

# REGISTRAR OF COMPANIES

## **The Kemnal Academies Trust**

### **Annual Report and Financial Statements**

31 August 2020

Company Limited by Guarantee  
Registration Number  
07348231 (England and Wales)



## Contents

### Reports

Reference and administrative information	1
Trustees' report (incorporating a strategic report)	3
Governance statement	30
Statement on regularity, propriety and compliance	39
Statement of Trustees' responsibilities	40
Independent auditor's report	41
Independent reporting accountant's report on regularity	44

### Financial Statements

Statement of financial activities	46
Balance sheet	47
Statement of cash flows	48
Principal accounting policies	50
Notes to the financial statements	57

## Reference and administrative information

<b>Members</b>	Raymond Vooght Daniel Barber (resigned 31 January 2020) Quentin Roper* John Atkins (appointed 11 September 2019)  <i>* Diocesan Member representing The Diocese of Canterbury Academy Company Limited</i>
<b>Trustees</b>	Gaenor Bagley, Chair Dr Karen Roberts, Chief Executive Officer and Accounting Officer Peter Baines John Harrison Simon Judge (appointed 13 October 2020) Aruna Mehta Claire Robins (appointed 13 October 2020) Mark Joseph Swyny (appointed 13 October 2020) Elaine Thomas Timothy Young (resigned 4 May 2020)
<b>Company Secretary</b>	Claire Lee
<b>Company registration number</b>	07348231 (England and Wales)
<b>Principal and registered office</b>	Atkins Conference Centre Kemnal Technology College Sevenoaks Way Sidcup Kent DA14 5AA
<b>Senior Leadership Team</b>	
Chief Executive Officer	Dr Karen Roberts
Deputy Chief Executive Officer	Elizabeth Harrison
Director of Finance and Operations	Steve Dickman
Group Director of Learning	Rachel Ward (until 31 October 2019)
Director of Learning	Sarah Jacobs (from 1 November 2019)
HR Director	Simon Rose
Senior Regional Executive Director	Matt Batchelor
Senior Regional Executive Director	Neil Small
Regional Executive Director	David Churchill

## Reference and administrative information

<b>External auditor</b>	Buzzacott LLP 130 Wood Street London EC2V 6DL
<b>Internal auditor</b>	Crowe UK St Brides House 10 Salisbury Square London EC4Y 8EH
<b>Bankers</b>	Lloyds Bank plc 177-179 High Street Orpington Kent BR6 0LJ
<b>Solicitors</b>	Anthony Collins 134 Edmund Street Birmingham B3 2ES
<b>Website</b>	<a href="http://www.tkat.org">www.tkat.org</a>

## Trustees' report (incorporating a strategic report) Year ended 31 August 2020

The Trustees present their annual report, which includes the strategic report together with the audited financial statements of The Kemnal Academies Trust ('TKAT' or 'the Trust') for the year ended 31 August 2020. This annual report serves the purpose of both a Trustees' report and a Directors' report under company law.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

### PRINCIPAL OBJECT

The principal object of the Trust is the advancement of education for the public benefit in the United Kingdom through the operation of a group of academies. Our ultimate aim is to ensure we drive educational standards through the provision of outstanding teaching, leadership and learning for all. Our leaders focus on pupil progress and attainment, and regularly share knowledge, insight and experience. We believe passionately in the power of collaborative working and actively promote school-to-school support. In 2019/2020, TKAT operated 45 academies as noted below (2019: 44 academies):

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Bridgemary School	Orchards Academy
Broadfield Primary Academy	Ore Village Primary Academy
Chichester High School	Pebsham Primary Academy
Cleeve Meadow School	Pluckley Church of England Primary School
Cleeve Park School	Portfield Primary School
Dame Janet Primary Academy	Rainham School for Girls
Debden Park High School	Royal Park Primary Academy
Drapers Mills Primary Academy	Salmestone Primary School
East Wickham Primary School	Seal Primary Academy
Front Lawn Primary Academy	Seymour Primary School
Gray's Farm Primary Academy	Shenstone School
Havant Academy	Smarden Primary School
Heybridge Primary School	Stapleford Abbots Primary School
Hilltop Primary School	Tangmere Primary School
Horizon Primary Academy	The Academy, Selsey
Hylands School	The Bewbush Academy
Kemnal Technology College	The Mill Primary Academy
King Harold Business & Enterprise Academy	The Oaks Primary School
Maldon Primary School	Thomas Bennett Community College
Miltoncross Academy	Welling School
Napier Primary School	Weyfield Primary Academy
Newlands Primary School	Willow Brook Primary School & Nursery
Northdown Primary School	

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### Purpose

Within our TKAT family of schools the shared and common purpose is to ensure that all pupils, regardless of the traditional barriers to success, have the opportunities and resources to achieve their academic and career aspirations within a safe, inclusive and ambitious organisation.

**PRINCIPAL OBJECT (continued)**

**Vision**

A community of learners who share the mind set of success and are driven by the prospect of opportunity for all. An environment of aspiration, respect and openness, enabling staff and students to thrive.

**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Constitution**

The Kemnal Academies Trust is a company limited by guarantee (registration number 07348231) and an exempt charity. The Trust's memorandum and articles of association dated 17 April 2019 is the primary governing document. The Trustees of The Kemnal Academies Trust are also the Directors of the charitable company for the purposes of company law. The Trust operates as both The Kemnal Academies Trust and TKAT.

Funding for educational activities is governed by master funding agreements between the Trust and the Secretary of State for Education. There are four master funding agreements between TKAT and the Secretary of State for academies joining the Trust more recently. TKAT's website contains copies of all the master funding agreements and details of which academies each of the agreements refer to.

**Members**

Details of the Members who served during the year and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

**Members' liability**

Each Member of the Trust undertakes to contribute to the assets of the Trust in the event of it being wound up while they are a Member, or within one year after they cease to be a Member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a Member.

**Trustees**

Details of the Trustees who served during the year and to the date of approval of this report are included in the Reference and Administrative Information on page 1.

**Trustees', Directors' and Governors' indemnities**

The Trust's insurers indemnify against any claims in respect of any civil liability, which arises out of the conduct of the insured in their personal capacity as a Trustee, Director, Governor or Officer of the Trust.

**Method of recruitment and appointment or election of Trustees**

The articles of association require the appointment of at least three Trustees to the Trust. There is no maximum number of Trustees. Members may appoint up to six Trustees, one Trustee can be appointed by the Diocesan Member and the Chief Executive Officer will be a Trustee. The Trustees are able to co-opt up to three Trustees.

The Members and Trustees look for the most appropriate candidates bringing relevant identified skill sets when appointing new Trustees.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT** (continued)

### **Trustees' term of office**

The term of office for any Trustee other than the Chief Executive Officer, is four years. Any Trustee may be reappointed. New Trustees are appointed to the Board following a rigorous selection process undertaken by current Trustees and Members.

### **Policies and procedures adopted for the induction and training of Trustees**

Training and induction for new Trustees is tailored to their requirements and their previous experience. The Trustees have access to policies, procedures, minutes, budgets, accounts and other relevant plans and documents that they need to fulfil their role as Trustees.

### **Organisational structure**

The Trustees have delegated the day to day management of the Trust to the Chief Executive Officer who is supported by a Senior Leadership Team (SLT), as detailed in the Reference and Administrative Information on page 1. In addition to this, an extended executive team comprising Educational Directors and other department leads has been established to further support the core SLT. Both the SLT and extended executive team meet on a regular basis to monitor the educational performance of pupils and the financial and operational performance of the Trust. The Chief Executive Officer is also the Accounting Officer for the Trust.

Local accountability is delegated to each academy Headteacher and additionally is supported by a Local Governing Body established as a committee of the Board. The Trustees delegate the following functions to the Local Governing Body of each academy:

- ◆ Challenge to the academy's Senior Leadership Team;
- ◆ Review of budget vs actual expenditure; and
- ◆ Review of academic performance.

All Trustees are linked to a group of academies and make regular visits to meet with staff and pupils, and this has proved very successful.

### **Arrangements for determining remuneration of key management personnel**

The Trustees consider that they, together with the Senior Leadership Team (as set out on page 1), are the Trust's key management personnel. The Chief Executive Officer who is both a Trustee and an employee is remunerated for their services to the Trust as an employee.

The Trust has a dedicated HR Committee which is responsible for ensuring the highest standards of corporate governance in the remuneration and succession planning of the Chief Executive (CEO) and Senior Managers of TKAT. Together with remuneration review and setting, it also oversees the Trust's people, inclusion, and culture strategies. The HR Committee members are all independent Trustees; neither the CEO nor other members of the SLT are members of the Committee. The Committee operates in accordance with its terms of reference which are set by the Trust's Board.

**STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

**Trade union facility time**

In accordance with the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, the following information has been provided in respect of Trust employees involved in Trade Union Facility Time activity.

**Relevant union officials**

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
28	27.2

**Percentage of time spent on facility time**

Percentage of time	Number of employees
0%	15
1-50%	12
51-99%	0
100%	1

**Percentage of pay bill spent on facility time**

Total cost of facility time	£69,207
Total pay bill	£104,523,305
Percentage of the total pay bill spent on facility time	0.07%

**Paid trade union activities**

Time spent on paid trade union activities as a percentage of total facility time hours	28.28%
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## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Related Parties and other Connected Charities and Organisations**

The Trust shares Members and Trustees with an associated company and is therefore considered to be in control of The Kemnal Consultancy Limited (Company Registration Number 06651917). The company is inactive and there has been no trading for the year to 31 August 2020 (2019 – no activity).

Related party transactions between the Trust's key management personnel and other charities, companies or organisations are extensively reviewed and disclosed within these financial statements.

### **Engagement with employees**

The Trust has built a strong and meaningful relationship with Teaching and Support Unions and operates a Trust-wide Recognition and Facilities Agreement. Whilst ensuring consultations around policies, organisational changes and other initiatives are fair and robust, these relationships have proved invaluable during the rapidly changing backdrop of the COVID pandemic. The development of more standardised technologies across the 45 schools also enables us to converse directly with all employees via staff surveys for the first time, as well as delivering bespoke guidance to Headteachers and Business Managers across the Trust. Planned meetings throughout the year have enabled two-way communications throughout the organisation, from Board level to school SLTs, from which information and guidance is channelled into schools.

Whilst the Trust has had policies encouraging diversity and inclusion in place for a number of years, these have now been supplemented by a TKAT Code of Conduct. This guidance has been written with the dual aims of supporting a culture of safeguarding and vigilance in schools and clearly communicating behavioural expectations to support diversity, inclusion and Trust values on a daily basis. In addition, arrangements are in place for the 2020/21 year to develop mechanisms for more direct communication at Trust level with minority and protected groups, and in response to the 'Black Lives Matter', have created a statement of intent in relation to Equality, Diversity and Inclusion to ensure

- ◆ more staff are recruited from diverse backgrounds;
- ◆ staff have a greater voice in policy formation; and
- ◆ the curriculum taught in our schools has greater sensitivity and relevance to the experience of the BAME community.

