



IMP Software

MAT Finance Sector Insight Report 2024

Building forward-looking MAT financial
visibility and understanding

Published: November 2024

Supported by:



**Confederation
of School Trusts**

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Introduction



In a rapidly evolving educational landscape, and in a period where challenging economic conditions imposed on Multi-Academy Trusts (MATs) have led to tough decisions, effective financial management is more crucial than ever.

As the market leader in MAT financial management software, IMP Software is uniquely positioned to support smarter MAT finance through innovative tools and actionable insights that enable informed decision-making. With 500 trusts (as of 31st October 2024) – encompassing over 5,000 schools – using our software, we understand the weight of this responsibility and are deeply committed to helping our customers achieve financial excellence.

However, as the trust sector matures, we also need to provide further innovative solutions that will help build even greater financial visibility and understanding, and what has been missing is access to forward-looking data at a MAT level.

Solving this challenge for our customers has been a priority. In September 2024 we made our first [IMP MAT Finance Benchmarking Reports](#) available to participating MAT customers. The primary purpose of these personalised reports is to give our customers a clear understanding of where their trust stands compared to other similar MATs in the sector.

By analysing key financial metrics, we aim to equip MATs with insights that reveal strengths, uncover opportunities for improvement, and support their strategic planning. These robust, forward-looking analysis reports cover trusts' budget data projections for 2024-25, 2025-26 and 2026-27, extracted from our system (as of 27th July 2024, adjusted to reflect the impact of the teacher pay award impact and core schools budget grant, see page 15), and effectively compare their forecasts to those of their peers.

Nothing like this exists elsewhere in the MAT sector – and now we are excited to present our summary [IMP MAT Finance Sector Insights Report 2024: “Building forward-looking MAT financial visibility and understanding”](#).

In this report, which we developed with support from UHY Birmingham, we have drawn out forward-looking financial analysis from 267 trusts covering over 3,000 schools who met the pre-requisite requirements for the IMP MAT Finance Benchmarking Report, and compared the range of trajectories by trust size and phase.

There is analysis on revenue reserves, for the sector as a whole and the diverging picture of primary majority and secondary majority trusts, the teacher pay award and associated grant funding, the relationship between deprivation levels and financial sustainability, and also how trusts that are forecasting surplus and deficit budgets compare.

We have an ongoing commitment to the sector, and have already delivered a series of compelling insight and good practice reports including [GAG Pooling & Centralisation in MATs: 2024 Update](#), [The 2030 MAT Growth Challenge: Effective Strategies and Systems](#) and [A Growing Philosophy: How are Multi-Academy Trusts developing their operating models through centralisation?](#) And at the end of the last academic year, we also released the findings from our first-ever [MAT CFO Insights Survey](#).

Now, we are taking our intelligence to the next level.

We are delighted to publish this report and look forward to its ongoing evolution. This is a major initiative for us and a key step in delivering even deeper insights to the sector.

Together, we can drive the sector forward, ensuring that every trust (regardless of size) has the tools and knowledge needed to navigate the complexities of MAT finance with confidence.

Will Jordan
Co-founder, IMP Software

CST Foreword



I am delighted CST is supporting this important new initiative from IMP Software. Balancing budgets is one of the biggest challenges our members face and is key to making sure all children – and adults – in our trusts have the best opportunity to flourish. Indeed, CST’s 2024 annual survey of Accounting Officers showed, for the first time, budget is the number one barrier (at 85%) to leaders addressing their priorities this academic year.

Funding and good financial management is inextricably linked to the experience children have in school. It is a determining factor in almost every element of school life – who the adults they see daily are, the curriculum and extra-curricular activities they engage with, the books and technology they access, even the classroom surroundings they experience. As budgets have become tighter, our need to learn from each other and have reliable, detailed sector-wide insight has increased.

There are important debates in the education sector about finance, from how much funding is needed to how it should be distributed fairly; from how we make teaching a competitive graduate profession to where we allocate resource to ensure buildings are good and safe places of learning; from providing inclusive mainstream education for children, to ensuring adults are adequately paid for the value of the work they do. In each of these debates, it is clear balancing budgets is increasingly difficult, yet stubbornly linked to the work trusts are (or are not) able to do.

CST’s fundamental view has always been that state education must be funded adequately by the state. In 2024, we published the first in a series of papers, [Funding futures: Reforming school funding in England](#). I will avoid replicating the content of that report but share one abiding memory from the year or so spent speaking to trust leaders in shaping the paper.

The timing, clarity and detail of announcements matters.

In every conversation, every survey, every workshop we ran, the need for enough information to be provided at the right time in the budgeting cycle came up as a failure of successive governments.

It is no surprise that we see in this report the direct impact of trusts making a vast array of assumptions on staffing costs because they were required to set budgets before a pay settlement had been reached. It is welcome the Secretary of State has committed to resetting this timeline, as highlighted in the report.

But it is a problem we must take seriously.

As the report says, “fine margins make the difference: just one additional pupil per teacher and 1% less spare capacity can tip the balance from deficit to surplus”. We cannot allow a public service to so finely rely on those minute margins – which is partly why the second paper in our Funding Futures series calls for learnings from the pensions ‘triple lock’ to be applied across education, guaranteeing a level of protection on per pupil, SEND and disadvantage formulae.

We also see, in the different assumptions being made, the need for a piece of work such as this to better share intelligence across the sector. But it does not have to be this way, and governments must do better. It is not fair, or sensible, for the state to deliver universal provision without providing those responsible for that delivery with the information they need, backed by the necessary funds.

A similar issue can be seen with pupil projection data. While this is more fluid, it is important that the misalignment between trust and government forecasts is not left to grow, particularly given primary capacity is expected to exceed demand and the data in this report show finances are already much tighter at primary.

This is especially worrying coupled with the findings that a significant proportion of primary schools expect their reserves will be depleted by 2026/27.

We must not let that become a reality – and must recognise that where primary trusts are projecting a surplus, their income through the General Annual Grant is consistent with those projecting a deficit. This shows there is learning to be better shared across the sector, and more robust, timely information would lead to most consistent assumptions.

We should also pay attention to the correlation between capacity and financial stability, which could provide opportunity to identify scale and efficiencies, and to the relationship between deprivation and financial health.

Across all the rich insights provided in this report, we should keep in mind that reserves can only be spent once. We do not want a sector heavily reliant on using reserves to keep afloat when we know they offer nothing more than a sticking-plaster.

In many ways, these issues are unsurprising; we suspect the 3,000+ schools whose data are used in these findings are likely to be representative of most schools.

We know the funding landscape is treacherous, that balancing budgets is a never-ending task, and that there are real consequences, real decisions, being taken daily across the sector about how resource can be deployed most effectively.

What the report provides for the first time is a trust-specific spending up and down the country. We can see with complete clarity where there are risks and challenges, but so too can we see brief rays of sunlight and opportunities to continually improve together.

That is the beauty of the trust sector, and of an emerging sector of organisations like IMP Software – set up specifically to meet the complex needs of school trusts – which is why I am so delighted that CST is supporting this work; together, we can use its insights to build the best system in the world at getting better.

I look forward to seeing how this sector insights report develops over the coming years.

Leora Cruddas CBE,
Chief Executive, Confederation of School Trusts

Executive Summary

→ The MAT Finance Sector Insight Report 2024 compiles budget forecasts from more than 260 multi academy trusts (MATs) across the UK for the 2024/25 to 2026/27 financial years.

As such, it provides a unique window into the future financial health of the sector and the budgetary decisions trusts are planning to safeguard teaching and learning over the next three years.

Along with falling revenue reserves overall, the data shows an alarming number of trusts predicted to drop below the relative safety zone of holding 5% of reserves as a percentage of income by 2026/27. A position that is even more pronounced in those trusts with mostly primary schools in their mix of schools.

As a result, difficult decisions may need to be made to close financial gaps if no relief comes in the form of increased funding. None of these decisions will be taken lightly. The report reveals that based on current forecasts many trusts are planning to reduce teacher and teaching assistant numbers. Decisions on staff cuts will need to strike the delicate balance between optimal teacher levels and future financial sustainability, without sacrificing the quality of education or a school's ability to provide additional support to the children who need it.

The report also identifies that in trusts with a majority of primary schools, falling pupil numbers will be an ongoing threat to the future funding available to improve teaching and learning.

What is clear from the findings is that without the additional funding from the recent core schools budget grant, the budget forecasts in our report could have been significantly more challenging. This underscores the need to maintain funding at levels that will continue to ease the financial pressures facing trusts and schools in the future. In the examination of MATs' three-year budget cycles outlined in these pages, the critical human factor that drives the success of a trust must not be overlooked.

The creativity and resilience of the people who work in this sector and their unwavering commitment to deliver the best outcomes for children in the face of political, financial, and educational pressures is both vital and commendable.

It's the powerful combination of astute financial planning and talented people that will ensure every child in every school has the best opportunity to succeed in the years ahead.

Peer Groups

→ We have created peer groups to categorise MATs as Large/Small and Primary/Secondary for analysis purposes. The Peer Groups have been categorised depending on the number of pupils within each setting.

For MATs where all pupils are not in a mainstream primary/secondary setting (e.g. alternative provision), these have been categorised as 'Alternative Majority'.

Those that had a mix of pupils within different settings, where the non mainstream pupils were determined to be significant, have been categorised as 'Alternative Hybrid'.

Categorisation of Peer Groups

		Secondary						
		Lower	-	1,001	3,001	5,001	12,001	
Primary	Upper	-	1,000	3,000	5,000	12,000	33,000	
	-		SM - S	SM - S	SM - M	SM - M		
	-	500	PM - S	SM - S	SM - S	SM - M	SM - M	
	501	1,500	PM - S	PM - S	MX - S	MX - M	MX - L	MX - XL
	1,501	2,250	PM - M	PM - M	MX - M	MX - M	MX - L	MX - XL
	2,251	3,250	PM - M	PM - M	MX - L	MX - L	MX - L	MX - XL
	3,251	4,000	PM - L	PM - L	MX - L	MX - L	MX - L	MX - XL
	4,001	11,000	PM - L	PM - L	MX - XL	MX - XL	MX - XL	MX - XL

Secondary = Secondary Majority
Trusts defined as peer groups:
SM - S, SM - M

Primary = Primary Majority
Trusts defined as peer groups:
PM - S, PM - M, PM - L

Small MATs defined as peer groups:
SM - S, PM - S, MX - S

Large MATs defined as peer groups:
PM - L, MX - L, MX - XL

Peer Group Code	Peer Group Description	Number of Trusts in Peer Group
SM - S	Secondary Majority - Small	16
SM - M	Secondary Majority - Medium	15
PM - S	Primary Majority - Small	24
PM - M	Primary Majority - Medium	36
PM - L	Primary Majority - Large	27
MX - S	Mixed - Small	22
MX - M	Mixed - Medium	43
MX - L	Mixed - Large	41
MX - XL	Mixed - Extra Large	26
AM	Alternative Majority	10
AH	Alternative Hybrid	7



