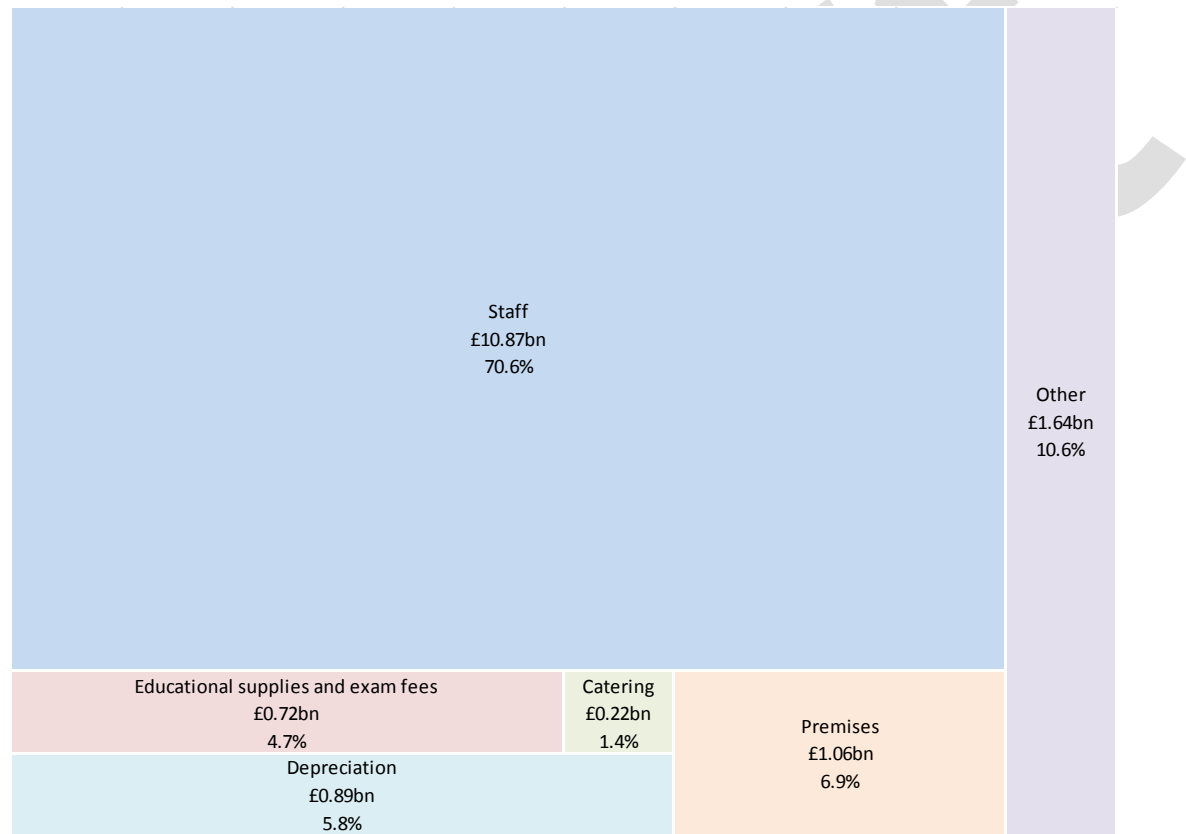


*shows variation in % of total income

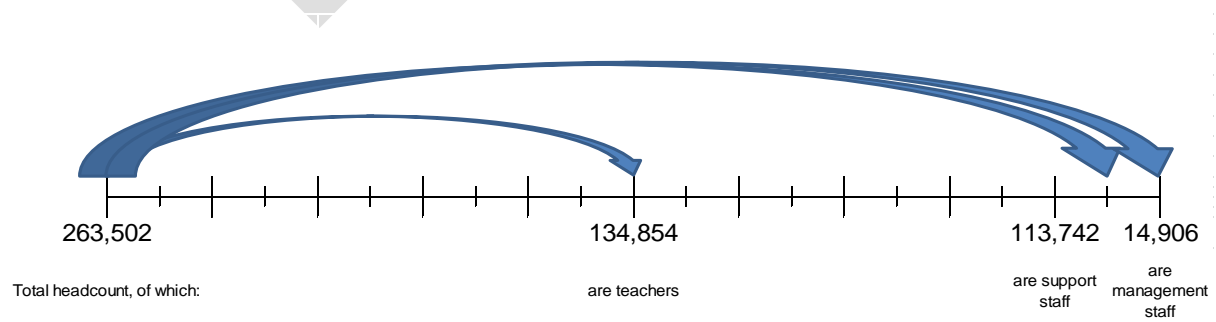
Academy trusts also generate their own income through activities such as hiring out their facilities to the local community. Academy trusts generated £0.58 billion of income from trading activities during the year, and £0.35 billion income from offering boarding facilities to pupils.

Operating costs during the year were £15.40 billion. The most significant item of expenditure for academy trusts were staff costs at £10.87 billion, accounting for 70.6% of all operating expenditure. This compares to xx.x% in the previous year. Of the £10.87 billion staff costs, £xx.xx billion was spent on teaching and educational support staff.

Academy trusts had operating costs of £15.40 billion in 2013/14



The sector employs 263,502 staff, 51% of which are teachers, an increase of xx over the last reporting period.



Running the school estate accounted for 6.9% of operating costs, with a further 5.8% of expenditure incurred on depreciation.

Academy trusts have assets totalling £32.68 billion, with land and buildings valued at £29.13 billion. With current assets of £3.53 billion and current liabilities of £1.34 billion, the sector has a working capital ratio of 2.6 in 2013/14 compared to x.x in the last reporting period.

The largest component of the current assets held by the sector is cash balances of £2.61 billion, an increase of £x.xx billion on the previous year.

The major liability on the state of financial position as at 31 August 2014 continues to be the pension scheme deficit of £3.04 billion. This has increased by £xx.xx billion since the previous year.