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with the role requirements and any reasonable adjustments that may be required. Employees becoming disabled during the course of their employment are treated with sensitivity and respect, with cases being afforded the time and resources required to enable a fully supported return to work wherever possible. Alternatively, employees are supported through the ill-health retirement process where this may be the most favourable option for that individual. The Trust will always seek guidance from Occupational Health to ensure that all supportive options are explored on a case-by-case basis.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Engagement with employees (continued)**

The Trust is now in the second year of a three-year Mental Health and Wellbeing Strategy, which has been refined to address any immediate issues and anxieties arising as a result of COVID.

### **Engagement with suppliers, customers and others in a business relationship with the Trust**

#### ***Suppliers***

The Trust has always been committed to ensuring it retains a good relationship with its supply chain, as it is vital that staff and pupils have access to all key resources in a timely manner in order to deliver education, where possible it continues to build strong professional relationships with its key suppliers, an area that has been further strengthened as a result of the Head of Procurement and Contracts being in post. When services are due for renewal, longer term Trust-wide contracts are procured to compliment this approach, with the current providers of external audit, internal audit, insurance, estates management and compliance systems, budgeting and accounting software providers, and legal services having all delivered services to the Trust for a number of years. To ensure value for money is achieved these services are all subject to renewal and retendering; however, the length of contract and extension periods have gradually increased over time to allow for relationships and partnership working to mature.

The Trust now have a Catering Framework Agreement in place, and will be looking to increase the number of Framework Agreements in place for 2020/21, as this ensures a much simpler procurement process, and gives comfort to Trustees that all the due diligence checks are in place regardless of the successful supplier. To assist with supplier relationships and any contractual issues, the Trust have adopted standard TKAT terms and conditions, which can be applied to any new contracts awarded.

Both formal and informal meetings take place with key suppliers, with the main aims being: to ensure both the Trust and the supplier are complying with the contractual arrangements; to discuss any variations to contracts, to discuss issues within individual academies or the Trust that are creating barriers to success and how their services can help mitigate those; and to help identify any new products or services coming to the market that could improve efficiencies or the delivery of education moving forward.

Further evidence of the Trust's commitment to work closely with its supply chain and foster good relation was its reaction to the Government's guidance (PPN 02/20 and PPN 04/20) and how publicly funded bodies should support suppliers through the coronavirus (COVID-19) pandemic. The Trust very quickly made the decision that suppliers would continue to be paid the contracted levels to ensure their staff would continue to be paid and that a fully staffed service delivery could commence following the return of all students after the summer break. This approach was greatly appreciated by suppliers and tenants, as it had not been replicated across the sector. This approach was also agreed for cleaning suppliers, exams invigilators, and, as a goodwill gesture, some rental charges to small privately run Early Years settings on academy sites were waived or delayed, assisting with their financial pressures.

## **STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**

### **Engagement with suppliers, customers and others in a business relationship with the Trust (continued)**

#### ***Pupils, parents and local communities***

The Trust's relationship with its pupils, parents and the local communities is not only key to the academic successes of our students, but also assists with the Trust's long-term financial viability by attracting pupils into our academies. Individual academies regularly communicate with parents via e-mail, letters or by the use of apps to update on their child's academic achievements, areas to focus on when undertaking homework, and general pastoral issues. In addition, the Trust's Twitter and website visits are increasing rapidly.

The Trust consults parents and the local communities when required and – one of the most powerful methods of communication, especially when reaching out to harder to engage families, is via staff and Senior Leaders being present at the beginning and end of the school day and taking the time to speak to parents.

The Trust has recently updated its welcome brochure and is working on a newsletter that can be shared with all key stakeholders.

During the period following the COVID outbreak the Trust's strength in this area was even more evident when formulating detailed risk assessments to ensure all staff, pupils and parents were safe when settings were allowed to reopen fully. These assessments were regularly reviewed to reflect Government guidance and were not only highly praised by unions, but also gave parents the confidence to allow the majority of pupils to return to school. Many academies have received e-mails and letters from parents and students highlighting that the volume and clarity of the communications received from the Trust had made them and their children feel more comfortable in making what was a very difficult decision to allow their children to return to school.

## **OBJECTIVES AND ACTIVITIES**

### **Objectives and activities**

The Trust's principal object is to advance for the public benefit, education in the United Kingdom in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies by offering a broad and balanced curriculum.

Our key aim is to improve educational standards in all academies within the Trust, to that end, our objectives and activities are geared to achieving that goal. Our strategic action plan not only focuses on the imperative to provide the highest quality leaders and teachers within all academies, but also to provide bespoke school to school support to allow each academy to move into their next phase of development, and also to ensure the financial viability of all academies going forward.

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Objectives, strategies and activities**

Following the outcome and recommendations from a MAT review, the Trust, in consultation with all key stakeholders fully reviewed the key objectives to ensure they met the aims outlined above, this resulted in five True North Objectives shown below now forming the overarching goals of the Trust:

- ◆ Every school to meet or exceed national average attainment within three years.
- ◆ All schools Ofsted 'good' or better.
- ◆ Close the attainment gap for all identified target groups between TKAT attainment and national average.
- ◆ All academies to have sustainable financial plans.
- ◆ Invest in the TKAT family.

To ensure the Trust moves towards and achieves its 'True Norths', a comprehensive improvement plan has been developed and approved by Trustees, with some of the key targets for 2020/21 as follows:

- ◆ Improve the strategic rigour in developing teaching and learning within both primary and secondary academies.
- ◆ Fully implement a cohesive primary and secondary curriculum.
- ◆ All TKAT schools to identify their priorities for improving outcomes for disadvantaged pupils and closing the attainment for all identified groups.
- ◆ 90% of academies meet or exceed their agreed 2020-21 published budget.
- ◆ Maximise procurement savings and income generation.
- ◆ Identify and share widely the key extended partnerships and networks that the Trust and schools can use to improve educational outcomes.
- ◆ To provide a high quality CPD offer and programmes for all career stages, that fully support the Trust's strategic development and improvement strategies.

It is recognised that true collaboration between academies promotes rapid school improvement. This, coupled with an understanding of the economic outlook for education in the forthcoming years, promotes a need for creative and innovative ways of using a finite resource to ensure academies are to be financially sustainable. With these educational and economic imperatives at the fore, a regional model was implemented during the 2017/18 year to provide the conduit for enhanced collaborative working and to facilitate a shared services model, and although this model has been successful, as a result of further investment in this area, the Trust has been able to implement a 'school phase structure' that will add a much greater level of targeted specialist knowledge and support around individual academies.

## **OBJECTIVES AND ACTIVITIES (continued)**

### **Objectives, strategies and activities (continued)**

The new structure has Senior Directors of Education (DoE) for both primary and secondary academies, along with Regional Primary and Secondary Directors of Education, who are responsible for the entire educational and organisational performance of the academies within their regional phase, whilst collectively ensuring that the Trust is developed and seen as a centre for providing excellence.

Through a strong, embedded philosophy of promoting collaborative working, the regional model has proved successful during the 2018/19 and 2019/20 academic years, and academies have secured financial savings and cost benefits through economies of scale. In relation to the Trust's Ofsted grading of 'Good' and 'Outstanding' academies, although primary academies have risen from 83% to 87%, and the overall Trust's combined position remained at 80%. Trustees recognise that not enough secondary academies are 'Good' with a reduction from 71% to 64%, and this reduction was one of the key drivers for the move to a specific primary and secondary phased approach to educational support from the start of the new academic year.

To ensure the Trust remains financially robust and in a position to direct funds towards the greatest areas of need, it continues to seek new and innovative ways to generate income to compliment the annual Education and Skills Funding Agency (ESFA) grants, regularly reviews individual academies delivery models to seek efficiencies, in particular educational and back office support staff, and has increased the levels of Trust-wide procurement contracts to ensure value for money for both academies and the Centre.

### **Public benefit**

The Trustees acknowledge the duty in Section 4 of the Charities Act 2011 to have regard to the general and specific guidance on public benefit issued by the Charity Commission. We have referred to this guidance when reviewing our aims, strategy and plans for the future. All activities undertaken by the Trust are for the public benefit.

## **STRATEGIC REPORT**

### **Achievements and performance**

#### ***Primary academies***

At the start of the 2019/20 year, our focus was on improving academic performance through collaboration and standardising a curriculum offer through pulling on the strengths that had proven impact in some of our better performing academies. We talked and walked our academies through their individual curriculum offer; their reading offer; their teaching effectiveness; and helped target those groups who needed additional support. These events took place pooling and using our academies and teachers who had very strong practice to share. Collectively we sought alignment and began implementation of a Trust-wide approach to using data using Accelerated Reader to compare and identify strong practice and sharing and consolidating programmes and styles that work.

## **STRATEGIC REPORT (continued)**

### **Achievements and performance (continued)**

#### ***Primary academies (continued)***

As the academic year progressed, that collaboration became significantly stronger as the effects of lockdown took hold. Support for our academies focused around our educational and pastoral support for our children, staff and leaders facing the challenge of COVID-19. Our central team organised regular updates for all our Heads on a weekly basis via Google Hangouts. We interpreted and disseminated guidance based on our knowledge as school leaders and by health and safety advice through a daily email update condensing and consolidating official publications.

The academies and leaders were supported in their move to the Google platform which was planned to happen on a more gradual scale, and despite the many challenges presented we offered training and resources to enable all our academies to offer a mix of in class and remote learning. All our primary academies are now on Google utilising shared documents, plans and regular hangouts.

From early on in the pandemic, this structure enabled the Trust to provide rapid and consistent guidance to all our schools and the Trust was able to ensure all pupils had at least weekly contact, with some having daily phone calls. We made decisions to ensure that food parcels were delivered to families throughout the period, including the holidays, and some free devices were given out once academies had ascertained home online capability. Collectively academies also shared their resources: Front Lawn Primary Academy offered their summer curriculum to all schools within the Trust as a web based resource for all year groups; Royal Park Primary Academy offered their themed curriculum once Year 1 and Year 6 started to return to school; and staff shared phonics videos to enable all schools to continue regular phonics teaching. Our lead practitioners produced a curriculum designed around art and mental health to welcome all year groups back, complete with resources, planning and a progressive plan so that teachers and leaders could focus on staff wellbeing and a safe return. *Our academies have all benefited from our proactive cohesive approach and are building on their strong community links which were enhanced during the lockdown.*

#### ***Secondary academies***

This has been a year of two distinct halves, clearly punctuated by the start of the global pandemic. In the first half of the academic year the focus was very much on the development of our common curriculum and movement towards a much more standardised model across the Trust. The Strategy Leads for the EBacc subjects (English, maths, science, humanities and modern foreign languages) worked collaboratively with department heads to put together common programmes of study across Key Stage 3 and 4 to ensure that support for schools can be more effective and standards are ultimately raised. At the same time, we created the Teaching and Learning Framework which brought about a standardised method to making judgements about the quality of teaching over time. With this common approach it means that we have a consistent view of performance at teacher level and can direct support more effectively, when and where it is needed most.