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Revenue Reserves

→ Reserve levels and the
sector's financial trajectory

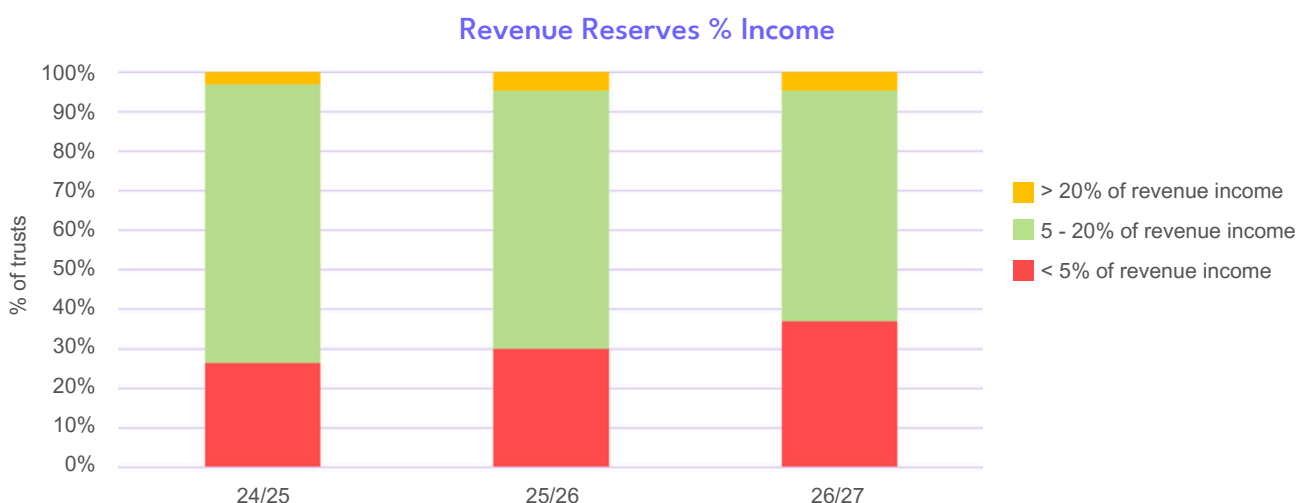
Reserve levels and the sector's financial trajectory

→ Revenue reserves are retained to support day-to-day delivery of an academy trust's charitable objects – enabling the trust to provide education to pupils and maintain the schools' estate and facilities (in addition to available capital funded projects).

According to the ESFA publication on [academy trust reserves](#), published in November 2023, trusts with reserves below 5% of income may be considered as financially vulnerable, while those holding over 20% could be seen as having excessive reserves.

Here we examine how trusts are forecasting their revenue reserves over the next three years.

↘ The perception that trust's are hoarding reserves is not evident based on the 3 year projection.



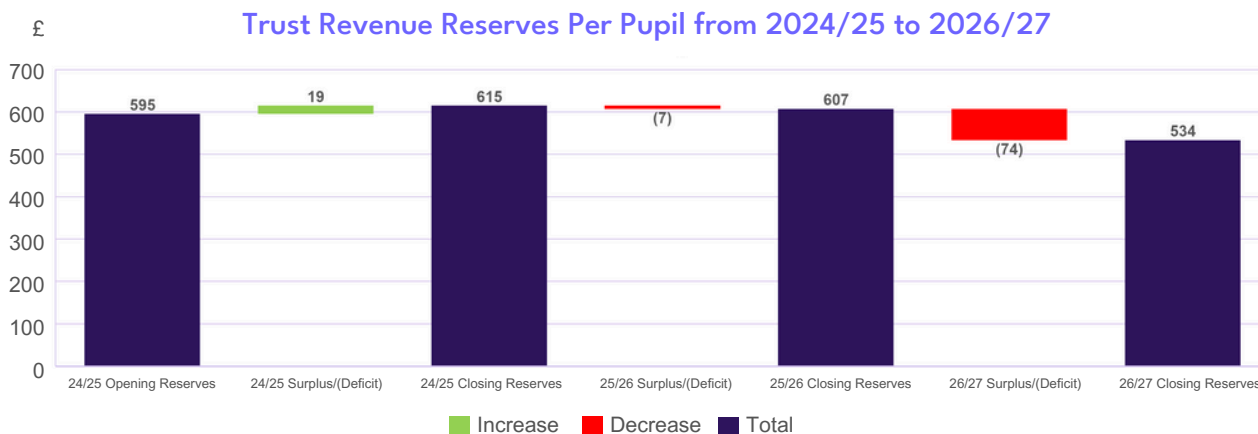
Source: IMP customer dataset - Trusts predicted revenue reserves at end of period compared to revenue income. Revenue reserves excludes fixed asset and pension reserves. Revenue income excludes capital income and notional income for academy transfers and conversions.

		% of trusts		
		2024/25	2025/26	2026/27
Revenue reserves < 5% of revenue income	→	27%	30%	37%
Revenue reserves 5 - 20% of revenue income	→	70%	65%	58%
Revenue reserves > 20% of revenue income	→	3%	5%	5%

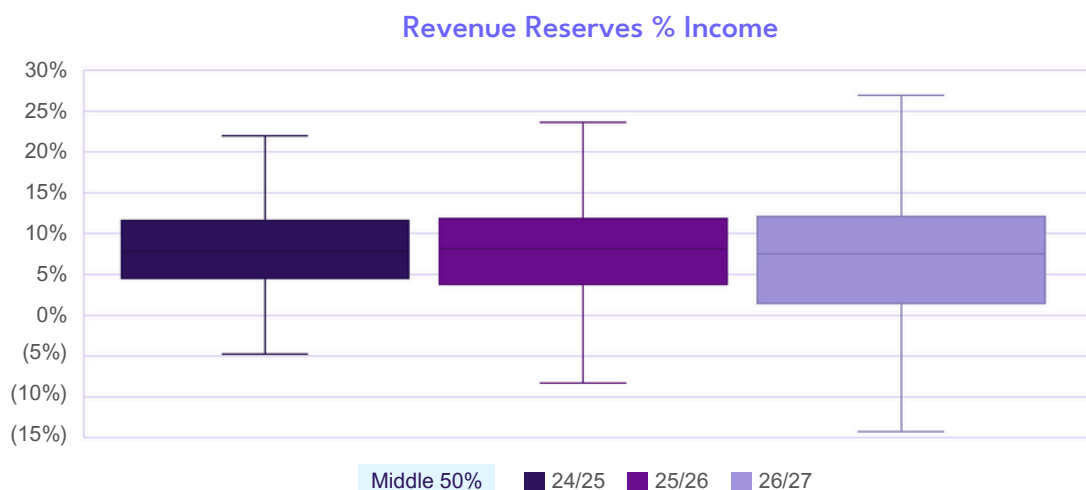
↘ 37% of trusts expect to be holding revenue reserves less than 5% by the end of 2026/27.

Despite the rhetoric suggesting that trusts generally are hoarding excess reserves, the forecast data reveals a different picture, with 27% of trusts reporting reserves below the 5% threshold by the end of this academic year. This is expected to increase to 30% of trusts by the end of 2025/26, and 37% by the end of 2026/27.

The vast majority of trusts are anticipated to remain within the notional target threshold of between 5% and 20% of income retained reserves.



Source: IMP customer dataset - Revenue reserves excludes fixed asset and pension reserves.
 Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves.



Source: IMP customer dataset - Trusts predicted revenue reserves at the end of each period compared to revenue income. Revenue reserves excludes fixed asset and pension reserves. Revenue income excludes capital income and notional income for academy transfers and conversions.

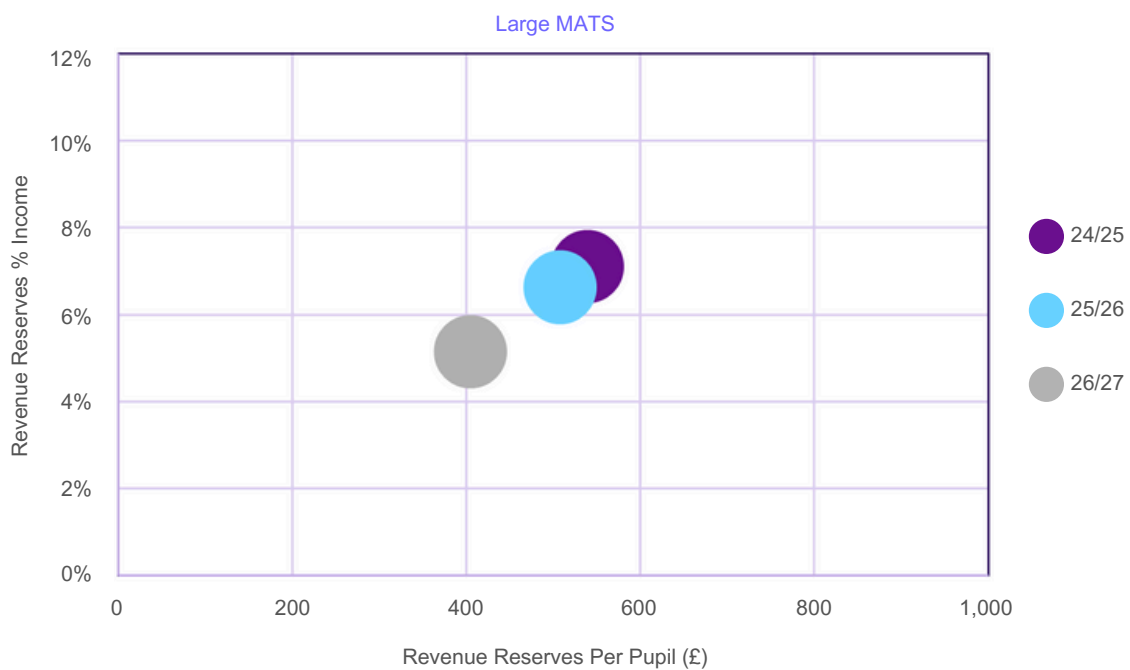
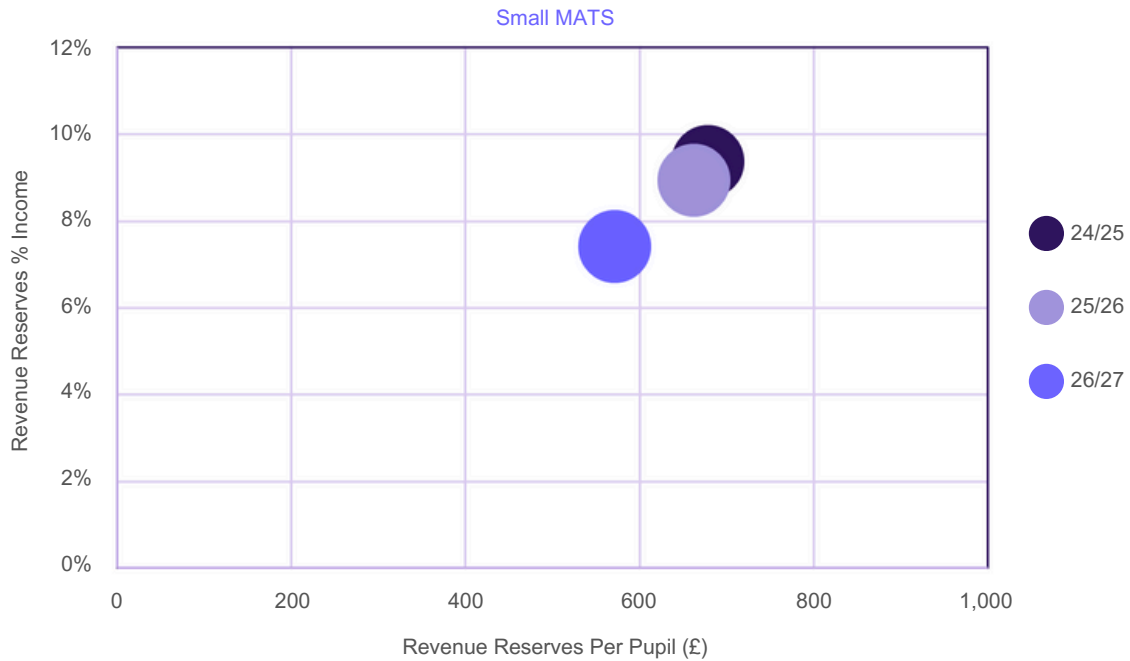
↳ The lack of guidance on future funding results in a greater disparity forecasted by trusts.