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1.2.4.Pupil Characteristics

We know that the mix of pupils in the academy sector is reflective of the composition of pupil characteristics seen across all state funded schools:

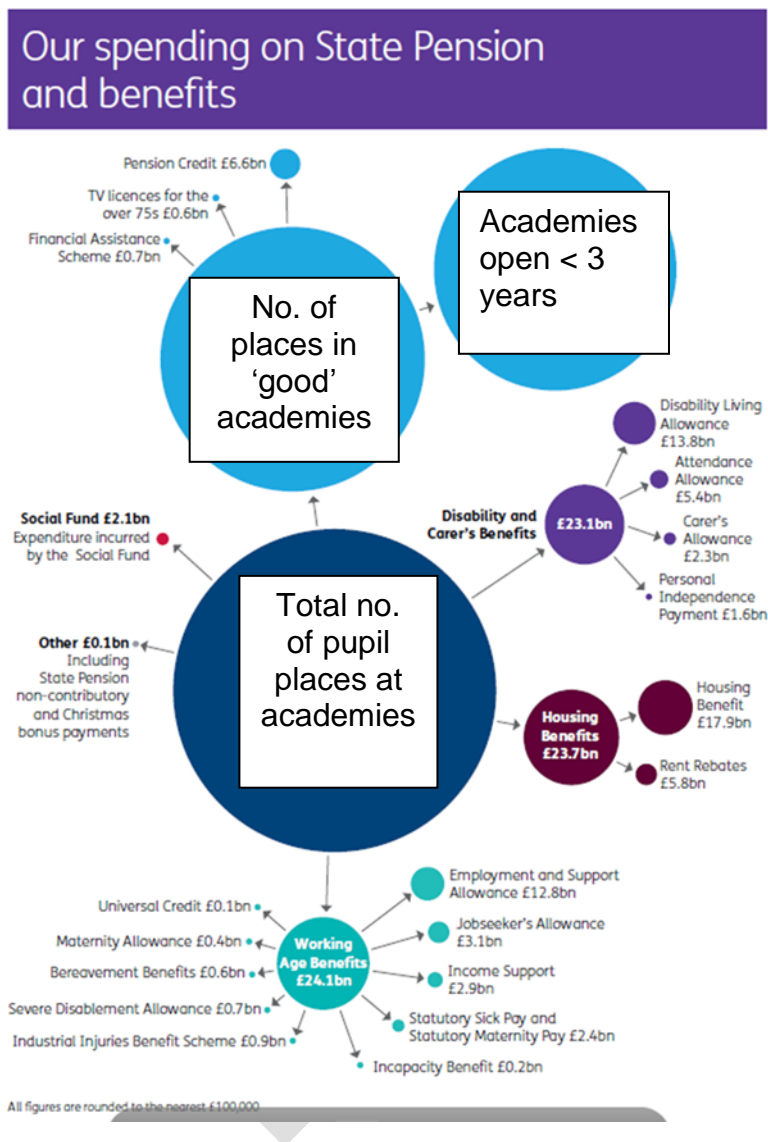
	Primary(2)			Secondary(2)		
	Converter academies	Sponsored academies	All state- funded	Converter academies	Sponsored academies	All state- funded
Gender						
Boys	51.0	51.1	51.0	49.7	51.7	50.3
Girls	49.0	48.8	49.0	50.3	48.3	49.7
Ethnicity						
White	78.4	69.7	75.8	80.6	74.5	78.1
Mixed	5.2	5.7	5.3	4.1	4.7	4.2
Asian	9.2	13.3	10.5	8.5	9.1	9.5
Black	4.7	7.7	5.6	3.9	7.7	5.1
Chinese	0.4	0.4	0.4	0.5	0.3	0.4
Any other ethnic group	1.3	2.4	1.7	1.3	2.2	1.4
Unclassified	1.1	1.4	0.7	1.1	1.4	1.2
Minority Ethnic Pupils (3)	26.0	38.6	29.5	22.3	30.1	25.3
Special Educational needs						
All pupils with SEN	15.5	20.3	16.6	15.8	22.1	17.8
School Action	8.5	10.8	8.9	9.4	13.0	10.4
School Action Plus	5.7	7.9	6.4	4.7	7.1	5.5
Pupils with statements of SEN	1.3	1.6	1.4	1.7	2.0	1.9

Source: School Census, January 2014

(1) Includes pupils who are sole or dual main registrations.

1.2.5. Attainment and Performance

This year a total of xxx pupils are being educated at academy schools rated good or excellent. This is an increase of x% on last year.



1.3.Horizon Scanning and Risk

[To include an update on the Risk Assessment Tool and related products]

Draft

2. Accountability Report

2.1. Corporate Governance Report

There are several bodies with important responsibilities for the governance and effective management of the academies sector. Ultimately, Parliament has oversight of the sector

- Parliament
- the department (including the DfE Board and the Secretary of State)
- the EFA
 - o consolidation
 - o assurance
 - o financial health and intervention
- Regional Schools Commissioners

And last but by no means least academies themselves: the principles of the academies programme are based around freedom from local authority control which means that academy trusts themselves take on many crucial roles around framework compliance and reporting requirements. In multi-academy trusts there are usually support staff available to help fulfil these roles on behalf of many individual schools, and we are seeing an increased move across the sector to employ a greater proportion of professionally qualified finance and HR staff.

The EFA Accounting Officer has responsibilities for

- [List these here]
- [List these here]
- [List these here]
- [List these here]
- [List these here]

He delegates to academy trusts several of his accounting officer responsibilities, all of which are detailed in the Academies Financial Handbook. The impact these have on Governance and risk have been carefully considered and the EFA has processes in place to track [all of] them. In section 2.x, the remuneration and staff report, you will find details of many of the responsibilities outlined below.

Delegated responsibilities include:

-
- [List these here]
 - [List these here]
 - [List these here]
 - [List these here]
 - [List these here]

He also ensures auditors are aware of all relevant information to enable them to carry out the effective audit of individual academy trust financial statements.

Throughout this year, the EFA have run numerous event and seminars with audit firms. September 2015 saw the second annual auditor workshop, which took place at the Birmingham NEC and was attended by xx firms [that between them were responsible for the audit of xxx academy trusts].

In addition to that, EFA officials have been working closely with the ICAEW on the quality of audit files, and undertaking work with the National Association of School Business Managers to ensure that staff in academy trusts know what to expect and request as intelligent customers of audit services.

Working with NASBM, ASCL, FASNA and others to improve the quality, competencies and capacity of academy personnel is one very important way the DfE and EFA can help trusts respond to the challenges and complexities of increased financial autonomy.