## **STRATEGIC REPORT (continued)**

### **Achievements and performance (continued)**

#### ***Secondary academies (continued)***

To support both of these initiatives we employed a core team of Lead Practitioners and Teaching & Learning Coaches to work directly with heads of department and teachers in classrooms to implement curriculum change and develop the quality of teaching. Deployment of some of these new staff took place at the start of the Spring term with the remainder scheduled to start just as the pandemic forced the closure of all schools nationally.

This long period of forced closure and the subsequent move to online learning brought many challenges, but also many opportunities. Collaboration between schools increased and the quality and quantity of the communication between heads and the Centre improved significantly, as schools looked to the Trust to help them navigate through a new and complex landscape. As a result of this, schools have welcomed the standardisation as a means of supporting the workload of their staff and ensuring that students received high quality materials online. During lockdown, Strategy Leads developed and shared resources between schools to support remote learning, providing schools with clear direction about the curriculum offer most suited to home learning. As the lockdown continued we developed a rescue curriculum based on our new standardised model which has now been implemented in all schools, with bespoke baseline testing for all year groups to support schools identify and fill knowledge gaps that have developed in the last six months.

Alongside this was also the backdrop of national uncertainty around the examination results in the summer of 2020. The grading and moderation of the outcomes submitted to exam boards was tightly managed by the Trust to ensure that a fair and honest reflection of student achievement was reported. Outcomes very much reflected the impact of the Trust's school development work over the previous two years. This uncertainty still exists for the 2020/21 cohort of Year 11 and 13 students, and a large part of the work during the 2020/21 academic year will be focused on ensuring that, whether the examinations take place in the summer term or not, students will receive the outcomes they were on track for pre-lockdown.

#### **Key performance indicators**

The Trust monitors performance against various Key Performance Indicators (KPI), some of which have been discussed elsewhere in this report. However, the Ofsted grading is considered to be one of the more important KPIs. As of July 2020, 83% of TKAT academies inspected since joining the Trust are identified as either 'Good' or 'Outstanding' with Ofsted, compared to only 27% pre-conversion.

#### **SCITT and Teaching School Alliance (TSA) Performance**

The SCITT (School Centred Initial Teacher Training) has had another incredibly successful year despite the challenges that COVID-19 posed. Trainee outcomes remained excellent thanks to a SCITT wide effort to ensure the programme continued throughout lockdown. Trainees received weekly training supported by further online CPD as well as tutorials and group assessment meetings. Effective leadership of the team ensured the smooth running of the programme whilst giving reassurance and support to the trainees.

**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

**SCITT and Teaching School Alliance (TSA) Performance (continued)**

During the 2019/20 year, the programme and assessment processes have been re-written for the 2020/21 year in light of the new ITT core curriculum framework and Ofsted Inspection Framework. This was done in collaboration with a stakeholder working party and professional mentors along with the SCITT team. The SCITT has engaged with six new partner schools for 2020/21.

External moderator feedback of the programme - and especially the response to school closures and trainees continuing their training was extremely positive:

*'The SCITT should be congratulated on their quick response to the school closures, which included adapting the training plan and moving this online. Trainees were full of praise and appreciated the hard work of all concerned, and as a result were confident that the adaptation had enabled them to make good progress.'*

*'The introduction of the Viva has provided a useful alternative means of assessing trainees at the end of the course, and the focus on this being a professional discussion models good practice that should stand trainees in good stead in the future.'*

During 2019/20 100% of TKAT schools engaged with the training and/or programmes offered by the TSA. The Staff CPD Portal enabled TKAT staff to continue with professional development during lockdown with 1,287 users participating in 2,851 sessions. In addition, 55 training sessions were delivered (excluding NPQs) with 1,089 attendees (564 different staff). The development of a coaching model has made real progress this year and the TSA's coaching programmes have been externally accredited by the EMCC (European Mentoring & Monitoring Council).

Lead practitioners who will be deployed across Trust schools have been trained and are now ready for deployment.

A partnership was established with Teach First for delivery of the Early Career Framework with 110 Newly Qualified Teachers across all our schools signed up. We have developed effective links with Teach First and Outstanding Leaders to ensure TKAT leaders/aspiring leaders can access funded National Professional Qualifications (NPQs) for 2020/21:

- ◆ 3 x NPQH (National Professional Qualification for Headship) with OLP (Outstanding Leaders Programme)
- ◆ 4x NPQML (National Professional Qualification for Middle Leadership) with Teach First
- ◆ 8x NPQML (National Professional Qualification for Middle Leadership) with OLP (Outstanding Leaders Programme)
- ◆ 8 x NPQSL (National Professional Qualification for Senior Leadership) with OLP (Outstanding Leaders Programme)



**STRATEGIC REPORT (continued)**

**Achievements and performance (continued)**

**SCITT and Teaching School Alliance (TSA) Performance (continued)**

- ♦ 1 x NPQSL (National Professional Qualification for Senior Leadership) with Teach First

**Growth of the Trust**

Cleeve Meadow School, the Trust's first free school, a special school for pupils aged 11 – 19, opened to pupils on the 1st September 2019 within the South East London area.

**Going concern**

After making appropriate enquiries, the Board of Trustees has concluded that the Trust has adequate resources to enable it to continue in operational existence for the foreseeable future. In particular, the Board of Trustees have concluded that there are no material uncertainties which may cast doubt over the ability of the Trust to continue as a going concern for a period of at least 12 months from the date of approval of this report and financial statements. For this reason, it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

**Promoting the success of the company**

In line with the Trust's Purpose and Vision outlined below, the Trustees and Executive Team always act in a way that seeks to promote the success of the Trust.

*Purpose* – Within our TKAT family of schools, the shared and common purpose is to ensure that all pupils regardless of the traditional barriers to success have the opportunities and resources to achieve their academic and career aspirations within a safe, inclusive and ambitious organisation.

*Vision* – A community of learners who share the mind set of success and are driven by the prospect of opportunity for all. An environment of aspiration, respect an openness, enabling staff and students to thrive.

The Trust currently has in place the following committees, Audit and Risk, Finance, Education and HR, all of which inform the Board of key issues. All recommendation made at these committees, and subsequently at the Board, are made taking into account the success, promotion, reputation and long term financial viability of the Trust and its impact on its staff, pupils, parents and the local community.

The Trust continues to build strong relationships with Trade Unions and is now benefitting from the recently agreed Trade Union Facilities Agreement.

The Human Resources and Health and Safety teams meets regularly to discuss key employee issues, with recent annual Health and Safety Policy being highlighted as outstanding in ensuring the safety of the Trust's 3,000+ employees.

**STRATEGIC REPORT (continued)**

**Promoting the success of the company (continued)**

Along with the training and development opportunities for employees within the Trust, the annual pay award continues to keep pace with national rates, with the Trust's employees on a Leadership Scale currently being remunerated above the National Advisory level. The Trust is fully focused on its recruitment and retention strategy and when setting pay scales, ensures any new rates are affordable within the resources available to keep the risk of any future redundancies to a minimum.

The Trust is committed to its focus on employee wellbeing and has a Wellbeing Strategy in place. One of the key approaches being taken to ensure all staff move towards a better work-life balance is the promotion of flexible working and in particular an increased opportunity to work from home. In addition, employees continue to benefit from the Employee Assistance Programme offered through the Zurich Insurance contract.

All Committee and Board decisions have due regard to their impact on employees.

As highlighted in the 'Engagement with Suppliers and Customers' note, the Trust continues to build strong relationships with its supply chain, and where possible, longer term contracts are being entered into, that allow for a more strategic working relationship to grow. The Trust has an excellent record of adhering to supplier terms and conditions and in particular in complying with supplier payment term. This is most evident when dealing with smaller organisations and highlighted in our approach to the Government's Procurement Policy Notes PPN/02 and PPN/04 during COVID, where the Trust continued to make contractual payments to suppliers despite some services being greatly reduced.

The Trust and its individual academies are aware that the relationship with stakeholders, most notably the parents of pupils within the local communities is key to the Trust's success in delivering good outcomes for students. To ensure strong relationships are built and maintained, regular letters and academy updates are shared with parents via all available mediums to ensure all parents are well informed of local and Trust-wide issues. This regular contact has been highly praised since the COVID outbreak.

All academies are aware of the responsibility to reduce their carbon footprint, with many getting students involved in recycling and other carbon reducing initiatives on site. Other key decarbonising measures being introduced include: a reduction in the use of plastic; encouraging more walking and cycling to school; better purchasing decisions linked to greener alternatives; and at a more strategic Trust-wide level, where possible the estates team are linking the use of capital resources to schemes that will ensure the assets are more sustainable, most notably an increase in LED lighting, solar power and the replacement of old inefficient heating systems and failing windows. All academies have smart meters in place and are beginning to make site specific decisions based on the data received.

Where any potential decisions being made would impact adversely on the local communities, the Trust undertakes local consultations.

## **STRATEGIC REPORT (continued)**

### **Promoting the success of the company (continued)**

As highlighted in the supplier relationship section, the Trust maintains high standards of business conduct with its supply chain, and in addition, maintains strong professional relationships with the DfE, ESFA, local authorities, local maintained schools, other large MATs and local communities. Further evidence of the Trust's approach to business conduct is contained within the annual work undertaken by the external auditors, where in recent years the number of management letter points (MLPs) has reduced dramatically, with the outcome of the 2018/19 audit undertaken in Autumn 2019 leading to only two MLP's.

All Trustees and members of the Executive Team have a shared purpose and vision, with the pupils' safety, educational outcomes and experiences at its core. No Trustee has any pecuniary interests where a financial gain could be made, and this allows for strong, well measured challenge at committee meetings and the board to be had, with resulting decisions made being clear and transparent and in the best interest of the pupils and staff.

### **Financial review**

The Trust's principal income comes from the Education and Skills Funding Agency in the form of recurring grants for specific purposes. These grants and the relevant associated expenditure are shown under restricted funds in the Statement of Financial Activities. The master funding agreement between the Trust and the Department for Education requires grant income to be expended for its appropriate purpose – capital or revenue. General Annual Grant (GAG) is the principal revenue grant and is to be used to meet all the routine teaching, administration and maintenance costs incurred by the academies for pupils of school age in that setting. Additional funding for nursery provision and SEN provision where appropriate is provided by the Local Authority and through a separate payment mechanism.

The Trust may also receive a grant of fixed assets in the form of land and buildings, largely from a Local Authority, when an academy converts to the Trust. Additionally, School Capital Funding (SCF) grants are provided by the ESFA for the maintenance and improvement of fixed assets. New assets brought into use in the Trust for the first time, and identifiable improvements to existing fixed assets, are capitalised at fair value or cost with an equivalent sum transferred to the restricted fixed asset fund. Fixed assets, other than freehold land, are depreciated over their expected useful lives and this charge is applied against the restricted fixed asset fund. Salary payments to teachers and support staff comprise the largest recurring expense of the academies and central support function.