The announcement of the teachers’ pay award and the much needed associated core schools budget grant (CSBG) needs to remain at this level in future to avoid provision being impacted, and so may be interpreted as a “stay of execution” for the sector. Analysis of pre and post pay award/grant announcement is covered in more detail later.

With the short notice of the pay award, coupled with a general lack of clear guidance on forecasting, trusts take vastly different approaches in their financial planning (see bar graph on pay assumptions on page 16). Some may adopt a more cautious stance, projecting lower reserves to account for potential unfunded pay increases and cost pressures exceeding income growth, while others may be more optimistic, resulting in a broader spread in forecast positions. These approaches have real-world implications so any clarity that could be provided to support forecasting would be warmly welcomed by trusts.

This variability reflects the diverse financial strategies and risk appetites across trusts, leading to a more dispersed middle 50% range of reserves as a percentage of income over time.

Revenue Reserves Picture for Small and Large MATs

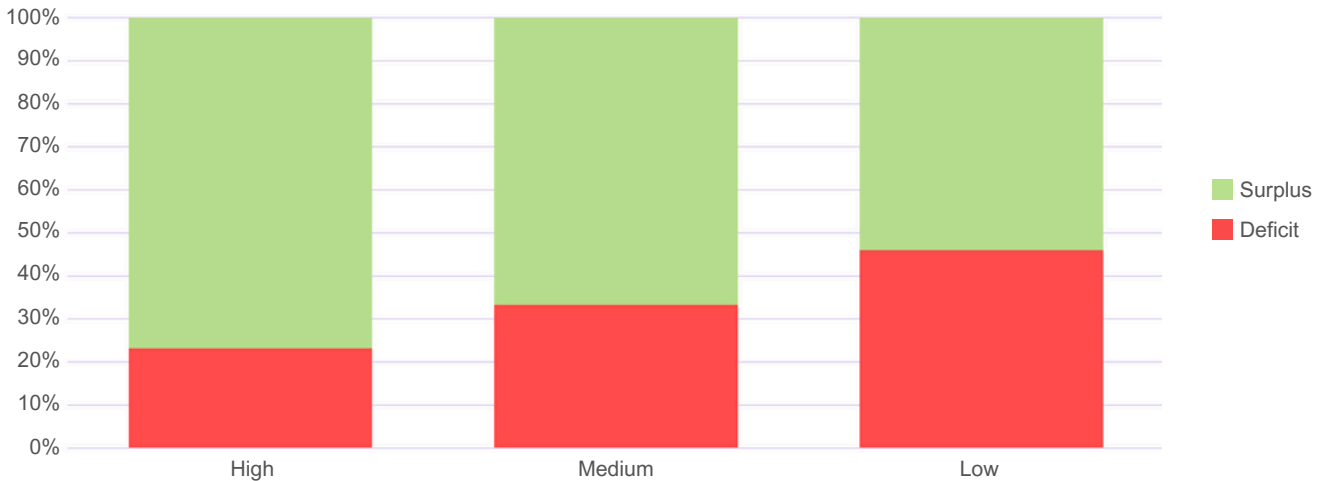


Source: IMP customer dataset - Small MATs defined as peer groups: SM - S, PM - S, MX - S. Large MATs defined as peer groups: PM - L, MX - L, MX - XL. (See page 08)

↘ The size of trust does not appear to correlate with the trajectory of reserves retained.

The size of the MAT does not appear to be a determining factor in the level of reserves retained, with a similar trajectory for both small and large MATs, although smaller MATs do retain on average higher revenue reserves per pupil compared to the larger MATs. As we evaluate the projected level of revenue reserves, it becomes crucial to examine how these reserves are built and maintained.

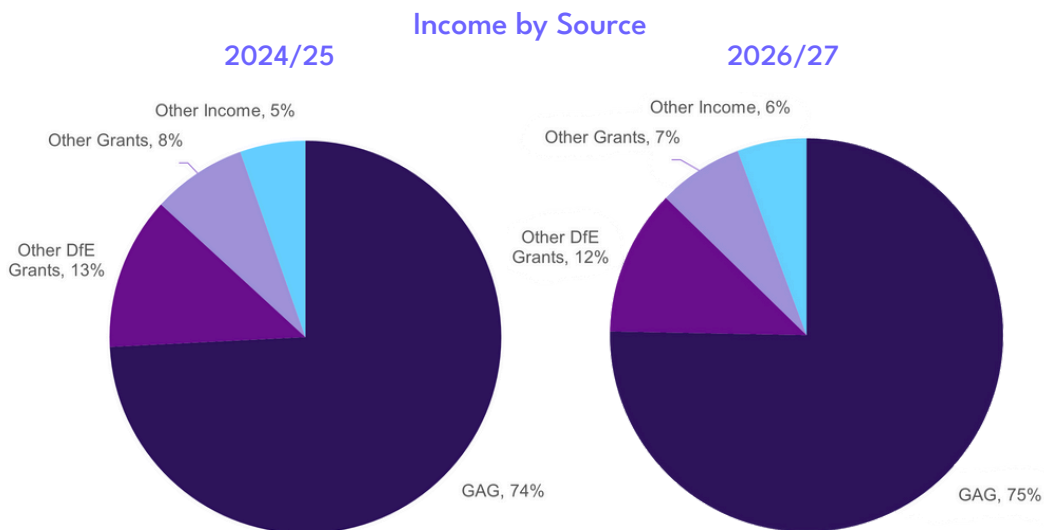
Proportion of Surplus/Deficit Forecast by Deprivation Levels 2024/25



Source: IMP customer dataset (Surplus/Deficit forecasts) & Get Information About Schools (FSM data) - Trusts with FSM % of greater than 30% = High, between 20% and 30% = Medium, less than 20% = Low. Trust FSM% has been derived by combining pupil information for all Trust schools'. Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves.

Deprivation levels, as measured by the percentage of pupils eligible for free school meals, have been used to evaluate the impact that deprivation has on financial results.

While deprivation typically brings additional funding, it does not always guarantee financial stability for trusts, as additional costs will also arise to provide the enhanced levels of support. That said, a clear correlation exists between higher levels of deprivation and the likelihood of trusts forecasting a surplus in 2024/25.



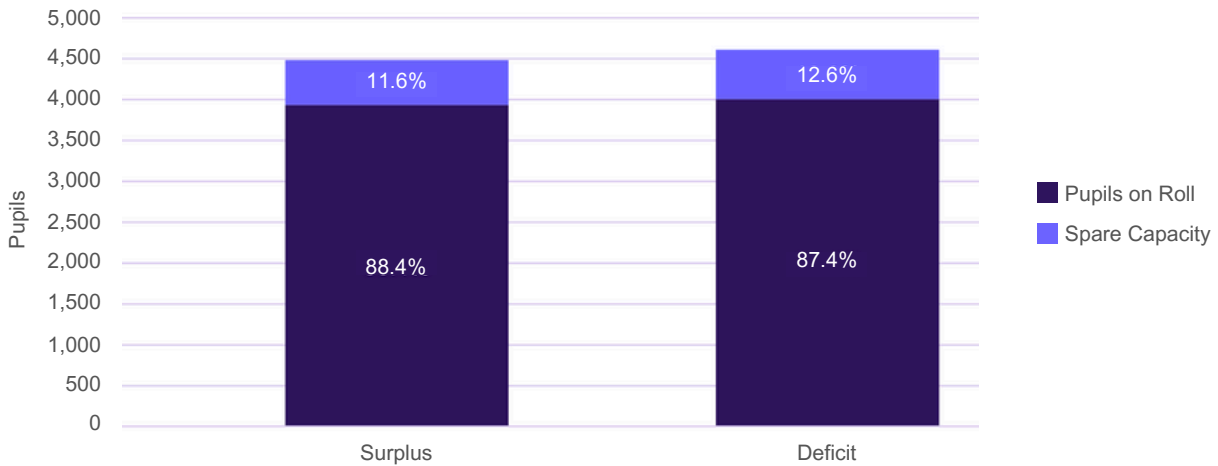
Source: IMP customer dataset - Per DfE Chart of Accounts categories. Other grants includes Local Authority grants. Other income includes trading income such as hire of facilities.

The composition of income for trusts is expected to remain relatively stable over the next three years, with Department for Education (DfE) funding projected to account for 87% of total revenue income. Although trading income provides a supplementary boost, its relatively small contribution highlights the critical importance of core government funding streams.

Since DfE funding, including the significant General Annual Grant (GAG), is predominantly driven by pupil numbers, maintaining or increasing enrolment levels becomes essential to a trust's financial sustainability.

As demographic trends forecast a decline in pupil numbers, this places added pressure on trusts to manage both their resources and strategies to secure future funding. Any fluctuation in pupil numbers can have a direct impact on financial outcomes, which is evident when pupil numbers vs school capacity are compared.