Work in this area includes;

- Hosting resources
- Guidance material
- Training - face to face and remote
- Events and workshops
- Working groups
- Sharing best practice
- Professional Standards
- Qualification

2.1.1.Statement of Accounting Officer's Responsibilities

Under xxxx it falls to me to ensure that the group prepares, for each financial year, a statement of accounts in the form and on the basis set out in the accounts direction, as determined by the Secretary of State. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the group and of its net resource outturn, application of resources, and cash flows for the financial year. In preparing the accounts, I am required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction issued by the Secretary of State, 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 group has followed applicable accounting standards as set out in the FReM
- disclose and explain any material departures from these standards in the financial statements
- prepare the financial statements for the group as a going concern

The accounting officer for the department designated me as accounting officer of the group. As such, I am responsible for the propriety and regularity of the public finances, for keeping proper records and for safeguarding the group's assets, as set out in Managing Public Money published by the HM Treasury. I can confirm that I have discharged these responsibilities properly.

2.1.2. Governance Statement

[This needs to include]

- compliance with the code and exceptions
- risks and their management
- quality of info available to manage the sector
- How AO gets assurance
- Assessment of reliability of assurance streams
- annual accounts are fair, balanced and understandable
- Regularity of grant expenditure in EFA/DfE accounts
- Concerns the Accounting Officer has about governance weaknesses
- The Accounting Office concludes that the annual accounts are fair, balanced and understandable
- Information on Trustee Turnover
- Commentary on appointment process / legal responsibilities / quality issues / initiatives to improve the quality of governance

2.1.3. Financial compliance and control

Data received by the EFA each year provides valuable intelligence about the extent to which each trust is meeting the requirements upon them by the frameworks under which they operate, be that

- Information on related parties (thematic review)
- All breaches of the Academies Financial Handbook
 - Those for which HMT approval was sought
 - Those for which HMT approval was sought retrospectively
- % qualified academy accounts
- % clean regularity opinions
- % returns received on time
- Assessment of quality of returns eg no. of validation adjustments required
- Special payments/gifts in excess of £300,000 (thematic review)
- Data on investigations/FNtIs

2.1.4. Academies ability to forecast effectively

This section will include an analysis of the accuracy of academy forecasting for the academic year, comparing actual outturn as reported in the sector accounts to academy forecasts. Over time, as the data set grows, this section will include information on if/how academies' forecasts are improving.

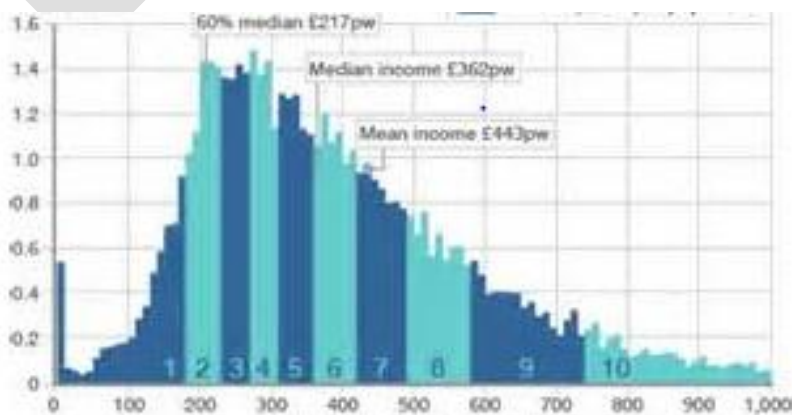
2.2. Remuneration and Staff report

2.2.1. Staff costs

Staff numbers and costs for both teaching and executive pay, and should include graphs to illustrate normal distribution of both.

Staff costs during the period were:			2013/14	2012/13		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
	£000	£000	£000	£000	£000	£000
Teaching and educational support staff						
Salaries	8,418,835	214,361	8,633,196			
Social security	616,494	12,317	628,811			
Pension costs	1,297,941	248,560	1,322,962			
Agency staff costs	-	248,560	248,560			
	10,333,270	748,819	10,833,529			
Support staff						
Salaries						
Social security						
Pension costs						
Staff restructuring costs	37,363	5,290	42,653			
Less recoveries in respect of outward secondments	(1,927)	(162)	(2,089)			
	10,368,706	753,947	10,874,093			

<The current AR does not ask ATs to separate the costs of teaching and support staff, would the additional detail proposed in the above note be useful for the user of the accounts?>



2.2.2. Pension costs

Academy trusts operate a range of pension schemes for its employees dependent upon their role.

Local Government Pension Scheme (LGPS)

The scheme is a funded, multi-employer defined benefit pension scheme. The scheme is available to employees of local government bodies that satisfy the membership criteria. The scheme's administrators are able to allocate the scheme's underlying assets and liabilities across the separate employers in accordance with IAS 19. Consequently, the Group recognises its share of the scheme's net asset surplus or liability deficit on its Statement of Financial Position.

Teachers' Pension Scheme (TPS)

The scheme is an unfunded, multi-employer defined benefit pension scheme but the Group is unable to identify its share of the underlying assets and liabilities. In accordance with IAS19 contributions to the scheme are accounted for as if the scheme is a defined contribution scheme with only contributions payable during the year recognised.

Contributions to the TPS are set at rates determined by the Secretary of State, taking advice from the scheme's actuary. Further information about the scheme can be obtained from the Teachers' Pension Scheme Annual Accounts 2013-14.

Partnership pension accounts

<What can we say, if anything, about other any other pension schemes?>

2.2.3. Average number of staff employed

The average number of full-time equivalent persons the academy sector employed during the period was as follows.

	Permanently employed staff	Other staff	2013/14 Total	Permanently employed staff	Other staff	2012/13 Total
Teachers	128,641	6,213	134,854			
Administration and support	108,209	5,533	113,742			
Management	14,796	110	14,906			
	251,646	11,856	263,502			

2.2.4. Staff Exit Packages

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13
<£10,000	681		863		1,544	
£10,001 - £25,000	319		451		770	
£25,001 - £50,000	91		161		252	
£50,001 - £100,000	20		28		48	
£100,001 - £150,000	1		4		5	
£150,001 - £200,000	-		-		-	
Total number of exit packages	1,112		1,507		2,619	
Total cost (£000)	11,931		58,484		70,415	

To also include information on:

- Off-payroll arrangements
- Pay multiples and ranges (large MATs, MATs, SATs; by revenue funding)
- Special severance packages
- Table naming individuals in the sector earning over £150k (and the institution they are employed by)

2.3.Parliamentary Accountability and Audit Report

To set out how academies have spent the money voted to them by Parliament.