The Trust makes contributions to the Teachers' Pension Scheme (TPS) in respect of teaching staff in the academies. The TPS is a contributory scheme to which teachers are automatically enrolled but is not compulsory. Assets and liabilities are not assigned to individual employers. For staff members other than teachers the Trust makes contributions to the respective Local Government Pension Scheme (LGPS) (which are also multi-employer defined benefit schemes). In the LGPS the assets and liabilities held within the scheme are subject to an actuarial valuation on a triennial basis and are attributable to individual employers.

**STRATEGIC REPORT (continued)**

**Financial review (continued)**

The Trust balance sheet contains the net pension scheme deficit in respect of current and former employees. The existence of a deficit does not mean an immediate liability will become payable. The purpose of the actuarial valuations is to determine a contribution rate for the employer that over the long term will match liabilities and assets. The most recent actuarial valuation of LGPS schemes took place with an effective date of 31 March 2019. The LGPS has been the subject of a number of amendments. The most recent change took effect on 1 April 2016 and since that date, members have been accruing benefits under the terms of the LGPS 2016 scheme.

As at the end of the 2019/20 financial year the Trust still consider that the minimum combined academy revenue reserves should not fall below the equivalent of 5.0% for secondary academies and 7.5% for primary academies of the General Annual Grant (GAG) less funding linked to PFI and student support. This level of reserves was deemed prudent and would ensure that individual academies could meet potential costs that may arise from the following, staff maternity, staff supply, organisational change, adverse unforeseen changes to national funding, larger than expected maintenance costs or a significant reduction in pupil numbers. This is not deemed a static policy, and as more stable national educational funding model is delivered, these levels may be subject to change.

In relation to the Trust's investment policy, this is based on two key principles – to ensure that exposure to investment products is tightly controlled so that security of monies takes precedence over revenue maximisation, and to only invest monies surplus to operational need based on all financial commitments being met without the Trust becoming overdrawn. The Trust currently has £3.5m in a 32-day account with its banking provider Lloyds.

The Trust's total income for the year ended 31 August 2020 amounted to £156,953,000 (2019: £148,202,000). During the year ended 31 August 2020 total expenditure was £158,342,000 (2019: £152,549,000) of which the Trust's expenditure relating to staff costs totalled £115,080,000. This represents 73% against total expenditure (2019: £108,654,000, 71%).

The net expenditure for the year (before actuarial losses on the defined benefit pension scheme) was £1,389,000 (2019: net expenditure of £4,347,000).

Excluding the adjustments on the defined benefit pension scheme and the net expenditure attributed to the restricted fixed asset funds, the operational surplus for the year was £971,000 (2019: operational surplus of £277,000). This figure includes a decrease of £250,000 in respect of ring-fenced donations and other ring-fenced monies for school trips which are not considered to be part of the Trust's usable revenue reserves as discussed below.

The Trust held total fund balances at 31 August 2020 of £207,846,000 (2019: £211,983,000). Excluding the balance represented by the defined benefit pension scheme liability, this comprised of £267,346,000 (2019: £263,162,000) in the restricted fixed assets funds, £1,794,000 (2019: £389,000) in the restricted general funds and £7,739,000 (2019: £8,173,000) in unrestricted general funds.

## **STRATEGIC REPORT (continued)**

### **Reserves policy and financial position**

The Board approved the current reserves policy during the 2016/17 financial year, after taking into consideration the Trust's financial position at that time, its future plans and any potential financial risks for both the individual academies and the overall Trust. The key drivers in setting the required levels of reserves at that time were the future income from central government, linked to the uncertainty surrounding the National Funding Formula, the risk of unexpected calls on academy funds, balanced with the current needs of the academies and its pupils. The Trust believed that, wherever possible once the overall reserves target had been met, the funding received in any one year should be used to support the children on roll at that time, unless there is a specific project which will require the accumulation of funding over more than one year. The policy in place is, however, due for review – in addition to the key driver outlined above that still remains uncertain, the ongoing impact of COVID-19 will be also need to be considered when agreeing the new reserves policy.

As at the end of the 2019/20 financial year the Trust still considered that the minimum combined academy revenue reserves should not fall below the equivalent of 5.0% for secondary academies and 7.5% for primary academies of the General Annual Grant (GAG) less funding linked to PFI and student support to meet maternity, staff supply, organisational change, adverse unforeseen changes to national funding, larger than expected maintenance costs or a significant reduction in pupil numbers. Based on the 2020/21 GAG allocations, the Trust should hold no less than £6.821m in revenue reserves.

If an academy has a substantial surplus over the agreed level, they should have a clear plan for how it will be used to benefit their pupils, for example a long-term capital project. With this in mind, those academies with higher surplus reserves typically also have higher cash balances and therefore support other academies within the Trust that are currently below the required reserves levels for cash flow purposes as and when required.

As the financial position for individual academies and the Trust remains fluid, and the reserves policy needs to reflect the changing needs of its academies, the reserves policy is not deemed a static policy and was therefore due for review in the 2019/2020 financial year. Unfortunately following the outbreak of COVID-19 and the increased pressures this put on staff workloads, this was delayed until 2020/2021.

At year end the Trust held revenue reserves of £9,533,000 (2019: £8,562,000) (i.e. the aggregate of restricted general funds and unrestricted general funds). Of the £9,533,000 the Trust considers its usable revenue reserves for budgetary purposes to be £8,794,000 (2019: £7,573,000) which satisfies the Trust's own reserves policy. Usable revenue reserves exclude restricted revenue funds, which are ring-fenced monies typically for school trips and other ring-fenced donations. This is a £1,221,000 increase on last year's usable reserves for budgetary purposes.

### **Investment policy**

A formal Treasury Management and Investments Policy was approved by the Board in 2018/2019 year with the first deposit taking place in January 2019 in line with the four key objectives outlined below:

**STRATEGIC REPORT (continued)**

**Investment policy (continued)**

- ◆ Make investments to maximise the returns that can be received so as to generate funds for the benefit of its academies. The Trust does not prescribe an overall return expectation and is not using investments to fund particular projects or ongoing business expenditure;
- ◆ Ensure that exposure to investment products is tightly controlled so that security of monies takes precedence over revenue maximisation;
- ◆ To only invest monies surplus to operational need based on all financial commitments being met without the Trust becoming overdrawn; and
- ◆ By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the interest of the Trust, commanding broad public support.

The Trust currently maintains a monthly cashflow forecast to establish levels of deposits or withdrawals that can be made and at present only the current bank providers to TKAT are used to invest excess monies. As with all other bank accounts held, TKAT have oversight of this account and have the authority to serve notice on the invested monies if and when required to do so.

Individual academies no longer have the ability to invest locally as all investments are now made on a Trust-wide basis to maximise the available rates.

At the beginning of the 2019/20 financial year it was decided that to negate the Local Authority interest charges being paid by Welling Academy, that £252,000 would be withdrawn from the 32-day account to allow them to pay their final outstanding loan balance. In addition, as a result of the significant reduction in interest rates from 0.75% to 0.10%, a further £1m was withdrawn to be held in the Trust's Central Treasury account to give easy access to funds for payments to academies where short/medium cash advances were required.

A total income of £20,322 was earned from investments and as agreed, the self-generated income was ring-fenced to support a Trust-wide initiative, which for 2019/20 was the wellbeing strategy. The investment policy was due to be reviewed in 2019/20 for implementation in the 2020/21 financial year; however, although early discussions with an education banking advisor in relation to potential banking and investment options for the Trust had begun in 2019/20, as a result of the COVID-19 outbreak those discussions have since been put on hold.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties**

The Trustees have assessed the principal risks to which the Trust is exposed, in particular, those related to the charitable operations, principal activities and also finances of the Trust, and are satisfied that systems and procedures are in place to mitigate its exposure to major risks. The Board has in place separate, Audit & Risk, Finance, Educational and HR Committees to champion the identification and management of significant financial and compliance risks faced by the organisation, with the terms of reference from the Board providing the appropriate delegated powers to the committees allowing them to fulfil their responsibilities. Matters of significance at individual academies are escalated through appropriate procedures to these Committees, and when required some schools could be escalated further on up to the Board for consideration.

The key areas focused upon and those that pose the largest risks and uncertainties are outlined within the Trust's Strategic Risk Register and are regularly reviewed and updated, with the key risks outlined below:

- ◆ Ongoing impact of the COVID pandemic impacts severely on our ability as a trust and as schools to ensure all pupils are safe and can be successful.
- ◆ Quality of teaching does not improve provision and outcomes in TKAT schools.
- ◆ Quality of leadership is not having sufficient impact on short term and long term goals.
- ◆ Avoidable safeguarding incidents occur.
- ◆ Quality of curriculum provision does not meet the needs of and aspirations of its pupils.
- ◆ Outcomes and life chances of TKAT Pupil Premium pupils do not improve.
- ◆ Additional costs of COVID and insufficient savings and efficiencies hinder schools' ability to meet their agreed budgets.
- ◆ ICT strategy does not support Trust, regional and school objectives.
- ◆ Not all staff are engaged in supporting and delivering Trust and school level priorities and targets.

Along with the existing controls in place to mitigate the risks, the Trustees have added additional mitigating actions for the 2020/21 academic year.

In addition to the annual focus on compliance to include, Safeguarding, Health and Safety, Financial, Data Protection and Employment, the impact of COVID in relation to the pupils' educational outcomes and the financial sustainability of the Trust has been added to the register as a risk to achieving the goals. To mitigate these risks, a strengthening of the academy outturn forecast procedures to clearly identify the impact of additional COVID costs will allow interventions to be made quickly, and in relation to pupil outcomes, strategies have been put into place to narrow the gap for Pupil Premium pupils and ensure Catch Up funding is targeted to achieve the best outcomes for all pupils.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

***Financial viability***

The Trust is heavily reliant on continued government funding at levels that take account of above average pay and pension increases and general inflation and although Local Authorities receive their funding on a per pupil basis, the General Annual Grant (GAG) funding is still subject to local Schools Forum decisions and capping and scaling, prior to being disseminated to academies. This continues to have an impact on individual and groups of academies as the 'per pupil funding' increases due to be seen by many, are only gradually being received. The Teachers Pay and Teachers Pension Grants continue to be funded. The proposed increases to teachers pay award to take effect from September 2020 will add an additional pressure on academy budgets; however, the Trust had built in a 3% pay award for all staff, and therefore the increase in costs will be manageable.

To ensure individual academies remain financially viable and work within their scarce resources and the approved reserves policy levels, strong support and guidance is provided to academies throughout the financial year, with additional levels of support provided during the budget planning process. The introduction of the Head of Procurement and Contracts and the work to secure Trust-wide contracts is assisting to mitigate some price rises, however, the impact of the 2020/21 levels of COVID related expenditure and lost income from lettings is likely to put pressure on many academies, unless significant reimbursements are agreed by the DfE. For academies where additional income generation or expenditure efficiencies are not sufficient to set a balanced budget, they are requested to undertake an organisational change process and review curriculum delivery.

As the majority of the income received by academies is driven by pupil numbers, any continued year on year reductions would have an impact on the academies' ability to set a balanced budget. Improving the educational outcomes for pupils and their Ofsted judgements is key to maintaining pupil number levels, alongside increased marketing to ensure large variations in numbers are kept to a minimum. Where reductions in pupil numbers are beyond the Trust's control, discussions with Local Authority pupil place planning teams are arranged to explore options for the future. There is a net gain in pupil numbers across the Trust for October 2020 when compared to October 2019, however, unfortunately there are significant reductions for some individual academies.