Spare Capacity by Surplus/Deficit Trust

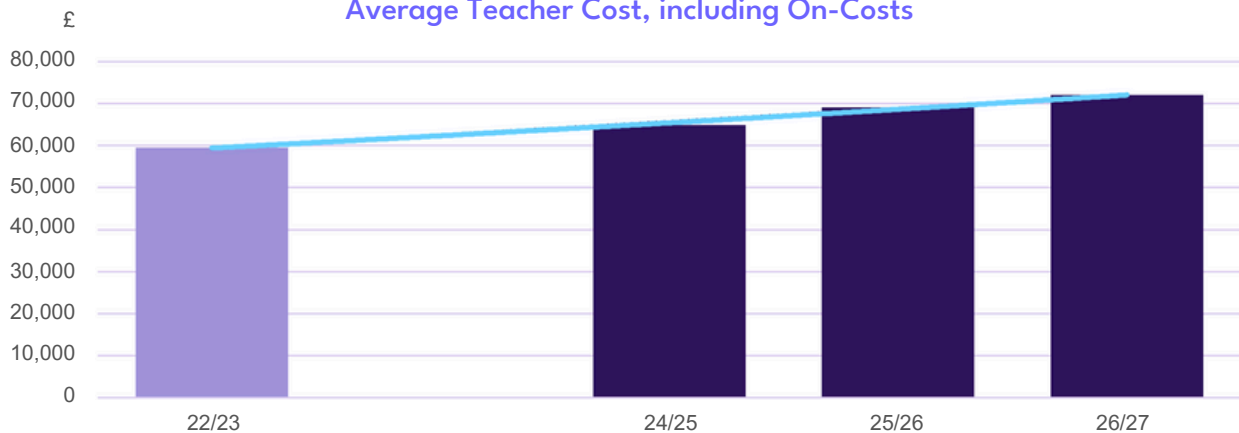


Source: IMP customer dataset (pupils on roll) & Get Information About Schools (capacity July 24) - Surplus/Deficit for all IMP Trusts derived from predicted 2024/25 in-year closing position.

Figures show that even a small drop in income from falling pupil numbers is having a significant impact on financial stability. However, pupil numbers alone do not determine a trust's financial performance; it is the optimisation of these numbers that is crucial. Trusts with a lower percentage of unfilled spaces are better positioned to balance their budgets, with those trusts forecasting a surplus having 11.6% of spare capacity compared to 12.6% for those forecasting a deficit.

Nevertheless, even a small percentage of 'lost' income from unfilled places could significantly impact financial stability. With an average income per pupil of £7.5k, the 'lost' income for the average trust is in the region of £3.5m.

Average Teacher Cost, including On-Costs



Source: IMP customer dataset & schools' financial benchmarking data 2022/23 - Excludes London trusts. 2023/24 benchmarking data not publicly available. Teacher costs include salary, employers' national insurance and employers' pension contributions.

↘ The average cost of a teacher is expected to rise to over £70,000 in 2026/27.

The reduction in full time equivalent (FTE) teachers appears to have been necessary to balance budgets, particularly in light of increasing staff costs. Teaching staff expenses are set to rise significantly from 2022/23 levels, with the forecast data showing a sharp increase in teacher costs, including oncosts such as employer national insurance and pension contributions. Forecasts predict that by 2026/27, the average cost per teacher will exceed £70,000, up from under £60,000 in 2022/23.

The impact of this rise is explored later in this report, particularly in relation to projected pupil:teacher ratios, and we assess how the recently announced pay award funding might help to offset these growing expenses arising from the current year. However, this funding must be repeated in future if GAG funding does not keep pace with teacher pay.



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Teachers' Pay Award



The impact of the teachers' pay award and the core schools budget grant

The impact of the teachers' pay award and the core schools budget grant

→ Over the past few years, the announcement of the teachers' pay award has happened after most trusts have been through their budget-setting cycle, and have therefore had to use an assumption during the process of creating their budgets.

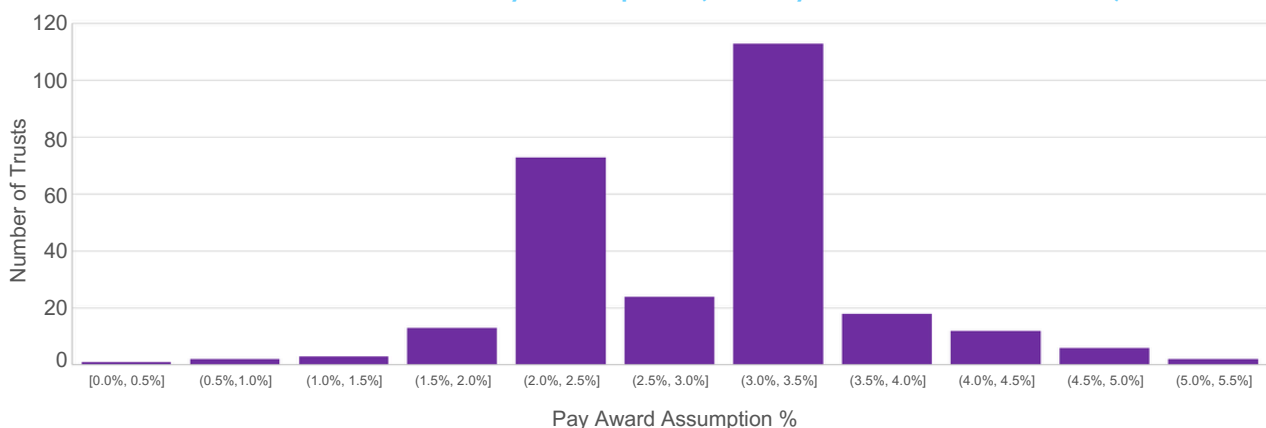
For the purpose of this 2024 report, we took the data cut for this analysis on 27th July, and then on 29th July a 5.5% pay award was announced. Given the pay award agreement was not known on 27th July, there is consistency in the original data in that it reflects the assumption that trusts were building into their numbers, with no possibility that some trusts could have factored in the agreed pay award.

As per the data cut and before any knowledge of the agreed pay award, the average pay award assumption in 2024/25 for teachers including leadership teaching staff was 2.8%.

The graph below highlights the distribution of trusts' assumption with the majority budgeting between 2.0%-3.5%. Considering the size of teacher costs on the budget and the impact a small percentage change in assumption can make, this is a wide range. There was also a noteworthy proportion budgeting below or above this range.

This is representative of the lack of uncertainty that trusts had to manage during the budget-setting process.

Distribution of Teacher Pay Assumption (Pre Pay Award Announcement)



Source: IMP customer dataset - Pay points and scales linked to a teaching or leadership teaching contract

The announcement of the pay award and associated core schools budget grant (CSBG) presented an opportunity to apply these changes to the dataset and look at the impact this has had on the financial landscape for schools.

To achieve this through IMP Planner, we recalculated the cost of each individual contract linked to a pay scale in scope of the teacher pay award giving the most accurate assessment possible of the cost impact. The CSBG grant data is available in the public domain, and we were able to use this and the cost increase analysis to work out the net impact per trust.

↘ Comparing the cost impact to the grant, per the IMP benchmarking dataset, over 2024/25 the grant value was 136% higher than the increase in cost thus for each £100 of extra cost an equivalent £236 of funding will be received by trusts.

To illustrate this, based on an average teacher cost of £67k this equates to 0.88 FTE teachers per school, or, split between primary and secondary schools, this broadly equates to 0.4 FTE teachers per primary school and 2.3 FTE teachers per secondary school.

It is worth noting that the CSBG has been designed to cover any pay award agreements for teaching and support staff over and above any headroom in the national funding formula. At the time of writing this report, the support staff pay award has not been agreed and therefore could have an impact on the extra funding that will flow to trusts via the CSBG, should any award be higher than the level being predicted by trusts.

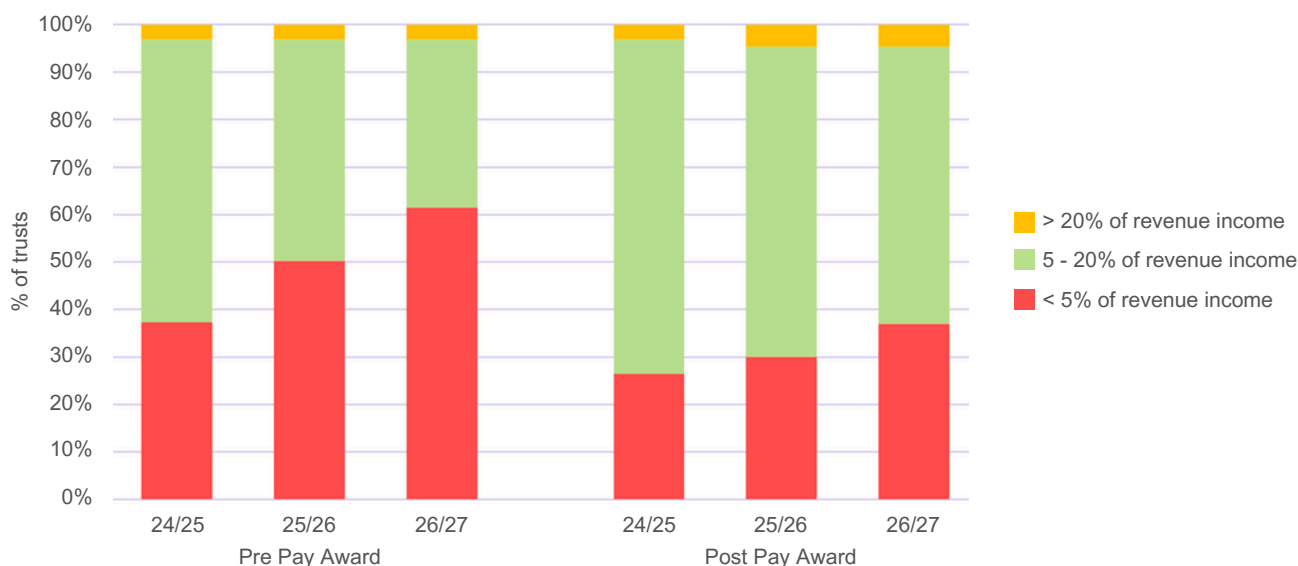
Given there have not been grants to cover the support staff pay award historically and through various conversations with MAT customers, we feel the support staff pay award assumptions that are included within the budgets are in full. Therefore, the additional headroom provided by the grant should be a bonus to trusts as it was not expected by the majority. This said, there is a range of assumptions being made by trusts so each trust will be impacted differently.

The lack of timeliness with the pay award announcement led to a painful budget-setting process with difficult decisions, which in some cases could have been avoided if the pay award was known earlier in the budget cycle. Lost staff cannot be unlost, and replacements for those that were leaving cannot now be replaced at such short notice.

The lack of timeliness and the associated challenges caused is on the radar of the DfE, with the recent letter from Secretary of State for Education, The Rt Hon Bridget Phillipson MP, to the School Teachers' Review Body highlighting plans to announce the teacher pay award for 2025/26 as close to 1st April 2025 as possible and to 'fully reset the timelines in 2026/27'. However, in the immediate term, the above inflation pay rise of 5.5% which has been met with the core schools budget grant that appears to be above expectation for many MATs.

With the data of academy trusts prior to the announcement, we can also see how trusts anticipated the outlook for the coming years.

Revenue Reserves % Income Pre and Post Pay Award/CSBG Announcement



Source: IMP customer dataset & GOV.UK (CSBG grant publication and methodology) - Trusts predicted revenue reserves at end of period compared to revenue income. Revenue reserves excludes fixed asset and pension reserves. Revenue income excludes capital income and notional income for academy transfers and conversions. Post-pay award includes Teachers pay award as confirmed 29th July 2024 and associated CSBG grant announcement.

Before the announcement of the pay award and funding, the expectations were much bleaker, with 61% of trusts anticipating their reserves would have reduced to below 5% of income by the end of 2026/27.