Parliament has voted grant expenditure covering the whole reporting period (albeit split between two Estimates and therefore without a control total for the reporting period) so DfE can report on how it was spent i.e. what was spent on resource, on capital, how did academies utilise their reserves and other income.

Illustrative example showing the voted funds paid to ATs in the reporting period.



*This is the grant income brought forward from the prior academic year in respect of those ATs with long period accounts.

**This is the deferred grant income, not reported in the sector accounts, in respect of those ATs that have not prepared audited accounts for academic year 2014/15. This income will be reported in the Sector accounts for 2015/16

Academy trusts have reported total grant income of £12 billion for the academic year 2014/15. This includes grants paid by DfE of £7 million during the 2014-15 financial year and £5 million during the 2015-16 financial year. Income of £1 billion received in the period to 31 August 2015 has been deferred in respect of those ATs that have not prepared audited accounts for the period to 31 August 2015.

This section will also include (or cross refer to) disclosures on regularity, fees and charges and long-term expenditure trends.

This section will also address any problems with the approach to consolidation in the sector report.

Quality of returns is relevant to parliamentary accountability, as is financial compliance and control (cross-reference to stand-alone section on financial compliance and control).

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2.3.1. Certificate and report of the Comptroller and Auditor General

[Placeholder to make clear this will be audited]

Draft

3. Financial Statements

Consolidated Statement of Comprehensive Net Expenditure

For the period ending 31 August 2014

All activities are continuing. There are no other gains or losses other than net expenditure for the year. The notes on pages xx to xx form part of these accounts.

	Note	2013/14 £000	2012/13 £000
Donations and capital grants	4	(1,860,418)	
Funding for educational operations	4	(14,002,879)	
Other income	4	(625,843)	
Total operating income		(16,489,140)	
Staff costs ³		10,874,093	
Purchase of goods and services	3	2,357,060	
Depreciation and impairment charges	3	900,108	
Other operating expenditure	3	1,272,347	
Total operating expenditure		15,403,608	
Net gain on conversion of non-LA maintained schools		(837,419)	
Net operating income		(1,922,951)	
Net gain on conversion of local authority maintained schools		(2,969,030)	
Net income for the year		(4,891,981)	
Other comprehensive net expenditure			
Items which will not be reclassified to net operating costs			
- net (gain)/loss on revaluation of property, plant and equipment		10,106	
- net (gain)/loss on revaluation of intangible assets		-	
- actuarial (gain) or loss on defined benefit pension scheme		428,735	
Other recognised gains and losses		(29,793)	
Items which may be reclassified to net operating costs			
- fair value (gain) or loss on revaluation of investments		(2,390)	
Net comprehensive income for the year		(4,485,323)	

³ Page xx of the Remuneration and Staff Report includes a breakdown of staff costs

Consolidated Statement of Financial Position

As at 31 August 2014

	Note	2013/14 £000	2012/13 £000
Non-current assets:			
Property, plant and equipment	5	30,414,053	
Intangible assets	6	3,572	
Financial assets	8	64,029	
Trade and other receivables	11	1,418	
Total non-current assets		30,483,072	
Current assets:			
Inventories	10	9,627	
Trade and other receivables	11	843,339	
Financial assets	9	67,858	
Cash and cash equivalents	12	2,611,648	
Total current assets		3,532,472	
Total assets		34,015,544	
Current liabilities:			
Trade and other payables	13	(1,338,863)	
Provisions	14	(664)	
Total current liabilities		(1,338,199)	
Total assets less current liabilities		(32,676,017)	
Non-current liabilities:			
Provisions	14	(4,224)	
Other payables	13	(51,034)	
Pension scheme deficit	15	(3,044,224)	
Total non-current liabilities		(3,099,482)	
Assets less liabilities		29,576,535	
Taxpayers' equity:			
General fund		29,403,437	
Revaluation reserve		173,098	
Total taxpayers' equity		29,576,535	

The notes on pages **XX to XX** form part of these accounts.

Chief Executive and Accounting Officer, EFA

XX June 20XY

Statement of Cash Flows

For the year ended 31 August 2014

	Note	2013/14 £000	2012/13 £000
Cash flows from operating activities			
Net operating income		4,869,576	
Adjustment for non-cash transactions		900,108	
Gain on conversion of non-LA academies		-	
FRS 17 pension scheme obligation inherited			
FRS 17 pension cost less contributions payable			
FRS 17 pension finance cost			
(Increase)/Decrease in trade and other receivables	11		
(Increase)/Decrease in inventories	10		
Increase/(Decrease) in trade and other payables	13		
Use of provisions	14		
Net cash outflow from operating activities			
Cash flows from investing activities			
Purchase of property, plant and equipment	5	1,476,077	
Purchase of intangible assets	6	1,257	
Purchase of investments	8	45,654	
Proceeds of disposal of property, plant and equipment	5		
Proceeds of disposal of intangible assets	6		
Proceeds of disposal of investments	8		
Net cash outflow from investing activities			
Cash flows from financing activities			
Repayments of borrowing			
Cash inflows from new borrowing			
Capital element of finance leases			
Net cash inflow from financing activities			
Net increase/(decrease) in cash and cash equivalents in the period			
12			
Cash and cash equivalents at 1 September			
12			
Cash and cash equivalents at 31 August			
12			
		2,611,648	

Statement of Changes in Taxpayers' Equity

As at August 2014.

	Note	General Fund £000	Revaluation Reserve £000	Taxpayers' Equity £000
Balance at 31 August 2012				
Changes in accounting policies				
Restated balance at 1 September 2012				
Comprehensive net income/expenditure for the year				
Revaluation gains and losses				
Transfers between reserves				
Balance at 31 August 2013		24,918,115	173,098	25,091,213
Comprehensive net income/expenditure for the year		4,485,323	-	4,485,323
Revaluation gains and losses				
Transfers between reserves				
Balance at 31 August 2014		29,403,438	173,098	29,576,536

Notes to the accounts

3.1. Statement of accounting policies

Draft

3.2. Statement of Operating Costs by Regional Schools Commissioner area <OPTIONAL>

RSCs operate and take decisions on behalf of the Secretary of State, reporting through the national Schools Commissioner and the Director General for Infrastructure and Funding at the Department for Education. The Secretary of State remains responsible for the academy system and will hold RSCs to account for the performance of academies in their region.