**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

***Educational outcomes***

The risks that traditionally have been associated with educational outcomes, league tables, Ofsted judgements, poor pupil numbers have, since the onset of the pandemic in March 2020, largely gone by the wayside for the last academic year. The risks that have come to the fore as a result of lockdown and school closures could, potentially, have a greater impact on schools than a poor set of results. The knowledge/skills gaps that have become evident present an imminent risk to those pupils wanting to access post 16/University courses in 2021 if not addressed as a matter of urgency. Similarly, the ongoing risk of school-based provision being disrupted due to COVID-19 infections and the closures of 'bubbles' put this cohort of pupils/students at even greater disadvantage. The Department for Education's intention is still to undertake an exam suite in the summer 2021, and although there are to be some adaptations made to assessments processes, these exams will prove not be a test of the pupils' knowledge or the quality of educational provision by the school, but more a reflection of the level of blended learning they've experienced in the past 18 months.

The second risk that schools face this academic year is that of financing a COVID safe environment. Our projected costs for this academic year are circa £1million, which, at this present time are costs that schools have to fund themselves. Needless to say, when setting budgets, these costs were not accounted for and, if schools are to remain open to all year groups, will put them a large number of them into a considerable deficit. The Trust will be in a position where they will need to make a decision whether or not to approve deficit budgets for schools in order to keep them open, should the decision be that these ongoing unfunded costs should not be met by the school, then schools will be forced to close access to school based learning which will compound the existing knowledge/skills deficit situation for pupils/students.

***Other areas considered***

Other areas considered include:

- ◆ Safeguarding and child protection – the Trust has in place child protection, health and safety and disciplinary policies to deliver a safe and secure environment where children can be inspired to learn and thrive. In addition to the policies, there has been additional investment in this area, with increases to the central safeguarding teams and funding for all staff to attend safeguarding training.
- ◆ Governance and challenge – the academic progress and attainment of children may not meet the expectations of parents and the regulator. This is mitigated by the active involvement of Local Governing Bodies supported by intensive monitoring from the Educational Executive.
- ◆ Internal controls – the Trust currently outsources the finance internal audit function to ensure a fully independent view of internal controls with the auditing model being designed to safeguard the Trust's assets and ensure proper accounting records are maintained, with the scope of this audit now widened to include Health and Safety.

**STRATEGIC REPORT (continued)**

**Principal risks and uncertainties (continued)**

***Other areas considered (continued)***

- ◆ Liquidity – the Trust may not undertake borrowing without approval of the Secretary of State and so manages its cash resources to meet the needs of the academies, and engages the services of Link Asset Services to review all new and existing leases to ensure compliance.

**Fundraising**

Under the provisions of the Charities (Protection and Social Investment) Act 2016, the Trust confirms the following:

- ◆ The Trustees acknowledge Charity Commission guidance CC20 and have adopted the six principles within the Trust's fundraising approach. Fundraising efforts are carried out at local academy level and suitable oversight is maintained by the academy Senior Leadership Team.
- ◆ Fundraising efforts are predominately led for either the benefit of the individual academy within the Trust or a designated charity for whom the academy is raising charitable donations.
- ◆ Typical fundraising activities include non-uniform days, pupil cake bake sales and seasonal fun days.

Fundraising is led by some or all of the following parties associated with the academy:

- ◆ Pupils
- ◆ Teachers
- ◆ Parents
- ◆ Parent Teacher Association(s)

Throughout the 2019/20 year, the Trust did not engage with any commercial participators or professional fundraisers.

The Trustees acknowledge their responsibility to protect the public, including vulnerable people, from unreasonable, intrusive or persistent fundraising approaches.

There were no fundraising complaints received throughout the 2019/20 year.

**STRATEGIC REPORT** (continued)

**Streamlined Energy and Carbon Reporting**

As per the requirements of sections 465 and 466 of the Companies Act 2006, the Trust has published its UK energy use as follows:

<b>UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020</b>	
Energy consumption used to calculate emissions (kWh)	<b>26,451,198</b>
Energy consumption breakdown (kWh)	
• Gas	19,638,794
• Electricity	6,812,404
Scope 1 emissions in metric tonnes CO <sub>2</sub> e	
• Gas consumption	3,611
Scope 2 emissions in metric tonnes CO <sub>2</sub> e	
• Purchased electricity	1,588
Total gross emissions in metric tonnes CO <sub>2</sub> e	<b>5,199</b>
Intensity ratio	
• Tonnes CO <sub>2</sub> e per pupil	<b>0.23</b>

***Quantification and reporting methodology:***

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting.

***Intensity measurement:***

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO<sub>2</sub>e per pupil, the recommended ratio for the sector.

## STRATEGIC REPORT (continued)

### Streamlined Energy and Carbon Reporting (continued)

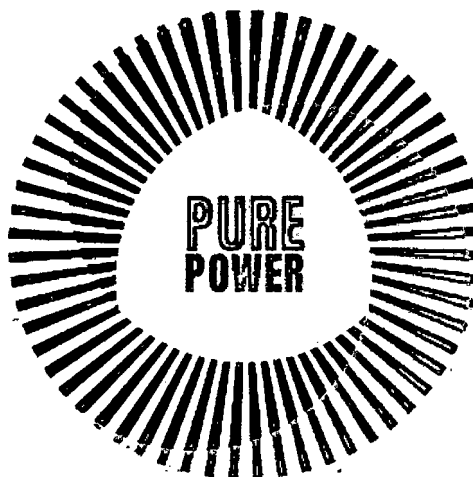
#### *Measures taken to improve energy efficiency:*

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

As of October 2020, the Trust has successfully secured its electricity solely from zero carbon, 100% renewable sources.



**WE'RE BEING  
SUPPLIED WITH  
WIND HYDRO SOLAR  
ZERO CARBON ELECTRICITY  
100% NATURAL RENEWABLE**



## PLANS FOR FUTURE PERIODS

### Secondary academies

This year has a particular focus on Covid catch up and a number of initiatives have been put in place to tackle this and measure the impact. Further to this, Trust development is focusing on the following areas:

Development of Teaching & Learning: Subject Lead Practitioners and T&L Coaches, trained by TKAT, have been deployed in schools to work with individual teachers using our accredited RISE coaching programme to improve the quality of teaching within a six week period. Alongside this, they also work to skill up Heads of Department so that the model becomes a self-sustaining part of school improvement. To support Covid catch-up, the Trust has also developed video training packages to support teaching in a Covid-safe environment where close contact with students is not possible. Our aim is for teaching across the Trust to be at 80% good or better.

## **PLANS FOR FUTURE PERIODS (continued)**

### **Secondary academies (continued)**

**Curriculum Development & Assessment:** The Trust has developed a 'Cohesive Curriculum' approach which aligns examination boards and programmes of study across Key Stage 3 and 4 in EBacc subjects. The key aim of this is to be able to put on whole-Trust training using expertise from exam board partnerships, and to use these commonalities to ensure that school to school support is more effective. Where schools have historically significantly underperformed in individual subjects, detailed schemes of work are in place and this work is supported further by the Subject Lead Practitioners.

Assessment across Key Stage 3 is currently underdeveloped and this is being overhauled this year so that by September 2021 there is a Trust-wide approach using centre-developed assessments in each term of every year group for the EBacc subjects. This will then complement the assessment development already in place at Key Stage 4 with the aim of having the ability to use robust data to identify gaps in learning and progress early, thereby providing the challenge and support needed before students enter Key Stage 4.

**Reading Development:** A reading project is now in place across both primary and secondary which has created a 'Reading Continuum' which takes children from Reception through to Year 11. The continuum identifies the key skills children need to develop at their chronological reading age and comes with the teaching and intervention strategies needed to make more rapid progress. Research-based interventions are being trialled and implemented in secondary schools for the first time and these will comprise our Covid reading catch-up programme across the Trust where we are training Reading Tutors on the programmes we can evidence work best.

**Closing the Gap for Disadvantaged:** Our flagship 'Ambition Tutor' programme is being introduced this year across both primary and secondary. This initiative aims to connect every Pupil Premium child and their families to a specialised tutor who will support children and their families to overcome the barriers to their learning, whether they be educational or social. We have created flightpaths for this group which target them to make additional progress year on year to catch up with their non-disadvantaged peers.

### **Primary academies**

In September 2020, we launched an ambitious training programme for staff aligned to the new Primary Strategy, which is aimed at improving collaboration and creating a greater consistency of practice. Teachers and leaders have taken part in high quality instruction, coaching and leadership from experts in phonics, maths, reading and PE. This has been supported by our team of lead practitioners who have the expertise and knowledge to support schools and leaders in order to achieve our long-term goals of excellence.

### **SCITT and Teaching School Alliance**

The main focus for the SCITT team during the 2020/21 year will be to continue to develop and refine its curriculum in light of the new programme and Ofsted frameworks and ensure that the negative impact of COVID is mitigated as much as possible for the current cohort of 90+ trainees. Much of the good practice developed in terms of 'virtual' delivery and support for trainees will be embedded and further developed over the coming months.

**PLANS FOR FUTURE PERIODS (continued)**

**SCITT and Teaching School Alliance (continued)**

We will also be looking at how the SCITT will work with the new Teaching Hubs - once successful bids have been decided - and how we can ensure that these partnerships are developed to support and enhance our provision. Alongside this, we will be examining any potential risks in light of recently announced cuts to bursary funding for trainees next academic year and how we can respond to this.

With the demise of Teaching Schools at the end of this academic year, one of the biggest priorities this year will be developing a new model for 2021/22 and beyond. Work is already underway and we are viewing this as an exciting opportunity to have a professional development offer that engages staff further across all our schools and at every level. The development of virtual learning is high on the agenda - with face-to-face CPD opportunities decreasing.

We are currently talking to NTA with a view to having one awarding body for NQTs across the Trust - this would give us a much clearer idea of what is happening in all our schools and should enable us to identify any areas of need and complement the new two year Early Career Framework (ECF), which will come into place in September 2021. We will review our partnership with Teach First that we have this year - piloting the one year ECF, and make a decision regarding who we will partner next academic year

GLF Multi Academy Trust have approached us to be a named collaborative partner in their application to become a Teaching Hub in West Sussex; following a couple of very positive meetings we are confident that some collaboration with them would be beneficial to both Trusts.

**FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS**

The Trust receives 16-19 bursary payments and SCITT bursary payments from the ESFA. The Trust does not recognise this income as its own income and pays out all monies received for its primary purpose to the relevant parties.