This outlook paints a real picture of the level of challenge facing MATs that are trying to balance their budgets and highlights the need for GAG funding to, as a minimum, keep pace with the rising costs faced by the sector.



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Primary Vs Secondary



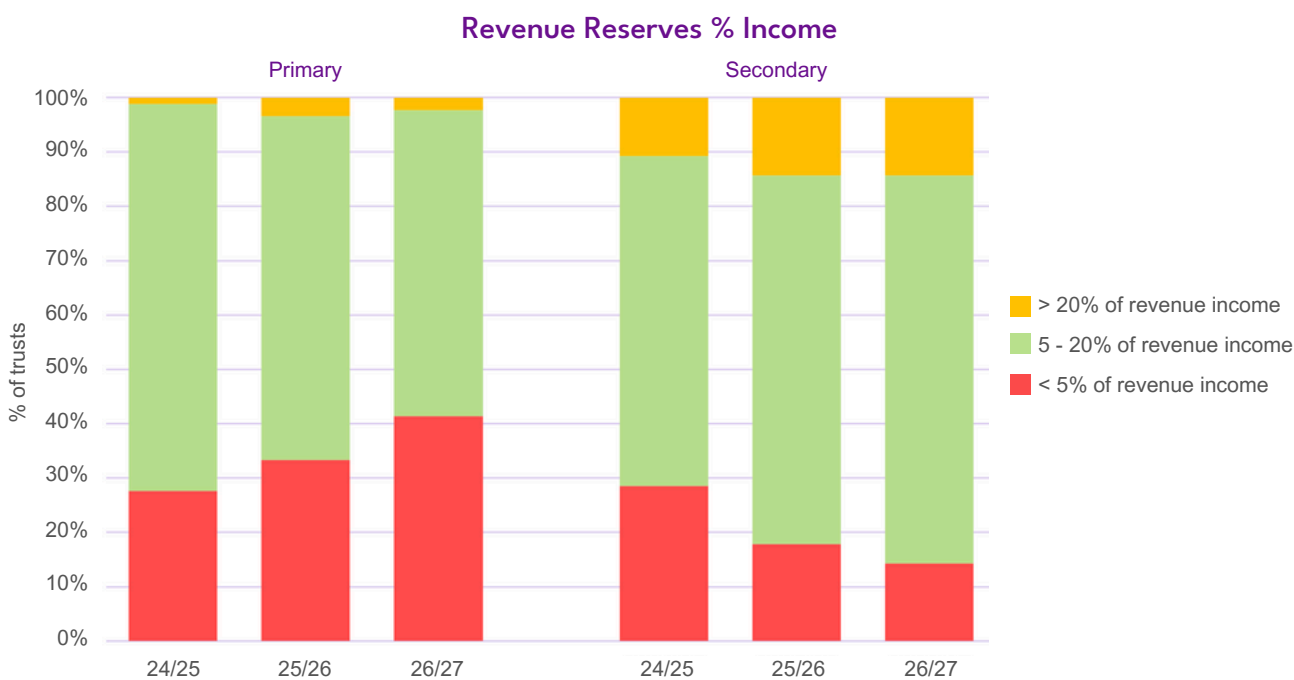
Comparing different phases

Comparing different phases

→ MATs vary significantly in size and composition, encompassing a diverse mix of educational settings and differing ratios of primary and secondary schools, which makes benchmarking at trust level more challenging.

The IMP MAT Finance Benchmarking Report allows us to differentiate trust shapes and, for the purposes of the next section, have focused on those that are either primary majority or secondary majority (as defined on page 08), highlighting the performance differences between those achieving a surplus and those operating at a deficit in each setting.

Given the critical role of pupil numbers in financial stability, especially as declining pupil numbers are particularly likely to hit trusts with majority primary schools, our analysis sheds light on the challenges different settings are grappling with.



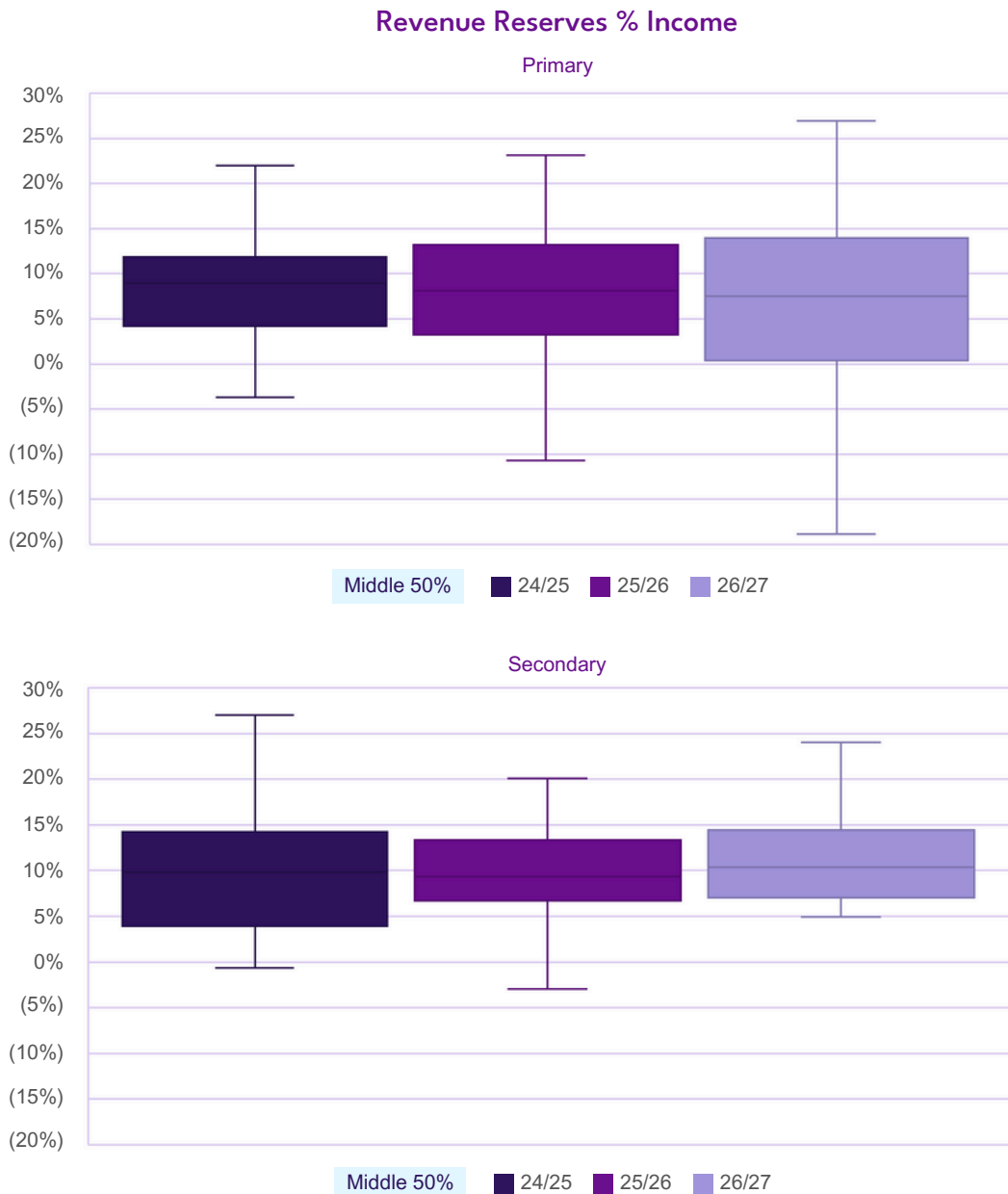
Source: IMP customer dataset - Revenue reserves excludes fixed asset and pension reserves. Revenue income excludes capital income and notional income for academy transfers and conversions. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

In 2024/25, the percentage of revenue reserves retained as a proportion of income is relatively consistent between primary and secondary MATs. However, the outlook diverges significantly by 2026/27.

Secondary-majority trusts are fairing far better, with fewer than 15% expected to hold reserves below the 'financially vulnerable' threshold of 5%. In stark contrast, over 40% of primary-majority MATs are projected to fall below this notionally low level, highlighting a growing financial disparity between the two educational settings.



A significant proportion of primary schools anticipate that their reserves will be fully depleted by 2026/27, painting a bleak financial outlook.

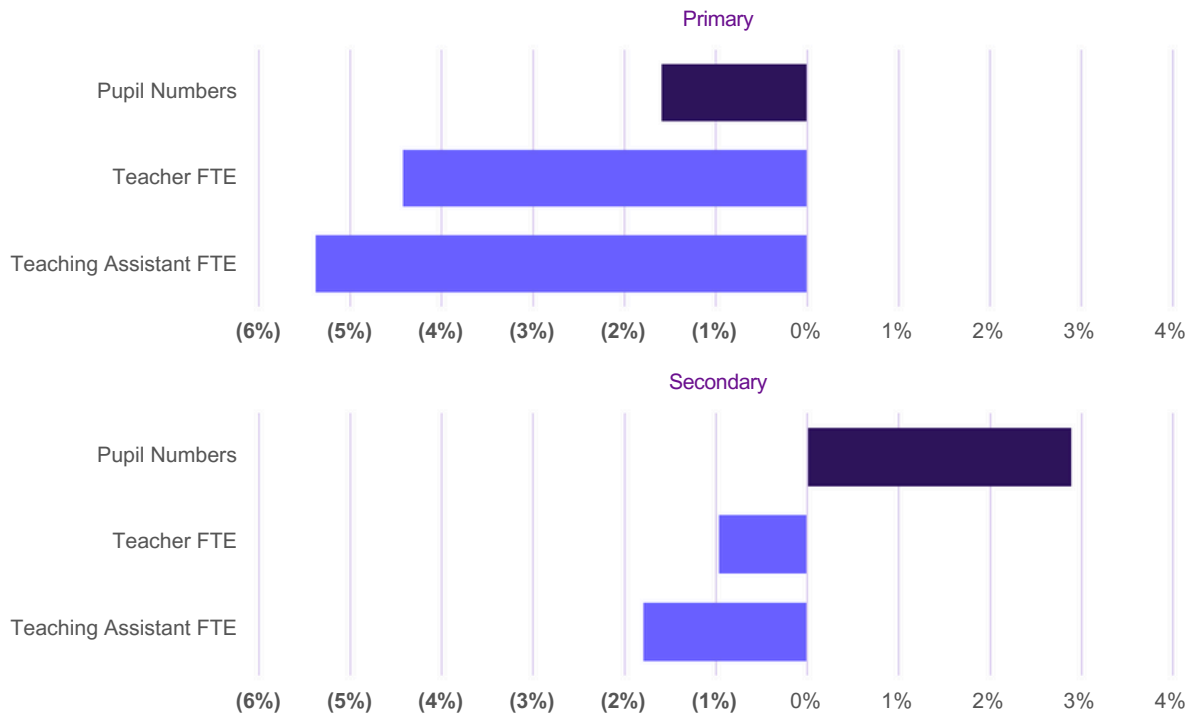


Source: IMP customer dataset - Revenue reserves excludes fixed asset and pension reserves. Revenue income excludes capital income and notional income for academy transfers and conversions. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

The widening gap in forecast expectations is most pronounced for primary schools, signalling a concerning trend. A significant proportion of primary schools anticipate that their reserves will be fully depleted by 2026/27, painting a bleak financial outlook. Secondary MATs have been able to cope better, though they are still facing their own challenges.