The responsibilities of the RSC include:

- i. monitoring academy performance and prescribing intervention in underperforming academies and free schools
- ii. taking decisions on the creation of new academies and making recommendations to ministers about free school applications
- iii. ensuring that there are enough high-quality sponsors to meet local need
- iv. taking decisions on changes to open academies, including changes to age ranges, mergers and changes to multi-academy trust arrangements

Figures below are for illustrative purposes only

	2013/14							
	East of England & North East London £000	East Midlands & Humber £000	Lancashire & West Yorkshire £000	North £000	South Central & North West London £000	South East & South London £000	South West £000	West Midlands £000
Gross expenditure	2,156,505	1,848,433	1,232,289	1,694,397	2,618,613	1,540,361	2,002,469	2,310,541
Income	(2,841,382)	(2,435,471)	(1,623,647)	(2,232,515)	(3,450,250)	(2,029,559)	(2,638,427)	(3,044,338)
Net income	(684,877)	(587,038)	(391,358)	(538,118)	(831,637)	(489,198)	(635,958)	(733,797)
Total assets	4,762,176	4,081,865	2,721,244	3,741,710	5,782,642	3,401,554	4,422,021	5,102,332
Total liabilities	(621,461)	(532,681)	(355,121)	(488,291)	(754,632)	(443,901)	(577,071)	(665,851)
Net assets	4,140,715	3,549,184	2,366,123	3,253,419	5,028,011	2,957,654	3,844,950	4,436,480
	2012/13							
Gross expenditure								
Income								
Net income								
Total assets								
Total liabilities								
Net assets								

3.3. Expenditure

	2013/14 £000	2012/13 £000
Educational supplies	546,591	
Examination fees	177,482	
Educational consultancy	86,155	
Technology costs	190,036	
Staff related costs	169,569	
Premises costs	1,057,537	
Rentals under operating leases	51,650	
Security and transport	49,181	
Catering	216,819	
Governance costs	7,359	
Auditor's remuneration and expenses - audit work	23,496	
Auditor's remuneration and expenses - other services	9,763	
Interest charges	102	
PFI service charges	63,140	
Other costs	969,846	
Non-cash charges		
Depreciation	891,641	
Amortisation	79	
Impairment	8,388	
Loss on disposal of property, plant and equipment	10,538	
Loss on disposal of intangible assets	10	
Loss on disposal of investments	133	
	4,529,515	

3.4. Income

	2013/14 £000	2012/13 £000
Donations		
Capital donations	501,198	
Other donations	308,089	
	809,287	
Capital grants		
Department for Education ⁴ capital grants	874,221	
Local authority capital grants	128,153	
Other capital grants	48,757	
	1,051,131	
Funding for the academy trust's educational operations		
DfE - general annual grant	11,880,514	
DfE - pupil premium grant	586,368	
DfE - other revenue grants	725,454	
Local authority grants	227,372	
Special educational projects	289,934	
Other income from academy trusts' educational operations	293,236	
	14,002,878	
Provision of boarding activities		
Fee income	32,672	
Grants	756	
Other income	1,169	
	34,597	
Other trading activities		
Hire of facilities	76,797	
Catering income	177,012	
Rental income	10,173	
Other trading income	313,556	
	577,538	
Investments		
Short-term deposits	3,812	
Interest	7,677	
Dividends	702	
Other	1,517	
	13,708	
	16,489,139	

⁴ Department for Education funding includes grants received from the department and its agencies.

3.5. Property, plant and equipment

	Land and buildings £000	Leasehold improvement £000	Plant & machinery £000	Furniture & equipment £000	Computer equipment £000	Vehicles £000	Assets under construction £000	2012/13 Total £000
Cost or valuation								
At 1 September 2012								
Transfers in (LAs)								
Transfers in (other)								
Additions								
Donations								
Disposals								
Impairments								
Reclassifications								
Revaluations								
At 31 August 2013								
Depreciation								
At 1 September 2012								
Charged in year								
Disposals								
Impairments								
Reclassifications								
Revaluations								
At 31 August 2013								
Carrying value at 31 August 2013								
Asset financing								
Owned								
Finance leased								
On-balance sheet PFI contracts								
Carrying value at 31 August 2013								

3.5. Property, plant and equipment (continued) <L&B figures below are taken directly from the unaudited AR, these figures will be replaced with a DRC valuation in the published sector report and accounts>

	Land and buildings £000	Leasehold improvement £000	Plant & machinery £000	Furniture & equipment £000	Computer equipment £000	Vehicles £000	Assets under construction £000	2013/14 Total £000
Cost or valuation								
At 1 September 2013	25,376,622	153,763	102,745	575,791	593,513	18,871	233,391	27,054,696
Transfers in (LAs)	3,646,960	94	4,460	37,706	27,931	1,437	7,839	3,726,427
Transfers in (other)	296,865	-	545	912	733	15	-	299,070
Additions	841,057	106,196	15,478	126,249	151,343	4,360	231,394	1,476,077
Donations	478,241	2,208	3,425	7,423	4,925	239	4,663	501,124
Disposals	(28,234)	(1,379)	(249)	(6,134)	(13,330)	(467)	(21,738)	(71,531)
Impairments	(8,185)	-	-	(67)	(108)	-	-	(8,360)
Reclassifications	203,180	6,393	408	5,900	8,810	7	(224,872)	(174)
Revaluations	(10,980)	-	-	16	-	-	(165)	(11,129)
At 31 August 2014	30,795,526	267,275	126,812	747,796	773,817	24,462	230,512	32,966,200
Depreciation								
At 1 September 2013	(1,077,863)	(7,653)	(30,707)	(232,459)	(340,317)	(7,728)	-	(1,696,727)
Charged in year	(601,888)	(11,228)	(13,868)	(105,373)	(155,230)	(4,353)	-	(891,940)
Disposals	15,283	488	109	4,845	11,675	289	-	32,689
Impairments	-	-	-	-	-	-	-	-
Reclassifications	2,845	95	4	(61)	(75)	-	-	2,808
Revaluations	1,023	-	-	-	-	-	-	1,023
At 31 August 2014	(1,660,600)	(18,298)	(44,462)	(333,048)	(483,947)	(11,792)	-	(2,552,147)
Carrying value at 31 August 2014	29,134,926	248,977	82,350	414,748	289,870	12,670	230,512	30,414,053
Asset financing								
Owned								
Finance leased								
On-balance sheet PFI contracts								
Carrying value at 31 August 2014								