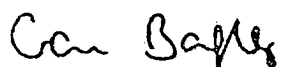
## Trustees' report (incorporating a strategic report) Year ended 31 August 2020

### AUDITOR

Insofar as the trustees are aware:

- ♦ there is no relevant audit information of which the charitable company's auditor is unaware
- ♦ the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees and signed on the board's behalf by:



Gaenor Bagley  
Chair of Trustees

Date: 15/12/2020

### **Scope of responsibility**

As Trustees, we acknowledge we have overall responsibility for ensuring that The Kemnal Academies Trust ('TKAT' or 'the Trust') has an effective and appropriate system of control, financial and otherwise. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreements between The Kemnal Academies Trust and the Secretary of State for Education. The CEO is responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

### **Governance**

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met seven times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<b>Board members</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Gaenor Bagley, Chair	7	7
Karen Roberts, CEO	7	7
Peter Baines	7	7
John Harrison	7	7
Aruna Mehta	7	7
Elaine Thomas	7	7
Timothy Young (resigned 4 May 2020)	3	3

During the unusual circumstances faced in 2020, meetings of the Board moved to an online platform to allow for effective governance to be maintained in the face of school closures and the nation's lockdown period. Additional meetings were convened to discuss the position during this period and to allow decisions to be taken. The committee meetings planned for March did not take place individually given the situation – a combined Board meeting covered the essential elements of each of the meetings.

### **Governance review**

As one of the largest Multi-Academy Trusts in the UK, TKAT recognises the need for strong governance at all levels within the organisation. At a corporate level, the Trust regularly reviews the skills of the Board and works to ensure that there is sufficient knowledge and experience to ensure standards are maintained and driven in both the educational and corporate areas.



**Governance review** (continued)

The two new Trustees appointed in May 2019 settled well to the Board, bringing additional educational experience. Following a handover period during 2019/20, the new Chair of the Board took over seamlessly in September 2019. The Board undertook a strategic development session in the first weeks of 2019/20 to bring the Board together as a whole with the new Trustees and inform future working and development. The Trustees as a whole were kept up to date with changing guidance and were provided with updated guidance and regulatory documents as they were released. The Vice Chair was appointed Senior Independent Director in September 2019 to collect feedback on the Chair and be another point of contact for Trustees should it be necessary.

The Board commissioned an external MAT review to consider the Trust's approach to school improvement, focusing on the following two questions: How effective is the MAT's school improvement model to drive consistent and cohesive improvement at pace?; and how central is the current governance model to school improvement and how effective and efficient it is in improving and securing performance in all academies?

The review schedule was far reaching and extensive, it was undertaken between January 2020 and March 2020 and included discussions with a wide range of stakeholders including the Chair of the Board of Trustees; Trustees; CEO; Deputy CEO; Regional Executive Directors (REDs); Deputy Regional Executive Directors (DREDs); Executive Headteachers (EHTs); Headteachers; senior teachers and Chairs of LGBs.

The Trustees carefully reviewed the recommendations made by this review and agreed actions to implement identified improvements. As part of this, work is ongoing in 2020/21 to implement a new Local Governance Framework and to review the Scheme of Delegation.

In addition to the above, the Board has continued to undertake informal reviews of skills and composition throughout the year, whilst actively succession planning and identifying any skills gaps. During the year, the need for additional Trustees was identified, and the process started to recruit Trustees through an external agency. This resulted in the addition of three Trustees bringing different experience and value to the team in the early part of 2020/21.

The Committee structure was further reviewed, and terms of reference updated to reflect a move in responsibilities for the committees. The Performance and Risk Committee has become the Education Committee, with Audit Committee picking up all elements of risk other than those relating to educational risk and being renamed Audit and Risk Committee. The Chair of each committee was reviewed, and new Chairs identified for both Education and Audit and Risk. The changes have embedded well, and Trustees are confident there is an appropriate share of responsibilities and knowledge.

The work of the committees is considered at each Board meeting, giving Trustees the opportunity to evaluate the impact of and actions taken by the committees. Trustees have visited the schools within their region and met with key staff to improve their understanding of strengths and challenges specific to the region. The DfE have continued to attend the Education Committee meetings providing valuable two-way communication.

**Governance review (continued)**

The format and content of information provided to the Board is continually under review to ensure that is both relevant and easy to understand. The Trustees remain satisfied that they are getting the information they need in a timely and appropriate manner.

Governance in individual academies is supported by a Trust-wide intranet which covers key areas including governance as well as access to useful resource materials, guidance, and templates. This is continually reviewed and updated to ensure it reflects current good practice and requirements.

Appropriate courses are offered throughout the academic year on a regional basis as needed, including induction courses, governors discipline panels, Ofsted framework, and support for individual new Chairs and Clerks.

The structure of local governance is continually reviewed, and where appropriate, has been strengthened by regional models of governance, and Executive Local Governing Bodies overseeing more than one academy. Where appropriate, governance has been returned to single LGBs. Recruitment of local governors has been supported centrally.

Local Governing Bodies are encouraged to undertake regular skills audits. All Local Governing Bodies complete an annual impact statement which is published on school websites and reviewed by the Trust Board.

Reviews of governance are undertaken by the Governance Team on request and in the event of weaknesses being identified.

**Sub-Committees**

***Audit and Risk Committee***

The Audit and Risk Committee is a committee of the main Board of Trustees. Its purpose is to support the Board in the discharge of its responsibilities for financial systems, operational controls, governance and risk, including health and safety, at TKAT and all its academies.

Aruna Mehta took over as Chair of Audit and Risk in December 2019, and the committee took on oversight of all areas of risk, allowing the previously named Performance and Risk Committee to focus on education, becoming the Education Committee. The meeting planned for March did not go ahead due to the national lockdown, resulting in fewer meetings in the table below.

Karen Roberts attends the meeting to report to Trustees as the Accounting Officer.

Attendance at meetings in the year was as follows:

Trustee	Number of meetings attended	Out of a possible
Aruna Mehta, Chair of Committee	3	3
Peter Baines	3	3
Gaenor Bagley	3	3
John Harrison	2	2

**Sub-Committees (continued)**

***Finance Committee***

The Finance Committee is a committee of the main Board of Trustees. Its purpose is to support the Board in the discharge of its responsibilities for financial scrutiny and oversight. The meeting planned for March did not go ahead due to the national lockdown, resulting in fewer meetings in the table below.

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Number of meetings attended</b>	<b>Out of a possible</b>
Peter Baines, Chair of Committee	4	4
Karen Roberts, CEO	3	4
Aruna Mehta	4	4
Gaenor Bagley	4	4
John Harrison	4	4

The Board met seven times throughout the year in addition to utilising both the Audit and Risk, and Finance committees, to provide assurance that effective financial oversight of the Trust was maintained during the 2019/20 year.

The Board continued its two additional committees, the Human Resources (HR) Committee and the Education Committee.

The HR Committee consisted of Elaine Thomas, Aruna Mehta, Gaenor Bagley and John Harrison, and is responsible for ensuring the highest standards of corporate governance in the remuneration and succession planning of the Chief Executive (CEO) and Senior Managers of TKAT, and oversee people, inclusion and culture strategies. The HR Committee met three times during the 2019/20 financial year.

The Education Committee consisted of Gaenor Bagley, Aruna Mehta, Elaine Thomas, John Harrison, Timothy Young (until May 2020) and Karen Roberts, and supports the Trust in the discharge of its responsibilities to provide a high standard of education and duty of care to every student in its academies. The Education Committee met four times during the 2019/20 academic year.

**Review of value for money**

The Trust continues to seek and deliver efficiencies through the negotiation, and the rationalisation of its supply chain, with both the Trust and individual academies seeing the financial benefits in the 2019/20 financial year. These benefits will increase further into 2020/21 as the Trust have added additional staffing resources to this team to enable a greater number of projects and contracts to be procured and or renegotiated. In addition to the direct procurement staffing levels, the Trust has employed a Catering Contracts Manager to oversee all academies catering contracts, as this was seen to be a key area of expenditure.

**Review of value for money (continued)**

The profile of the Head of Procurement and Contracts has been raised, with much greater levels of engagement with Trustees, Headteachers and Business Managers now being seen, this closer partnership working has seen an increase in the levels of Trust-wide procurements taking place in 2019/20. The sharing of key staff, most notably Business Managers continues to increase and when opportunities for this model of working is identified and can create opportunities for efficiencies Headteachers recognise the savings that can be realised to reinvest in frontline education delivery.

With the Trust's procurement procedures, policy and strategy embedded, an extensive examination of the key areas of spend within the Trust was undertaken, and this highlighted broadband, internal audit, insurance along with the continued rollout of regional catering via the new TKAT Catering Supplier Framework Agreements as the main areas to focus on for 2019/20. All of these contracts have been procured, and although not all of them realised significant savings, some of the larger benefits seen as a result of the procurement activities were the introduction of the wider use of TKAT Terms and Conditions for all new contracts, which contain more preferable terms for the Trust, and also contracts being paid as a single payment via direct debit from the central finance team, rather than 45 individual payments being required. This not only massively reduced the administrative time spent within this area, but also ensured all invoices were paid in a timely manner, that assisted with the Payment Performance Procedures (PPP) return data.

Regional and individual academy procurements took place throughout the year, primarily cleaning and multi-functional devices with all savings being monitored via the savings tracker database, with regular updates being shared with the Finance Committee and Board.

Energy continues to be one of the largest areas of non-staffing spend within academies and Business Managers now have full access to all the information with regard to their individual schools energy usage on line, and receive invoices via the portal provided by Inspired Energy. In 2019/20 the Estates team commenced working in partnership with Inspired Energy to assist academies in reviewing their data to allow local action plans to be drawn up to reduce usage and costs. This work will continue more extensively in 2020/21.

The Trust employs a Director of Opportunity, with their three primary areas of focus: to maximise pupil numbers; to increase the external use of academy buildings and land through leases and lettings; and to secure external grant funding for individual academies, regions or the Trust as a whole. In 2019/20 a greater focus on partnership working was added to the role with a key priority being to make best use of extended partnerships and networks to improve educational outcomes. Below is an overview of the current partnerships and networks that the Trust are involved in:

- ◆ Cluster partnerships that include both academies and local authority schools. Some examples are the Blackwater Partnership (Essex), Bexhill Alliance, Blue Flag Alliance (Chichester), and Ramsgate primary schools.
- ◆ Local authority phase partnerships, such as Bexley, Bromley, Association of Secondary Headteachers in Essex (ASHE), Essex Primary Headteachers' Association (EPHA), West Sussex, Crawley Heads Association, and Medway Secondary Heads Association.

**Review of value for money (continued)**

- ◆ Government Opportunity Areas, such as Ore Village in the Hastings Opportunity Area.
- ◆ Links with English Hub schools, for example with Kingsnorth for early reading in Kent, and with Myland in Essex for phonics support for Willow Brook.

The key objective of the Enterprise/Opportunity strategy is to complement and support the financial strategy in helping schools to improve educational standards, so although many of the current areas of partnership do not create additional funding for academies directly, they offer both economies of scale financially and allow pupils to gain access to greater educational experiences. The importance of this role has been identified by the Trust with the post being made full-time in 2020/21.

The Trust continues to extensively review and monitor its individual academies' cash flow forecasts and the financial strength of the Trust, and holds over £3.5m of investment of surplus cash funds in a 32-day account, with the interest earned being made available to reinvest into services for the benefit of the academies. Additional deposit options are being explored for the 2020/21 financial year, with fixed term deposits potentially being added to secure higher levels of interest.