With the anticipated decline in pupil numbers, trusts will need to adapt to maintain financial stability. Here we explore how the projected fall in enrolment aligns with FTE staffing levels, an area where trusts are likely to make reductions in order to balance their budgets effectively.

Pupil Number and Staff FTE Growth/(Decline) from 2024/25 to 2026/27

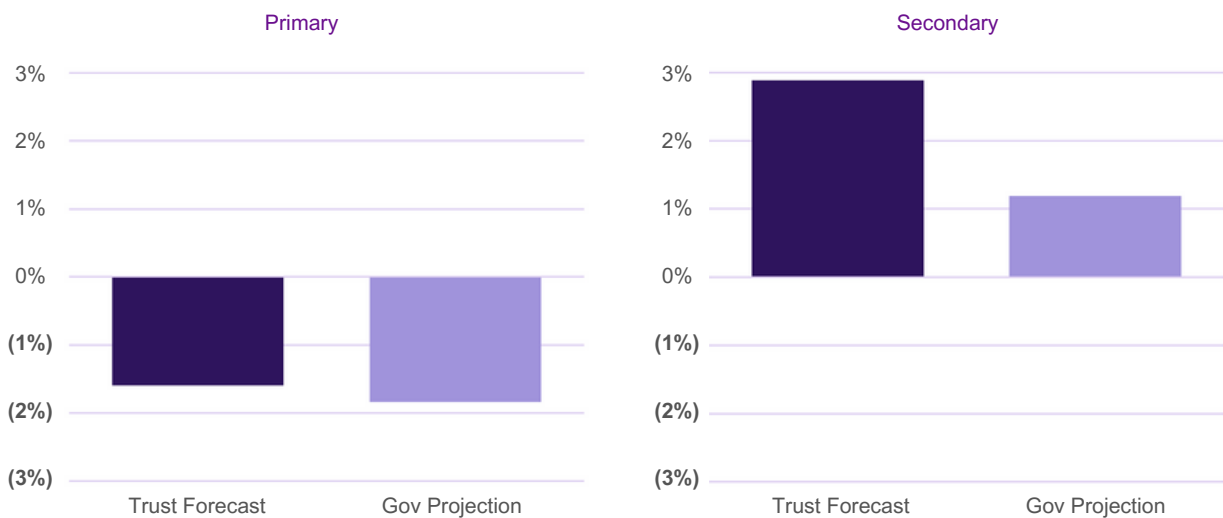


Source: IMP customer dataset (Trust pupil numbers and Trust FTE movements) & GOV.UK (National pupil projections) - Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

The projected decline in pupil numbers in the short term presents more immediate challenges for the primary sector, while secondary pupil numbers are still expected to rise through 2026/27.

Despite this, both educational settings are forecasting reductions in their FTE workforce over the next three years, with teaching assistants facing the largest cuts compared to teachers.

Pupil Number Growth/(Decline) Vs National Projection 2024/25 to 2026/27



Source: IMP customer dataset (Trust pupil numbers and Trust FTE movements) & GOV.UK (National pupil projections) - Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

Trusts' pupil forecasts misalign with DfE projections, risking hidden financial strain.

This forecasted reduction in FTEs becomes particularly concerning when considering pressures on revenue reserves already noted. Compounding this is the fact that both primary and secondary trusts have optimistic pupil number forecasts when compared to the [national pupil projections](#) published by DfE in July 2024. This mismatch suggests that some trusts may not have fully accounted for the impending drop in pupil number projections in their financial plans, which could lead to unforeseen financial pressures.

In this challenging financial landscape, it is noteworthy that a number of trusts are still projecting a surplus, but it is clear that some are making difficult decisions to make this work.

So what are the characteristics that differentiate trusts expecting a surplus from those anticipating a deficit? We will go on to explore whether prudent cost management, robust income generation, or effective resource allocation may be the determining factor. Understanding these factors is essential for identifying what is driving the contrasting financial positions and for providing valuable insights that can guide other trusts towards more sustainable financial planning, despite the pressures of rising costs and funding uncertainties.

GAG Income Per Pupil



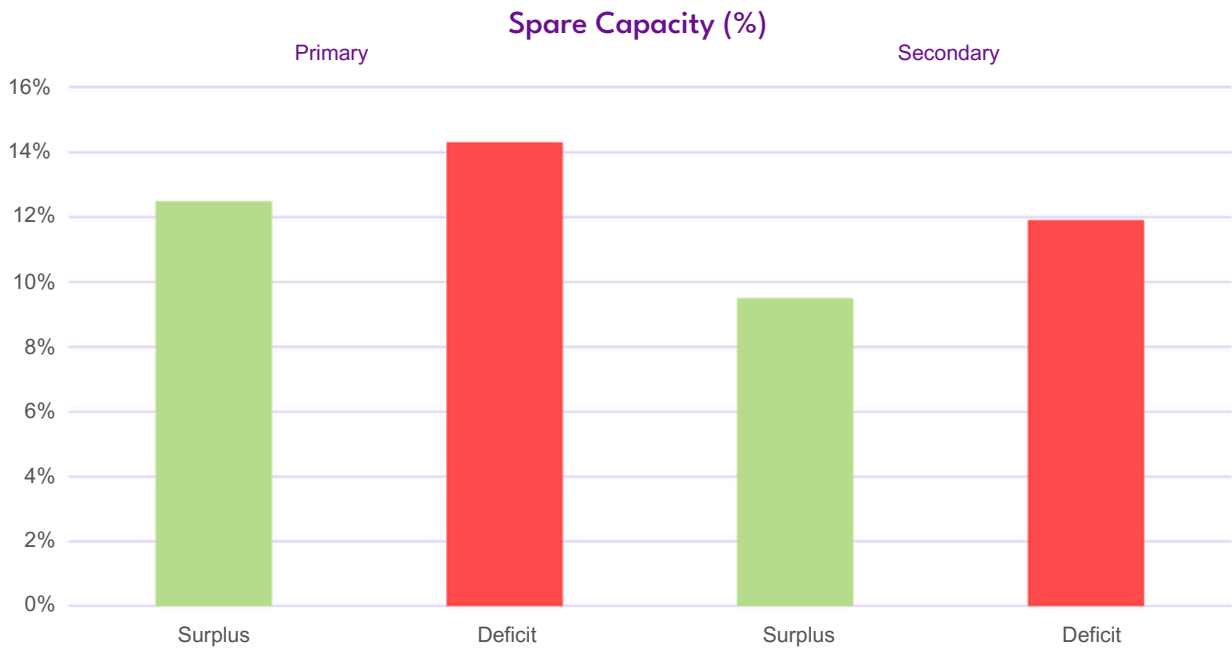
Source: IMP customer dataset - Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

Earlier in this report, we highlighted that a significant portion of a trust's income comes from the General Annual Grant. Interestingly, when comparing primary majority trusts forecasting a surplus versus those predicting a deficit, the GAG income is fairly consistent, with deficit trusts even projected to see higher GAG income by 2026/27.

However, this trend does not hold true for secondary trusts, where there is a clear disparity. Surplus secondary majority trusts are generating significantly more GAG income than their deficit counterparts, underscoring the critical financial impact of GAG income within secondary settings.

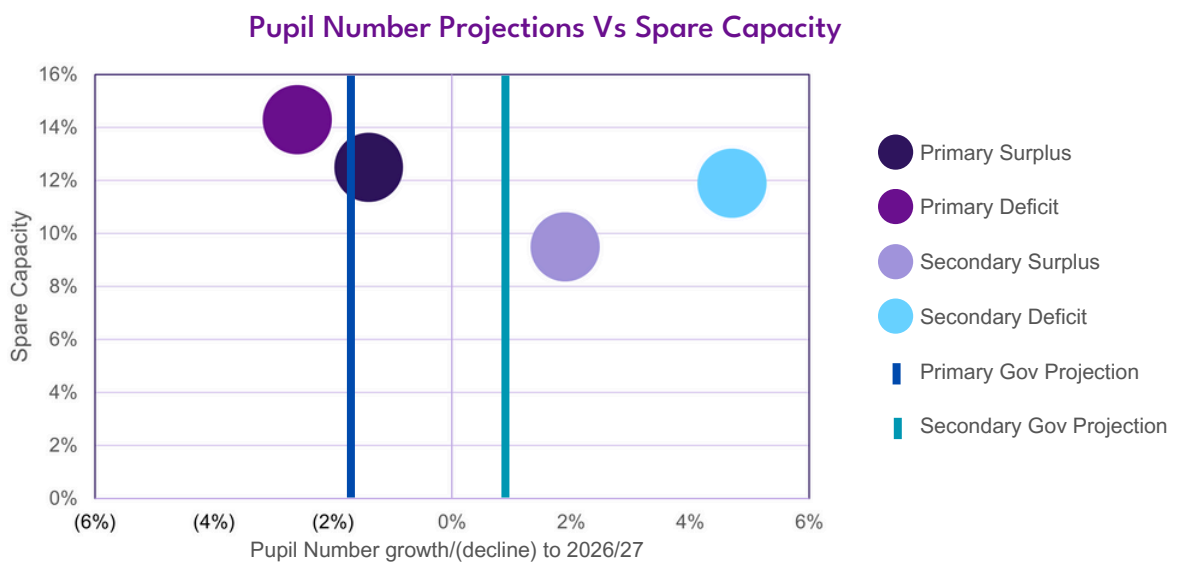
A consistent trend across both primary and secondary-majority MATs is that lower spare capacity correlates with a higher likelihood of financial stability. Efficiently filling pupil spaces appears to be a key factor in maintaining balanced budgets.

Statistics published by DfE in March 2024 show that only 17% of primary schools and 23% of secondary schools are either at or over capacity. The strategic optimisation of school places may be a focus area for sector wide efficiency, however, local factors are likely to challenge the practicalities of such a scheme. For example, additional pupils on roll at one school inevitably lead to less pupils in another, so this is a significant issue in the face of falling pupil numbers.



Source: IMP customer dataset (pupil numbers) & Get Information About Schools (capacity July 24) - Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves.

↘ The impact of pupil numbers is likely to become an ever increasing risk severity on trusts risk registers.



Source: IMP customer dataset (Trust pupil numbers) & GOV.UK (National pupil projections) - Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

Given the anticipated decline in the school-age population, driven by lower birth rates and demographic shifts, many trusts are facing a challenging trajectory in terms of pupil numbers. This trend, and the importance of pupil numbers on the financial viability of a trust, is likely to become an ever-increasing risk severity on trusts' risk registers.

Many primary trusts are factoring in the anticipated decline in pupil numbers, which is evident in the higher average spare capacity observed within these trusts. With more unfilled places and a shrinking pupil population, trusts are likely to experience a detrimental financial impact unless there is a move for a greater percentage of the overall funding to lose its link to pupil numbers.