3.6. Intangible Assets

	Software £000	Other £000	2012/13 Total £000
Cost or valuation			
At 1 September 2012			
Transfers in (LAs)			
Transfers in (non-LAs)			
Additions			
Donations			
Disposals			
Impairments			
Revaluations			
Reclassifications			
At 31 August 2013			
Amortisation			
At 1 September 2012			
Charged in year			
Disposals			
Impairments			
Revaluations			
Reclassifications			
At 31 August 2013			
Carrying value at 31 August 2013			
Asset financing			
Owned			
Finance leased			
On-balance sheet PFI contracts			
Carrying value at 31 August 2013			

3.6. Intangible Assets (continued)

	2013/14		
	Software	Other	Total
	£000	£000	£000
Cost or valuation			
At 1 September 2013	6,651	337	6,988
Transfers in (LAs)	67	21	88
Transfers in (non-LAs)	-	-	-
Additions	1,203	54	1,257
Donations	74	-	74
Disposals	(41)	-	(41)
Impairments	-	(28)	(28)
Revaluations	174	-	174
Reclassifications	-	-	-
At 31 August 2014	8,128	384	8,512
Amortisation			
At 1 September 2013	(3,374)	(84)	(3,458)
Charged in year	(1,436)	(79)	(1,515)
Disposals	40	-	40
Revaluations	-	-	-
Reclassifications	(7)	-	(7)
Impairment	-	-	-
At 31 August 2014	(4,777)	(163)	(4,940)
Carrying value at 31 August 2014	3,351	221	3,572
Asset financing			
Owned			
Finance leased			
On-balance sheet PFI contracts			
Carrying value at 31 August 2014			

3.7. Financial Instruments

International Financial Reporting Standard 7: Financial Instruments (IFRS7) disclosures requires the group to disclose information on the significance of financial instruments to its financial position and performance.

3.7.1. Foreign currency risk

All material assets and liabilities are denominated in sterling. The Group does not consider itself exposed to any significant currency risk.

3.7.2. Market risk

There is some market risk in the fair value investment held by academy trusts but the Group is unable to quantify a value for the risk.

<Do we want to consider any other risks? Credit risk, liquidity risk, interest rate risk>

3.7.3. Financial assets by category:

	2013/14 £000	2012/13 £000
Cash	2,611,648	
Receivables	844,757	
Total	3,456,405	

3.7.4. Financial liabilities by category:

	2013/14 £000	2012/13 £000
Trade payables	381,186	
Other payables	473,156	
Accruals	535,555	
Total	1,389,897	

3.8. Non-current Financial Assets

	Subsidiaries at cost £000	Investment property at cost £000	Other investments at cost £000	Cash deposits at fair value £000	Investment property at fair value £000	Securities at fair value	Managed funds at fair value	Listed bonds/gilts at fair value	Other investments at fair value £000	2012/13 Total £000
As at 1 September 2012										
Transfers in LA										
Transfers in other										
Additions										
Disposals										
Reclassifications										
Fair value gain/(loss)										
Impairments										
As at 31 August 2013										
										2013/14
As at 1 September 2012	2,525	-	3,756	8,084	96	19,206	21,607	5,463	1,201	61,938
Transfers in LA	30	-	-	-	-	1	-	-	-	31
Transfers in other	-	-	-	-	-	-	-	-	-	-
Additions	1	-	94	318	-	5,723	602	-	133	6,871
Disposals	(2)	-	-	(1,787)	-	(4,858)	(686)	-	-	(7,333)
Reclassifications	128	-	-	-	-	-	-	1,651	(1,301)	478
Fair value gain/(loss)	-	-	-	-	-	1,074	969	-	31	2,074
Impairments	(30)	-	-	-	-	-	-	-	-	(30)
As at 31 August 2014	2,652	-	3,850	6,615	96	21,146	22,492	7,114	64	64,029

3.9. Current Financial Assets

	Subsidiaries at cost £000	Investment property at cost £000	Other investments at cost £000	Cash deposits at fair value £000	Investment property at fair value £000	Managed funds at fair value	Other investments at fair value £000	2012/13 Total £000
As at 1 September 2012								
Transfers in LA								
Transfers in other								
Additions								
Disposals								
Reclassifications								
Fair value gain/(loss)								
Impairments								
As at 31 August 2013								
								2013/14
As at 1 September 2012	-	-	15,636	28,333	-	-	2,545	46,514
Transfers in LA	-	-	-	-	-	-	-	-
Transfers in other	-	-	-	-	-	-	-	-
Additions	-	-	3,769	32,538	-	2,461	15	38,783
Disposals	-	-	(1,984)	(23,469)	-	-	-	(25,453)
Reclassifications	-	-	3,091	-	-	-	4,750	7,841
Fair value gain/(loss)	-	-	-	-	-	43	130	173
Impairments	-	-	-	-	-	-	-	-
As at 31 August 2014	-	-	20,512	37,402	-	2,504	7,440	67,858

3.10. Inventories

	2013/14 £000	2012/13 £000
Uniform	5,667	
Catering supplies	1,095	
Stationery	1,306	
Other	1,559	
Total	9,627	

3.11. Receivables

	2013/14 £000	2012/13 £000
Sums falling due within 1 year		
Trade receivables	71,547	
VAT recoverable	229,388	
Other receivables	109,760	
Prepayments and accrued income	432,644	
Current part of PFI prepayment	-	
Total receivables due within 1 year	843,339	

Sums falling due after more than 1 year		
Trade receivables	3	
Other receivables	1,170	
Prepayments and accrued income	245	
Total receivables due after more than 1 year	1,418	

3.12. Cash and cash equivalents

	2013/14 £000	2012/13 £000
Balance at 1 September	-	
Net change in cash and cash equivalent balances	2,611,648	
Balance at 31 August	2,611,648	