The SCITT and Teaching School provisions continue to be successful and along with delivering a surplus to the Trust, the key benefit is the steady annual flow of new teachers into the academies. This significantly saves on the cost of recruitment and also the high costs of supply cover for hard to place teaching subjects. Added to that, new and existing staff have access to an increased range of in-house educational and corporate services training courses and where capacity permits, these courses are also being marketed to non-TKAT schools. The benefits of this provision have been that it has reduced the reliance on costly external providers and also generated external income for the Trust.

The Trust continues to use the services of Link Asset Services to provide leasing and financing advice and this has ensured that leases are verified as fully compliant operating leases, hence avoiding any potentially expensive termination costs, and also some academies have used the option to take up the benefits of their national framework rates for the financing of equipment. Due to the seriousness of the financial consequences of entering into a finance lease, as of the 2019/20 financial year it was mandated that no academies could enter into a lease until reviewed and approved by the Central Finance Team.

The Trust currently benefits from in-excess of £4m of School Conditions funding to enhance its academy facilities, and being such a significant area of spend, the Trustees have agreed to the project management of the schemes being moved in-house. This should not only achieve better value for money over the summer delivery period, but also provide a valuable resource throughout the whole academic year to assist academies with their estates management and planning.

All Corporate Centre budget holders are continuously being challenged to create efficiency savings and meet their annual budgets, and to assist in meeting these key areas of spend, the central finance team hold regular meetings to discuss potential options for cost reductions.

**Review of value for money (continued)**

In delivering against our key aim, to improve educational standards in all schools within the Trust, we have focused on providing the highest quality and bespoke school-to-school support to allow each academy to move into their next phase of development. In utilising a combination of high quality central and school-based resources a culture of sharing best practice is being achieved, without the requirement for such a large volume of external consultancy. This has assisted with a reduction in staff turnover and created opportunities for future leaders, both leading to expenditure reductions.

In addition to assisting academies to work within their scarce resources by delivering the above, the Trust continues to provide additional training in three key areas of finance, budgeting, forecasting and cash flow management. Aligned with the training is the rollout of an enhanced standardised monthly outturn challenge monitoring tool and cashflow forecasting template. These two key financial returns have assisted the Finance Committee and Board to make informed high-level financial decisions and ensure the short and medium term needs of all academies can be addressed.

Finally, the Trust were approached by the ESFA in December 2019 to take part in a review of its finance and governance. This review was undertaken by an ESFA Schools Resource Management Adviser (SRMA) in January 2020, with the overall outcome shown below:

**Summary of findings**

*"The Trust have a robust financial management system in place within their schools in my opinion. The Trust adopt a five-year recovery plan for any school in financial difficulty, however many schools are forecasted to be back in surplus well within this time frame.*

*The external assurance given above, along with the Integrated Curriculum Financial Planning, Schools Resources Management Self Assessment Toolkit (SRMSA), and other academy Benchmarking Tools used, highlights the Trust's continued drive and commitment to ensure Value for Money for the benefit of its pupils and best use of public funds."*

**The Purpose of the System of Internal Control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Kemnal Academies Trust for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

### **The Risk and Control Framework**

The Trust's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- ◆ comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- ◆ regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has engaged Crowe UK as its internal auditor. The internal auditor's role includes giving advice on internal controls and risk mitigation and duly performs a range of checks on the Trust's financial systems. In particular, the checks carried out in the current period included:

- ◆ A comprehensive internal audit programme including wider financial compliance requirements in addition to the sample-based review and testing of financial systems and controls;
- ◆ A rigorous audit report review process ensuring a consistent approach when issuing academies with recommendations;
- ◆ An established follow up programme whereby each academy is contacted following their internal audit to offer an opportunity to discuss all findings and recommendations made;
- ◆ Trust led small focus groups offering refresher training sessions on internal controls encompassing academy financial systems and procedures; and
- ◆ Continued development of new internal training guides and aids following on from the identification of consistent weaknesses highlighted as part of the internal audit programme.

**The Risk and Control Framework (continued)**

On a termly basis, the internal auditor reports to the Board of Trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. Any recurring weaknesses within internal controls are discussed with proposed follow up actions and support structures implemented to mitigate any further risks. Ahead of the Coronavirus enforced lockdown, the appointed internal auditors conducted audits per their agreed schedule of work. Academies who had not received an audit due to lockdown were reviewed internally, and a targeted plan for testing was carried out in lieu of a full audit.

During the period 1 September 2019 to 31 August 2020 there were no material control issues identified.

**Review of effectiveness**

As Accounting Officer, the Chief Executive Officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

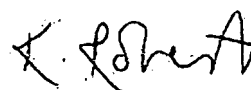
- ♦ the work of the internal auditor;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self-assessment process or the school resource management self-assessment tool; and
- ♦ the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees and signed on their behalf by:



Aruna Mehta  
Chair of the Audit & Risk Committee



Dr Karen Roberts  
Accounting Officer

Date: 15/12/2020

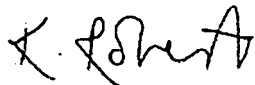


**Statement on regularity, propriety and compliance 31 August 2020**

As Accounting Officer for The Kennal Academies Trust ('the Trust'), I have considered my responsibility to notify the Trust's Board of Trustees, Audit and Finance Committees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the Funding Agreements in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the Trust's Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreements and the Academies Financial Handbook 2019.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Board of Trustees and ESFA.



Dr Karen Roberts  
Accounting Officer

Date: 15/12/2020

## Statement of Trustees' responsibilities Year to 31 August 2020

The Trustees of The Kemnal Academies Trust ('the Trust') (who are also the Directors of the Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Academies Accounts Direction published by the Education and Skills Funding Agency (ESFA), United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Trust and of its income and expenditure for that period. In preparing these financial statements, the Trustees are required to:

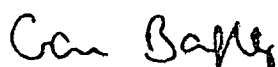
- ♦ select suitable accounting policies and then apply them consistently;
- ♦ observe the methods and principles in the Charities Statement of Recommended Practice (Charities SORP FRS 102) and the Academies Accounts Direction 2019 to 2020;
- ♦ make judgments and estimates that are reasonable and prudent;
- ♦ state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ♦ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Trust will continue in operation.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation, the Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the ESFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the Trust's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the Board of Trustees and signed on its behalf by:



Gaenor Bagley  
Chair of Trustees

15/12/2020

Date:

**Independent auditor's report to the members of The Kemnal Academies Trust**

**Opinion**

We have audited the financial statements of The Kemnal Academies Trust (the 'charitable company') for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP FRS 102) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS 102 and Academies Accounts Direction 2019 to 2020.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- ◆ the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ◆ the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the annual report and financial statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Companies Act 2006**

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

- ♦ the information given in the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ♦ the Trustees' report, which is also the directors' report for the purposes of company law and includes the strategic report, has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report including the strategic report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ♦ adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ♦ the financial statements are not in agreement with the accounting records and returns; or
- ♦ certain disclosures of Trustees' remuneration specified by law are not made; or
- ♦ we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the statement of Trustees' responsibilities, the Trustees (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Katharine Patel (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

21 December 2020

**Independent reporting accountant's assurance report on regularity to The Kemnal Academies Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 13 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Kemnal Academies Trust (the 'Trust') during the year 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Kemnal Academies Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Kemnal Academies Trust and the ESFA those matters we are required to state in a report for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Kemnal Academies Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

**Respective responsibilities of the Kemnal Academies Trust's Accounting Officer and the reporting accountant.**

The Accounting Officer is responsible, under the requirements of The Kemnal Academies Trust's funding agreements with the Secretary of State for Education dated 26 March 2013 and November 2016, and the Academies Financial Handbook extant from 1 September 2019, for ensuring that expenditure disbursed, and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

## **Independent reporting accountant's report on regularity 31 August 2020**

### **Approach (continued)**

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the Trust's income and expenditure.

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- ◆ Further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- ◆ Consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

### **Conclusion**

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP  
Chartered Accountants  
130 Wood Street  
London  
EC2V 6DL

21 December 2020

## Statement of financial activities Year ended 31 August 2020

(Including Income and Expenditure Account)

	Notes	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £000	Total funds 2020 £000	Total funds 2019 £000
<b>Income from:</b>						
Donations and capital grants	1	87	117	16,662	<b>16,866</b>	7,348
Charitable activities						
· Funding for the Trust's educational operations	2	647	136,925	—	<b>137,572</b>	130,306
· Teaching School	24	—	1,003	—	<b>1,003</b>	1,105
Other trading activities	3	1,141	—	—	<b>1,141</b>	2,090
Investments and interest receivable	4	—	49	—	<b>49</b>	37
Other sources	5	—	322	—	<b>322</b>	7,316
<b>Total income</b>		<b>1,875</b>	<b>138,416</b>	<b>16,662</b>	<b>156,953</b>	<b>148,202</b>
<b>Expenditure on:</b>						
Charitable activities						
· Trust's educational operations	7	170	144,186	13,049	<b>157,405</b>	151,571
· Teaching School	24	—	937	—	<b>937</b>	978
<b>Total expenditure</b>	6	<b>170</b>	<b>145,123</b>	<b>13,049</b>	<b>158,342</b>	<b>152,549</b>
<b>Net income / (expenditure) before transfers</b>						
		1,705	(6,707)	3,613	<b>(1,389)</b>	(4,347)
Transfers between funds	17	(2,139)	1,568	571	—	—
<b>Net income / (expenditure) before other recognised gains and losses</b>						
		(434)	(5,139)	4,184	<b>(1,389)</b>	(4,347)
Actuarial losses on defined benefit pension scheme	21	—	(2,748)	—	<b>(2,748)</b>	(16,452)
<b>Net movement in funds</b>		<b>(434)</b>	<b>(7,887)</b>	<b>4,184</b>	<b>(4,137)</b>	<b>(20,799)</b>
<b>Reconciliation of funds</b>						
Total fund balances brought forward at 1 September 2019		8,173	(59,352)	263,162	<b>211,983</b>	232,782
<b>Total fund balances carried forward at 31 August 2020</b>		<b>7,739</b>	<b>(67,239)</b>	<b>267,346</b>	<b>207,846</b>	<b>211,983</b>

All of the Trust's activities derived from continuing operations during the above two financial periods.

All recognised gains and losses are included in the above statement of financial activities.