The decline in pupil numbers not only reduces the funding received, which is primarily based on enrolment figures, but also increases the proportion of unutilised resources, thereby straining budgets. This combination of decreased income and increased spare capacity could exacerbate financial challenges for primary trusts, making it difficult to maintain balanced budgets and financial sustainability over the coming years.

The fact that those primary trusts anticipating the highest level of pupil number decline also have the highest spare capacity, is a concern for the future financial sustainability of a number of trusts within the sector.

Secondary trusts are anticipating growth in pupil numbers, which could in part explain the positive financial projections in comparison. If the growth does not come to fruition, secondary trusts could see their trajectory shift to impending financial challenges. Given the growth anticipated by those deficit trusts is significantly higher than DfE predictions, there is a danger that this could become a reality so should be looked at closely.



IMP Software

Expenditure Management



Spotlight on school spending

Spotlight on school spending

→ Expenditure management is a critical aspect of maintaining a balanced budget for academy trusts, especially in the current challenging financial environment.

Prudent cost control, focusing on both pay and non-pay expenses, is often viewed as a cornerstone of effective financial stewardship. However, given the rising costs of staff salaries, inflationary pressures on non-pay costs, and the unpredictable funding landscape, achieving this balance is increasingly difficult across the sector and it is likely that further tough decisions that will impact the quality of provision will need to be made.

Trusts must carefully consider their spending mix, ensuring that resources are allocated effectively between staff costs, which typically make up the majority of expenditure, and essential non-pay items such as facilities, resources, and services. The challenge lies in balancing these financial constraints without compromising academic performance and student outcomes, highlighting the importance of strategic financial planning and cost optimisation in achieving long-term sustainability.

Primary	Surplus Average			Deficit Average			Surplus Vs Deficit		
	24/25	25/26	26/27	24/25	25/26	26/27	24/25	25/26	26/27
Teaching	2,763	2,864	3,002	2,943	3,044	3,198	→ (180)	→ (180)	→ (196)
Teaching Assistants	1,293	1,299	1,340	1,274	1,275	1,319	→ 19	→ 24	→ 21
Leadership	576	599	622	515	535	555	→ 61	→ 64	→ 67
Finance & Admin	433	451	470	455	471	490	→ (22)	→ (20)	→ (20)
Other Staff	637	646	667	652	661	670	→ (15)	→ (15)	→ (3)
Total Staffing	5,702	5,859	6,101	5,839	5,986	6,232	→ (137)	→ (127)	→ (131)

NB: Illustrated as per pupil (£)

↘ Investing in experienced teaching assistants may create financial breathing room by reducing the need for higher teaching costs.

In primary trusts, staffing costs are crucial in shaping financial outcomes, especially when aiming for a surplus. While teaching costs are typically lower, there is often a higher spend on leadership and teaching assistants. This suggests that investment in strategic direction at the leadership level, combined with the more cost-effective teaching assistant workforce, contributes to balancing the budget.

To better understand this dynamic, we dive into the relationship between pupil-to-staff ratios and average staffing costs, exploring how these factors work together to drive financial performance on page 28.

Secondary	Surplus Average			Deficit Average			Surplus Vs Deficit		
	24/25	25/26	26/27	24/25	25/26	26/27	24/25	25/26	26/27
Teaching	3,728	3,839	3,982	3,619	3,662	3,766	→ 109	→ 177	→ 216
Teaching Assistants	562	568	584	711	709	721	→ (149)	→ (141)	→ (137)
Leadership	840	866	891	723	737	756	→ 117	→ 129	→ 135
Finance & Admin	581	598	619	488	491	502	→ 93	→ 107	→ 117
Other Staff	792	805	829	779	788	806	→ 13	→ 17	→ 23
Total Staffing	6,503	6,676	6,905	6,320	6,387	6,551	→ 183	→ 289	→ 354

NB: Illustrated as per pupil (£)

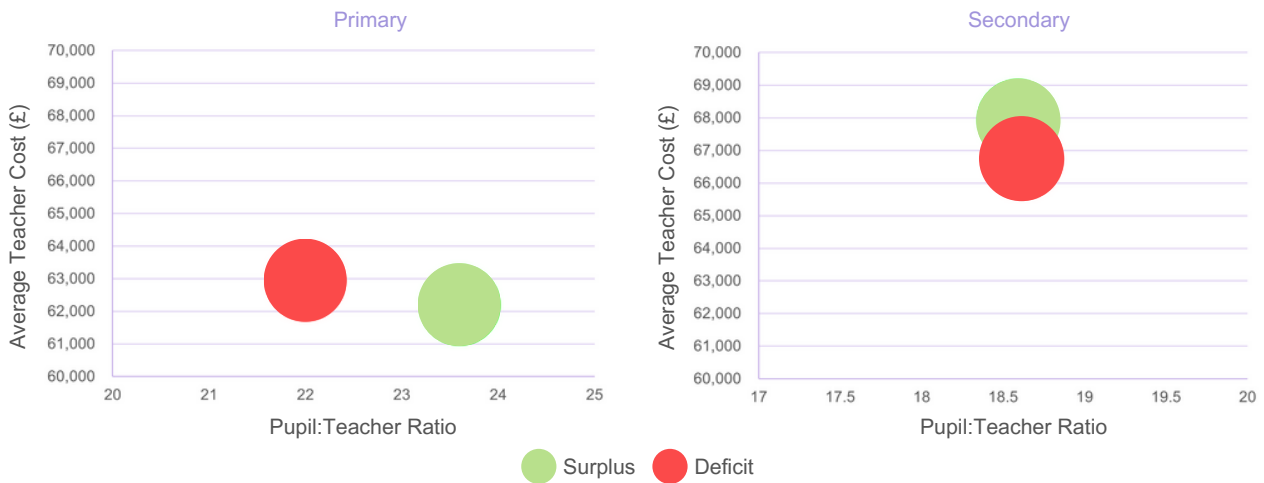
In secondary trusts that are achieving a surplus, staffing costs per pupil are higher, which is primarily due to the additional revenue these trusts generate as we have seen above.

What stands out is that surplus secondary trusts often have a reduced number of teaching assistants while continuing to invest heavily in teaching and leadership roles – a notable contrast to primary trusts, where the investment strategy leans more toward teaching assistants and leadership.

It is interesting that there is such a range of approaches to the utilisation of teaching assistants in secondary majority trusts, given the focus on integrated curriculum and financial planning (ICFP), within the sector.

A manual approach to ICFP can be very time consuming so there is generally a focus on the teaching and leadership elements of the staffing allocation, which makes sense given the bulk of cost being applied in this area, but the spend on teaching assistants is not insignificant, so there are learnings in understanding how these valuable resources are being deployed differently across the sector.

Pupil:Teacher Ratio Vs Average Teacher Cost 2024/25



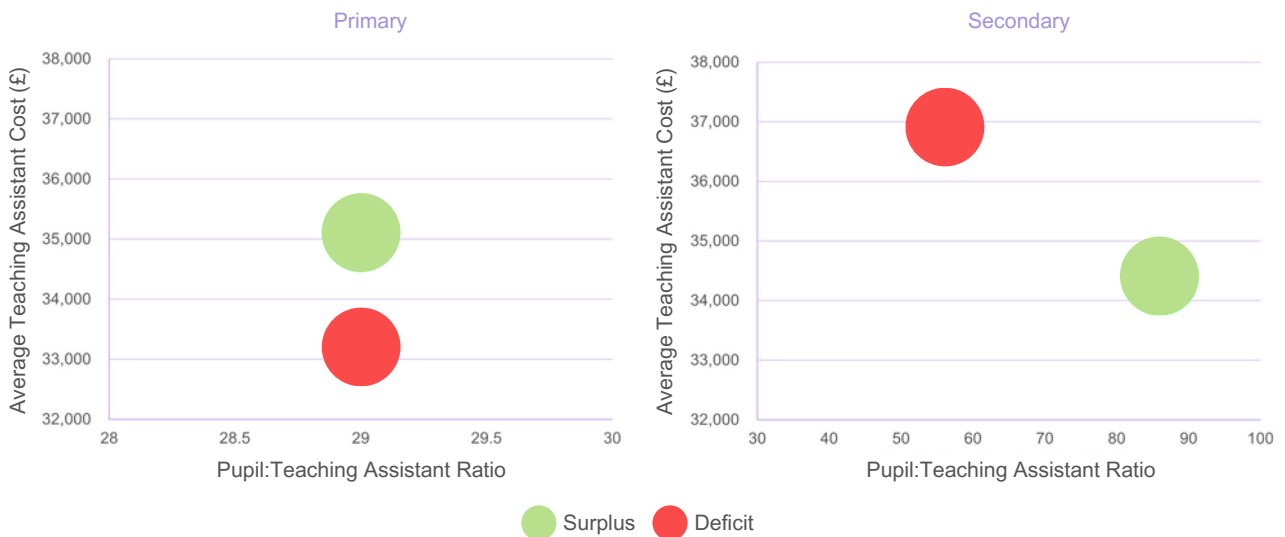
Source: IMP customer dataset - Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

In primary trusts, those generating a surplus achieve lower teacher costs per pupil primarily due to a higher pupil:teacher ratio. However, the ability to maintain a higher ratio and the impact that this might have may raise concerns, especially in light of trends in spare capacity and pupil number growth.

For secondary trusts, the picture differs. Surplus trusts spend more per pupil on teachers, driven by higher average teacher salaries rather than a difference in pupil:teacher ratios. Despite the higher costs, this does not negatively impact overall performance, indicating that the investment in teaching staff may be justified in secondary settings. The maintenance of the pupil:teacher ratio is again a critical factor in financial stability.

↙ Fine margins make the difference: just one additional pupil per teacher and 1% less spare capacity can tip the balance from deficit to surplus.

Pupil:Teaching Assistant Ratio Vs Average Teaching Assistant Cost 2024/25



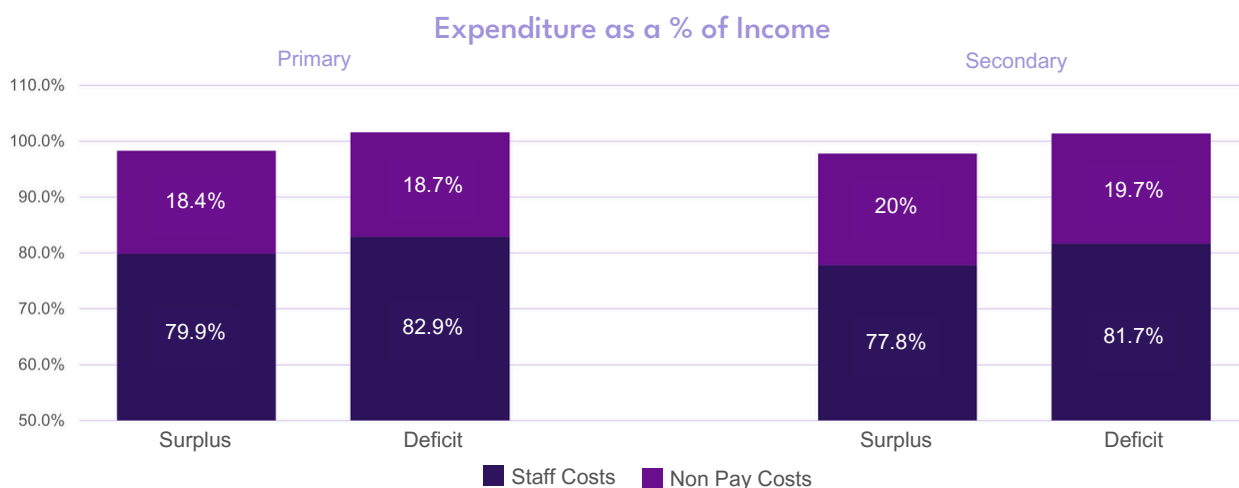
Source: IMP customer dataset - Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

Revisiting the critical role of cost allocation, rather than just the absolute spend in each category, it is evident that managing staffing costs is the driving force behind a trust's ability to achieve a surplus.