3.13. Payables

	2013/14	2012/13
	£000	£000
Sums falling due within 1 year		
Bank overdraft	1,956	
Loans	9,968	
VAT	5,709	
Other tax and social security payables	162,002	
Trade payables	381,186	
Other payables	239,831	
Accruals and deferred income	535,555	
Current part of finance leases	2,656	
Current part of imputed finance lease element of on-balance sheet PFI contracts	-	
	1,338,86	3
Total payables due within 1 year		
Sums falling due after more than 1 year		
Loans	26,086	
Other payables, accruals and deferred income	19,587	
Deferred tax	-	
Finance leases	5,361	
Imputed finance lease element of on-balance sheet PFI contracts	-	
Total payables due after more than 1 year	51,034	

3.14. Provisions for liabilities and charges

	2013/14	2012/13
	£000	£000
Provision balance at 1 September	3,296	
Additional charge in year	3,246	
Provision utilised in year	(1,257)	
Provision unused and reversed during the year	(397)	
Balance of provision at 31 August	4,888	
Not later than 1 year	664	
Later than 1 year and not later than 5 years	2,656	
Later than 5 years	1,568	
Balance of provision at 31 August	4,888	

<Data on timings is for illustrative purposes only; the data is collected on the AR but was not available in time for the production of this prototype account>

			2012/13
	Property	GAG clawback	Other
	£000	£000	£000
Provision balance at 1 September 2012			
Additional charge in year			
Provision utilised in year			
Provision unused and reversed during the year			
Balance of provision at 31 August 2013			
Not later than 1 year			
Later than 1 year and not later than 5 years			
Later than 5 years			
Balance of provision at 31 August 2013			
			2013/14
	Property	GAG clawback	Other
	£000	£000	£000
Provision balance at 1 September 2013	725		2,571
Additional charge in year	222		3,024
Provision utilised in year	(145)		(1,112)
Provision unused and reversed during the year	-		(397)
Balance of provision at 31 August 2014	802	-	4,086
Not later than 1 year	80		584
Later than 1 year and not later than 5 years	321		2,335
Later than 5 years	401		1,167
Balance of provision at 31 August 2014	802	-	4,086

Provision Summaries

Brief narrative on each of the material provisions, information to be gathered from individual ARs and AT accounts.

3.15. Pension Assets and Liabilities

Academy trusts (ATs) operate a range of pension schemes for its employees. Of these, only the Local Government Pension Scheme (LGPS) open to non-teaching staff in ATs is a funded defined benefit scheme. This is therefore the 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 to local authorities. Whilst the scheme is national, funds accrue benefits locally.

The scheme provides funded defined benefits based on final pensionable salary. The scheme administrators hold assets separately from those of ATs and invest these assets in managed funds. Employer contribution rates are determined by an actuary based on triennial valuations.

The employer pension contribution for 2013/14 is £xxx million (2012/13 £xxx m). The Group estimates expected regular employer contributions for 2014/15 to be £xxx million.

The sums recognised in the accounts in respect of the local government pension scheme are set out in the tables below.

	2013/14 £000	2012/13 £000
Amounts recognised in the financial statements		
Current service cost		
Past service cost or (gain)		
Loss or (gain) on curtailments and settlements		
Total operating charge	-	-
Analysis of pension income/(charge)		
Expected return on scheme assets		
Interest on scheme liabilities		
Pension finance income/(costs)	-	-
Analysis of amounts in other comprehensive (income)/expenditure:		
Total actuarial (gains) or loss		
Net (benefit) or cost	-	-
Sums recognised in the statement of financial position:		
Present value of defined benefit obligations		
Fair value of scheme assets		
Transferred to provision		-
Pension liabilities recognised in the statement of financial position	-	-

Movements in the present value of defined benefit obligations:

Balance brought forward at 1 September	4,533,246	
Liabilities assumed on conversion:		
Pre-1st April conversion of academy trusts		
In-year conversion of academy trusts	647,261	
Current service cost	466,948	
Interest cost	246,359	
Employee contributions	122,878	
Past service cost	1,518	
Unfunded pension payments	217	
Actuarial (gain) or loss	499,088	
Benefits paid	(46,162)	
Losses or (gains) on curtailments	2,384	
At 31 August	6,473,737	-

Movements in the fair value of scheme assets:

Balance brought forward at 1 September	2,448,609	
Liabilities assumed on conversion:		
Pre-1st April conversion of academy trusts		
In-year conversion of academy trusts	252,055	
Employer contributions	402,163	
Employee contributions	122,770	
Actuarial gain or (loss)	76,014	
Benefits paid	(45,916)	
Expected return on scheme assets	173,818	
At 31 August	3,429,513	-

Reconciliation of deficit:

Balance brought forward at 1 September	2,084,637	
Liabilities assumed on conversion:		
Pre-1st April conversion of academy trusts		
In-year conversion of academy trusts	395,206	
Current service cost	466,948	
Employer contributions	(402,163)	
Past service cost	1,518	
Other finance income	72,620	
Settlements		
Curtailments	2,384	
Actuarial loss or (gain)	423,074	
At 31 August	3,044,224	-

Sensitivity analysis

Impact on the defined benefit obligation for changes of:

Discount rate +1.0%

Discount rate -1.0%

Mortality rate 1 year increase

Mortality rate 1 year decrease

Consumer prices index rate +1.0%

Consumer prices index rate -1.0%

The major categories of plan assets as a percentage of total plan assets are as follows:

	2013/14	2012/13
Equities		
Gilts		
Corporate bonds		
Property		
Cash and liquidity		
Other		

Scheme assets

	2013/14 £000	2012/13 £000
Defined benefit obligations		
Scheme assets		
Deficit	-	-
Expected return on assets		
Actuarial gain or (loss) on assets		
Actual return on assets	-	-

The major financial assumptions used in the valuation were:

	2013/14	2012/13
Rate of inflation		
Expected return on plan assets		
Rate of increase in salaries		
Rate of return on pensions		
Discount rate		

	2013/14	2012/13
Difference between the expected and actual return on scheme assets (£000)		
Percentage of scheme assets		
Experience gains and losses on scheme liabilities (£000)		
Percentage of present value of the scheme liabilities		
Total sum recognised in other comprehensive expenditure (£000)		
Percentage of present value of scheme liabilities		

3.16. Capital Commitments

Contracted capital commitments at 31 August 2014 not otherwise included in these accounts.

	2013/14 £000	2012/13 £000
Property, Plant and Equipment	373,745	
Intangible assets	80	
	373,825	

3.17. Commitments under leases

3.17.1. Operating leases

The table below gives total future minimum lease payments under operating leases for each of the following periods.

