



Education  
Funding  
Agency

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[efa-enquiry-form](#)

17 March 2017

Dear Accounting Officer

I am writing to you about the budget forecast information we need to collect from your academy trust this year.

In my [letter of 9 December 2016](#), I outlined the agreement reached with HM Treasury, Parliament, and the National Audit Office about changes to the presentation of the Department's accounts. The new approach – including a separate academy sector report and accounts – will bring a number of benefits, including greater transparency about the activity of the sector.

As part of the agreement, the Department confirmed with HM Treasury that we would improve the quality of financial data about academy trusts used to support a wide range of cross-government public expenditure analyses. Of particular importance here is the annual Public Expenditure Statistical Analyses (PESA) National Statistics release. The PESA release sets out expenditure across the public sector, broken down by function. You will understand how important it is that expenditure by academy trusts is reflected accurately in the release.

We have been working with representatives of the academy sector to identify the best way to improve the quality of the data about the sector whilst minimising the burden on academy trusts. To achieve this – and given the timelines for providing financial data to HM Treasury - we have concluded that we will need to collect **two** Budget Forecast Returns (BFRs) from this academic year onwards.

The first return, the Budget Forecast Return: Outturn (BFRO), will be used to support the PESA exercise set out above, as well as to provide an updated forecast of expenditure for the current academic year. Its focus will therefore be on actual expenditure for the period up to March 2017, as well as collecting an updated assessment of forecast expenditure to the end of August 2017. This return will need to be submitted by all open trusts by **Friday 19 May 2017**, in order to meet HM Treasury's timeline for publishing the PESA return.

The second return, the Budget Forecast Return (BFR), will support the main public expenditure forecasting activities that occur in the autumn. Its focus will be on the projected financial position of academy trusts up to August 2018. This return will need to be submitted by **Friday 28 July 2017** (the same timeframe as in previous years).

An online BFRO template to capture the relevant data will be available by early April. The template has been built using the same system as the 2016 BFR. It will be accompanied by a full set of user guidance, an Excel workbook to support preparation, webinars and training videos. We are currently undertaking thorough user acceptance testing of the whole process, and will only release the new form once this testing has been successfully completed. Neither of the BFRs will need to be reviewed by your external auditor.

I am very conscious that we need to make the process of returning financial information to the Department as simple as possible for academy trusts – and I am conscious as well that our initial release of the online tool for the recent Accounts Return exercise made this more difficult than it should have been. We have therefore undertaken work on a number of improvements to deliver the BFR return as efficiently as possible for you. This work includes:

- revising the income and expenditure categories in the new BFRO so there is far better alignment with the structure of the Accounts Return;
- investigating how we can securely pre-populate future versions of the BFR and BFRO with those items of data that the Department already holds (this will not be ready for the May return but we expect it to make the July return easier);
- beginning a programme of activity to redesign our entire approach to collecting data from academy trusts.

I hope this provides you with some reassurance that we are committed to improving the process of supplying financial information to the Department. Can I also add my thanks to colleagues for their efforts with the Accounts Return, which we are confident has given us better and more timely information than we have ever had.

If you have any further questions about this letter then please contact us using our [enquiry form](#).

Thank you very much for your help.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Lauener', with a stylized flourish at the end.

**Peter Lauener**

Chief Executive, Education Funding Agency