The careful planning of these staffing costs is crucial – this is an area where a MAT cannot afford to make errors. Unaccounted-for incremental salary drifts or unexpected pay award increases may be the difference between a trust taking proactive steps to eradicate a deficit or unknowingly slipping into a deficit position.

For primary and secondary trusts, keeping staffing costs around or below the 80% threshold is essential. Primary trusts generally allocate a slightly higher proportion of their income to staffing, while secondary trusts invest more in non-pay areas.

This suggests that secondary trusts may have the headroom to focus more on areas like technology, facilities, and educational resources to balance financial performance, emphasising the need for strategic cost management across all expenditure categories.

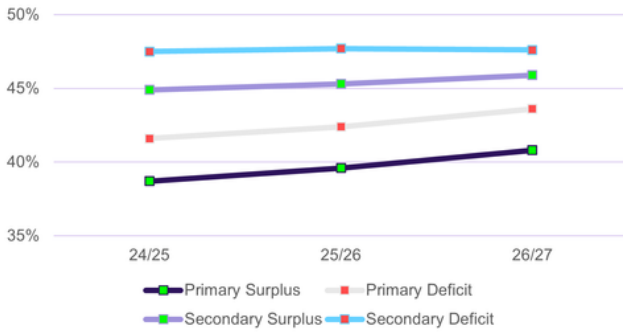


Source: IMP customer dataset - Staffing costs and non-pay costs defined in line with DfE chart of accounts finance code categories. Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

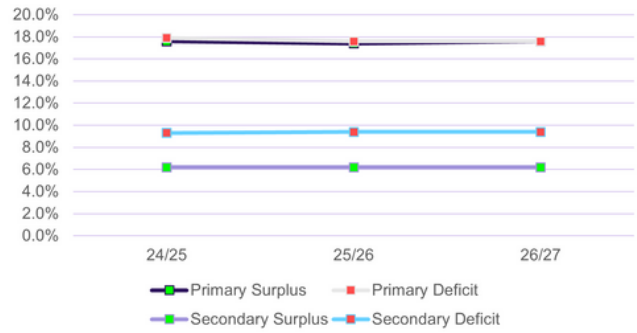
The trajectory of staffing costs as a proportion of income over the next three years presents a concerning trend, particularly given the critical role of managing these costs, as previously discussed.

Almost all staffing categories are forecasted to increase, adding pressure on trusts to maintain financial stability. Several factors could contribute to this, including potential forecasting challenges by MATs and a tendency to budget prudently, in the face of so many unknown factors.

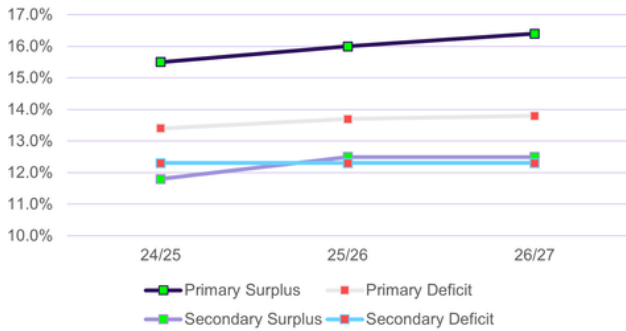
Teaching Cost % Income



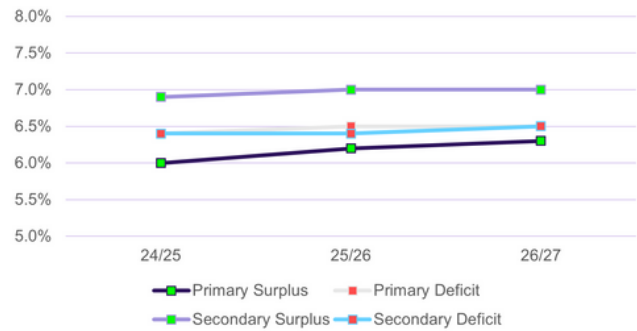
Teaching Assistant Cost % Income



Leadership Cost % Income



Finance & Admin Cost % Income

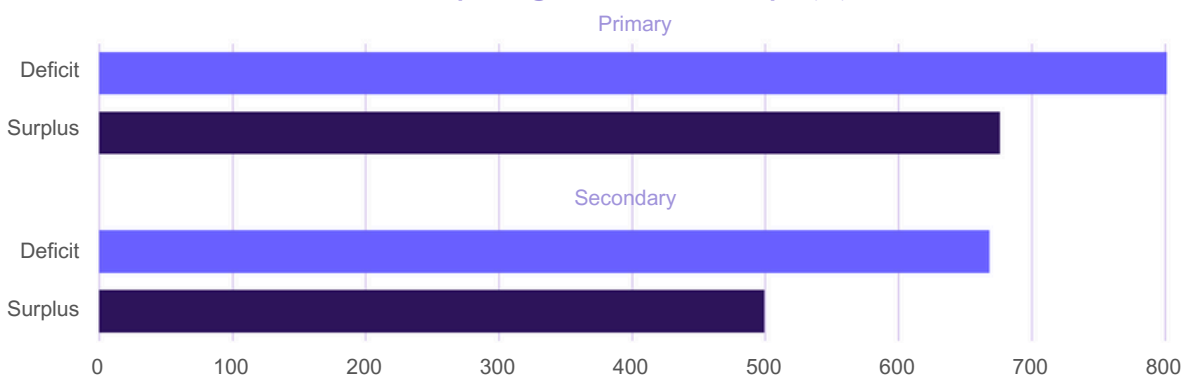


Source: IMP customer dataset - Staffing costs defined in line with DfE chart of accounts categories. Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

Trusts with lower average revenue reserves per pupil are more likely to generate a surplus, possibly because of the need to implement more stringent budgeting and tighter cost controls. With fewer financial safety nets in place, and CST's commentary that "reserves can only be spent once", trusts may have greater incentives to be financially disciplined to avoid slipping into deficit. The necessity to operate efficiently could drive more careful allocation of resources and tougher decisions being made, leading to leaner, more focused expenditure strategies.

Lower trust reserves increases the likelihood of forecasting a surplus, but does this reflect a reactive strategy to maintain budget balance rather than a proactive financial plan?

24/25 Opening Reserves Per Pupil (£)



Source: IMP customer dataset - Revenue reserves excludes fixed asset and pension reserves as at 1 September 2024. Surplus/Deficit derived from predicted 2024/25 in-year closing position. Surplus/Deficit excludes capital income and depreciation, but includes predicted contribution to capital expenditure from revenue reserves. Primary = Primary Majority Trusts defined as peer groups: PM - S, PM - M, PM - L Secondary = Secondary Majority Trusts defined as peer groups: SM - S, SM - M (see page 08)

Conversely, trusts with higher reserves may be purposefully drawing down on their reserves to fund strategic initiatives or to temporarily offset rising costs, which could contribute to a lower urgency in generating a financial surplus. This highlights the role that reserve levels may play in influencing financial strategy, with trusts on lower reserves having less flexibility and thus needing to maintain tighter fiscal discipline to achieve a balanced or surplus position.

Even with the most extreme efforts to balance the budget, there is a real risk that these decisions may ultimately harm academic performance and the wider support that schools need to provide to their students.

Acknowledgments



We would like to thank our professional services partner, UHY Birmingham, for their invaluable expertise and support throughout this project.

We would also like to express our deepest gratitude to all IMP Software customers who worked diligently on their data to meet the necessary prerequisites for the [IMP MAT Finance Benchmarking Report](#), which utilises these trusts' budget data projections for 2024/25, 2025/26 and 2026/27, extracted from our IMP Planner system (as of 27th July 2024). Their commitment to ensuring data accuracy has been critical to the success of delivering those personalised reports, and now this summary [IMP MAT Finance Sector Insights Report](#).

Finally, we would like to extend our thanks to the Confederation of School Trusts (CST) for their strategic contribution to the [IMP MAT Finance Sector Insights Report 2024](#), in particular Leora Cruddas CBE (Chief Executive), Susan Fielden (Trust and School Funding Policy Specialist) and Samuel Skerritt (Director of Public Affairs and Policy).

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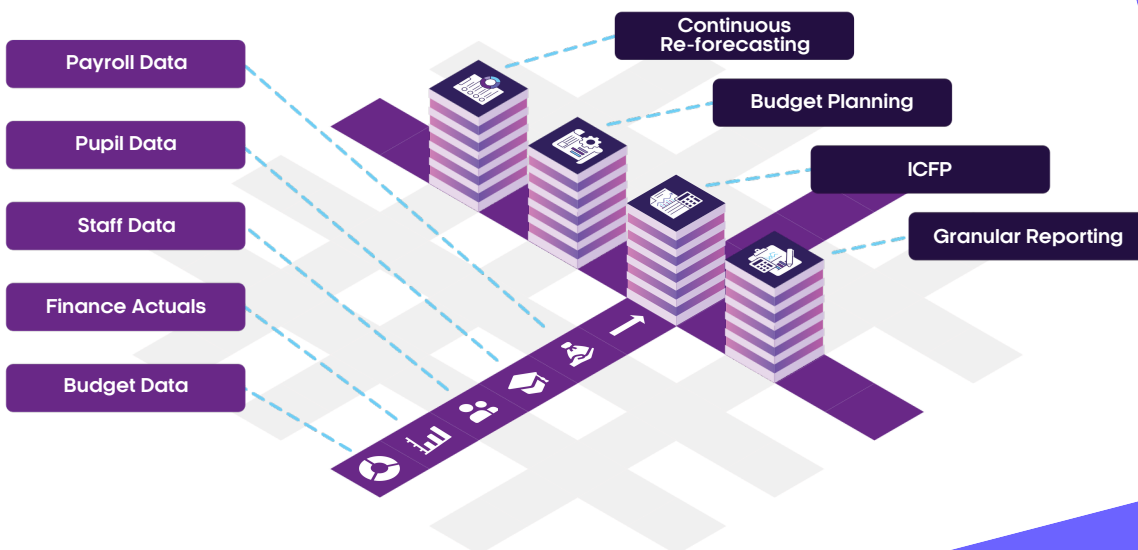


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