	2012/13			
Obligations under operating leases for the following periods comprise.	Land £000	Buildings £000	Other £000	Total £000
Not later than one year				-
Later than one year and not later than five years				-
Later than five years				-
	-	-	-	-
Recovered through sub-letting	-	-	-	-
Total	-	-	-	-

	2013/14			
Obligations under operating leases for the following periods comprise.	Land £000	Buildings £000	Other £000	Total £000
Not later than one year	698	21,485	63,909	86,092
Later than one year and not later than five years	1,879	80,777	80,179	162,835
Later than five years	9,346	424,889	21,330	455,565
	11,923	527,151	165,418	704,492
Recovered through sub-letting	-	-	-	-
Total	11,923	527,151	165,418	704,492

3.17.2. Finance leases

The table below gives total future minimum lease payments under finance leases for each of the following periods.

	2012/13			
Obligations under finance leases for the following periods comprise:	Land £000	Buildings £000	Other £000	Total £000
Not later than one year				-
Later than one year and not later than five years				-
Later than five years				-
Less interest element				
Present Value of obligations	-	-	-	-
Recovered through sub-letting	-	-	-	-
Total	-	-	-	-

	2013/14			
	Land £000	Buildings £000	Other £000	Total £000
Within one year	82	317	558	957
Within two and five years inclusive	356	1,103	437	1,896
Over five years	599	2,337		2,936
Less interest element				
Present Value of obligations	1,037	3,757	995	5,789
Recovered through sub-letting	-	-	-	-
Total	1,037	3,757	995	5,789

3.18. Commitments under private finance initiative contracts

3.18.1. Off-balance sheet (SoFP)

The table below gives the total future minimum payments under off-balance sheet PFI and other service concessions arrangements for each of the following periods.

Obligations under off balance sheet (SoFP) Service Concessions for the following periods comprise:	2013/14	2012/13
	£000	£000
Not later than 1 year	24,421	
Later than 1 year and not later than 5 years	99,191	
Later than 5 years	551,063	
	674,675	

3.18.2. On-balance sheet (SoFP)

Details of the imputed finance lease charges are given in the table below for each of the following periods.

	2013/14	2012/13
	£000	£000
Rentals due not later than one year		
Rentals due later than one year and not later than five years		
Rentals due later than five years		
Less interest element		
Present Value of obligations	-	-

Details of the minimum service charge are given in the table below for each of the following periods.

	-	-
	£000	£000
Service charge due within one year		
Service charge due later than one year and not later than five years		
Service charge due later than five years		
Total	-	-

<On-balance sheet finance lease commitments not currently collected on AR>

3.19. Other financial commitments

Non-cancellable contracts

	2013/14	2012/13
	£000	£000
Not later than 1 year	10,746	
Later than 1 year and not later than 5 years	2,129	
Later than 5 years	559	
	13,434	

3.20. Contingent liabilities

	At start of period	Increase in period	Liabilities crystallised in year	Obligation expired in period	At end of period	2012/13 Amount to parliament by departmental minute
	£000	£000	£000	£000	£000	£000
Total						
	At start of period	Increase in period	Liabilities crystallised in year	Obligation expired in period	At end of period	2013/14 Amount to parliament by departmental minute
	£000	£000	£000	£000	£000	£000
Asbestos exposure	318	-	-	-	318	-
COGA conditions on children centre and playground	575	-	-	-	575	-
Disputed invoice for shared maintenance costs	819	-	-	-	819	-
Contract termination costs.	-	634	-	-	634	-
Fees that may not be recovered following supplier dispute	-	1,521	(1)	(202)	1,318	-
Total	1,712	2,155	(1)	(202)	3,664	-

Contingent Liability Summaries

Brief narrative on each of the contingent liabilities, information to be gathered from individual ARs and AT accounts.

3.21. Losses and special payments

3.21.1. Losses statement

	2013/14	2012/13
Total number of losses	11	
Total value of losses (£000)	38	

Details of cases over £300,000

Brief narrative on any losses over £300,000, information to be gathered from individual ARs and AT accounts.

3.21.2. Special payments

	2013/14	2012/13
Total number of special payments	16	
Total value of special payments (£000)	348	

Details of cases over £300,000

Brief narrative on any special payments over £300,000, information to be gathered from individual ARs and AT accounts.

3.22. Related party transactions

		2012/13
Value of payments to a related party		Number of related parties
£0 to £50,000		
£50,001 to £100,000		
£100,001 to £150,000		
£150,001 to £200,000		
£200,001 to £250,000		
£250,001 +		
		2013/14
Value of payments from a related party		Number of related parties
£0 to £50,000		
£50,001 to £100,000		
£100,001 to £150,000		
£150,001 to £200,000		
£200,001 to £250,000		
£250,001 +		

<Data on related parties to be collected for the first time on the 2014/15 AR due for submission in January 2016>

3.23. Entities within the group boundary

All academy trusts, as established under the Education Act 2010, with open academies as at 31 August 2014 are entities within the group. A list of all operational academy trusts and their open academies is available on the [department's annual reports' website](#)⁵.

⁵ DFE Annual Reports - <https://www.gov.uk/government/collections/dfe-annual-reports>

3.24. Transfer of academy trusts

	2013/14	2012/13
	£000	£000
Non-current assets		
Property, plant and equipment		
Intangible assets		
Financial assets		
Trade and other receivables		
Current assets		
Inventories		
Trade and other receivables		
Investment		
Cash and cash equivalents		
Current liabilities		
Trade and other payables		
Non-current liabilities		
Other payables		
Provisions		
Pension scheme deficit		
Net asset or (liability) transferred on conversion		
Represented by:		
Transfers in from Las		
Transfers in from non-LAs		

<The 2013/14 data for this note is not yet available>

The Group has recognised in non-operating costs the net assets and liabilities brought in from local authorities to reflect the nil accounting gain or loss to the public sector. The Group has recognised in operating income the net assets and liabilities brought in from outside the public sector to reflect the accounting gain or loss to the public sector from the conversion of non-local authority maintained schools.

3.25. Events after the reporting period

There have been no significant events after the 31 August 2014 that the group considers affect these accounts.

The Accounting Officer authorised these financial statements for **issue on XX**. These accounts do not consider events after that date.

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