# Balance sheet 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
<b>Fixed assets</b>					
Tangible fixed assets	13		261,127		259,521
<b>Current assets</b>					
Debtors	14	6,851		5,728	
Cash at bank and in hand		20,537		16,462	
		<u>27,388</u>		<u>22,190</u>	
<b>Liabilities</b>					
Creditors: amounts falling due within one year	15	(11,545)		(9,595)	
<b>Net current assets</b>			15,843		12,595
<b>Total assets less current liabilities</b>			<u>276,970</u>		<u>272,116</u>
Creditors: amounts falling due after more than one year	16		(91)		(392)
<b>Net assets excluding pension scheme liabilities</b>			276,879		271,724
Defined benefit pension scheme liabilities	21		(69,033)		(59,741)
<b>Net assets including pension scheme liabilities</b>			<u>207,846</u>		<u>211,983</u>
<b>Funds of the Trust:</b>					
<b>Restricted funds</b>					
Restricted fixed asset funds	17	267,346		263,162	
Restricted general funds	17	1,794		389	
Pension reserve	17	(69,033)		(59,741)	
			200,107		203,810
<b>Unrestricted funds</b>					
Unrestricted general funds	17		7,739		8,173
<b>Total funds</b>			<u>207,846</u>		<u>211,983</u>

The financial statements on pages 46 to 84 were approved by the Board of Trustees of The Kemnal Academies Trust (Company Registration Number 07348231) and signed on its behalf by:



Aruna Mehta  
Trustee and Chair of Audit & Risk Committee



Gaenor Bagley  
Chair of Trustees

Date: 15/12/2020

# Statement of cash flows Year ended 31 August 2020

	Note	2020 £'000	2019 £'000
<b>Cash flows from operating activities:</b>			
Net cash provided by (used in) operating activities	A	<b>2,423</b>	(1,425)
<b>Cash flows from investing activities:</b>			
Interest received		49	37
Purchase of tangible fixed assets		(4,771)	(13,271)
Capital grants from DfE and other capital income received		6,777	6,187
Insurance proceeds for capital items		—	7,311
<b>Net cash provided by investing activities</b>		<b>2,055</b>	264
<b>Cash transferred on new schools joining the Trust:</b>			
Cash transferred on conversion		—	8
<b>Net cash provided by new schools joining the Trust</b>		<b>—</b>	8
<b>Cash flows from financing activities:</b>			
Loan repayments		(403)	(114)
<b>Net cash used in financing activities</b>		<b>(403)</b>	(114)
<b>Change in cash and cash equivalents in the year</b>		<b>4,075</b>	(1,267)
Cash and cash equivalents as at 1 September 2019		16,462	17,729
<b>Cash and cash equivalents at 31 August 2020</b>	21	<b>20,537</b>	16,462

## A Reconciliation of net expenditure to net cash flow from operating activities

	2020 £'000	2019 £'000
<b>Net expenditure for the year (as per statement of financial activities)</b>	<b>(1,389)</b>	(4,347)
<b>Adjustments for:</b>		
Depreciation charge (note 13)	13,049	11,507
Investment Income and interest receivable (note 4)	(49)	(37)
Transfer of cash on conversion	—	(8)
Donation of building and equipment	(9,885)	(1,701)
Loss on disposal of fixed assets	1	66
Increase in debtors	(1,123)	(6)
(Decrease) increase in creditors	2,052	(531)
Capital grants from DfE and other capital income	(6,777)	(6,187)
Insurance proceeds for capital items (note 5)	—	(7,311)
Defined benefit pension scheme obligation inherited (note 21)	—	734
Defined benefit pension scheme service cost adjustment (note 21)	5,455	5,427
Defined benefit pension scheme finance cost (note 21)	1,089	969
<b>Net cash provided by (used in) operating activities</b>	<b>2,423</b>	(1,425)

# Statement of cash flows Year ended 31 August 2020

## B Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	20,537	16,462
	<b>20,537</b>	<b>16,462</b>

## C Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
<b>Cash and cash equivalents</b>			
Cash	16,462	4,075	<b>20,537</b>
	<b>16,462</b>	<b>4,075</b>	<b>20,537</b>
<b>Debt</b>			
Loans falling due within one year (note 15)	(146)	102	<b>(44)</b>
Loans falling due after more than one year (note 16)	(392)	301	<b>(91)</b>
	<b>(538)</b>	<b>403</b>	<b>(135)</b>
	<b>15,924</b>	<b>4,478</b>	<b>20,402</b>

## **Principal accounting policies 31 August 2020**

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), judgements and key sources of estimation uncertainty, is set out below.

### **Basis of preparation of financial statements**

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The financial statements are presented in Sterling and rounded to the nearest thousand pounds.

### **Subsidiary**

The Kemnal Academies Trust shares Members and Trustees with The Kemnal Consultancy Ltd (Company Registered Number 06651917). For the purposes of these accounts, the Trust has not consolidated the results of the subsidiary as their inclusion is not considered material for the purpose of giving a true and fair view.

### **Going concern**

In July 2020, the Board of Trustees were presented with both the individual academies and the overall Trust's net reserves position for the coming three years to August 2023. The reserves position included no increases in income linked to the implementation of the National Funding Formula (NFF), however, did include an annual 2% increase to GAG income, and the continuation of the Teachers Pay Grant and Teachers Pensions Grant in line with the rates provided by the ESFA. Inflationary increases had been applied to all relevant overheads. Staff pay awards were budgeted at 3% for all employees for all three years within the plan, which is now likely to be significantly higher than the actual pay award levels. The budget plans took no account of the additional costs of COVID-19 for 2020-21, however, the Board discussed this area of spend and agreed that if the Government were not minded to provide additional grant funding in the 2020-21 financial year to cover this, the costs could be covered by existing reserves. The Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that would impact upon these resources. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

### **Income**

All income is recognised once the Trust has entitlement to the income, it is probable that the income will be received, and the amount of income receivable can be measured reliably.

**Income (continued)**

Grants are included in the statement of financial activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant (GAG) is recognised in full in the statement of financial activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised in full when there is an unconditional entitlement to the grant. Unspent amounts of capital grants are reflected in the balance sheet in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended.

Donations are recognised on a receivable basis where receipt is probable and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

Where assets are received by the Trust on the conversion of a Local Authority maintained school to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risk and rewards of ownership pass to the Trust. An equal amount of income is recognised as a transfer on conversion within income from donations and capital grants. (See 'conversion to an academy Trust' below).

Recognition of insurance income has been based on work carried out as at 31 August 2018 and specifically highlighted in the appropriate income note.

**Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is inclusive of irrecoverable VAT.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent.

Expenditure on charitable activities are costs incurred on the Trust's educational operations, including support costs and those costs relating to the governance of the Trust appointed to charitable activities.

### **Fund accounting**

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Trust at the discretion of the Trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education and Skills Funding Agency.

### **Tangible fixed assets**

All assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet.

Depreciation on the relevant assets is charged directly to the restricted fixed asset funds in the statement of financial activities.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

- |                                |                              |
|--------------------------------|------------------------------|
| • Freehold property            | - 1% - 10%                   |
| • Long term leasehold property | - 2% - 25%                   |
| • Motor vehicles               | - 20%                        |
| • Fixtures and fittings        | - 20%                        |
| • Computer equipment           | - 25%                        |
| • Leasehold land               | - Over the life of the lease |

Where an asset comprises several major identifiable components which are separable and have significantly different patterns of consumption of economic benefits, the Trust allocates the initial cost of each major component to the appropriate class of tangible fixed assets and depreciates each major component separately over its useful economic life.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities.

**Tangible fixed assets (continued)**

Properties developed under a Private Finance Initiative (PFI) scheme are excluded from the balance sheet where the Trust is not directly party to the PFI agreement itself and rather the Local Authority has directly contracted with the PFI contractor, and the Trust in turn has contracted with the Local Authority to make financial contributions in respect of the premises.

**Fixed asset transfers from predecessor schools**

Where fixed assets are transferred to the Trust from the predecessor schools, these have been included at fair value determined in accordance with a professional valuation as at date of the transfer, conducted by an RICS Register Valuer. Land and buildings for which the Trust has the rights and responsibilities of ownership, but which are held under a long-term lease arrangement, are recorded within leasehold buildings. Similarly, for any land and buildings transferred on conversion by a Church body and held under a licence to occupy, the Trust deems that it has adequate control over the land and buildings and these properties are therefore recorded within leasehold buildings.

**Leases**

Rentals under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

**Taxation**

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

**Cash at bank and in hand**

Cash at bank and in hand includes cash held only.

**Liabilities and provisions**

Liabilities and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**Financial instruments**

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

**Financial instruments (continued)**

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

Cash at bank - is classified as a basic financial instrument and is measured at face value.

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or other financial instruments.

**Pensions benefits**

Retirement benefits to employees of the Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the Trust in separate Trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability is also recognised in the statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.



**Conversion to an academy Trust**

The conversion from a state-maintained school to an academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration to the Trust. The substance of the transfer is that of a gift and it has been accounted for on that basis.

**Conversion to an academy Trust (continued)**

The assets and liabilities transferred on conversion have been valued at their fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised included as a donation - transfer from local authority on conversion in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

**Agency arrangements**

The Trust acts as an agent in distributing 16-19 bursary funds from the ESFA. Payments received from the ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the Trust does not have control over the charitable application of the funds.

**Critical accounting estimates and areas of judgment**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

***Critical accounting estimates and assumptions:***

The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in the notes to the financial statements, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

The net book value of tangible fixed assets is based on the original cost (or valuation) at the point of recognition net of provision for depreciation. The depreciation provision to date is based on the Trustees' assessment of the estimated useful economic lives of such assets.

**Critical accounting estimates and areas of judgment (continued)**

***Critical areas of judgment:***

The Trustees have considered the accounting treatment of land and buildings utilised by the Trust, in particular in relation to Pluckley Primary Academy. The leasehold of the land and buildings utilised by the academy is held by the Diocese of Canterbury. A subsequent supplementary agreement has been reached between the Diocese of Canterbury, Secretary of State and the Trust stating that the land is available for the Trust to use for the purpose of operating the school. Whilst the leasehold title to the property used by the academy is not held by the Trust, the Trustees consider that the use of the land and buildings should be recognised in the balance sheet in order to reflect the value of its anticipated continued use. Land and buildings occupied under this arrangement have therefore been recognised in long term leasehold land and buildings. On initial recognition, the valuation of the land and buildings was determined by an expert valuer on an existing use basis.

The Trustees have made the decision to only recognise income in respect of costs incurred to date regarding the rebuild project at The Academy, Selsey. The current estimate of total insurance monies to be received has been disclosed as a contingent asset in the notes to the financial statements.

# Notes to the financial statements 31 August 2020

## 1. Income from donations and capital grants

<b>2020</b>	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	<b>Total funds 2020 £'000</b>	Total funds 2019 £'000
Donations	87	117	9,885	<b>10,089</b>	675
DfE / ESFA capital grants	—	—	6,614	<b>6,614</b>	5,634
Other capital grants	—	—	163	<b>163</b>	72
	87	117	16,662	<b>16,866</b>	6,381
Transfer of existing academy into the academy Trust (note 22)	—	—	—	—	967
	87	117	16,662	<b>16,866</b>	7,348

<b>2019</b>	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	<b>Total funds 2019 £'000</b>
Donations	—	194	481	675
DfE / ESFA capital grants	—	—	5,634	5,634
Other capital grants	—	—	72	72
	—	194	6,187	6,381
Transfer of existing academy into the academy Trust (note 22)	—	(734)	1,701	967
	—	(540)	7,888	7,348

## Notes to the financial statements 31 August 2020

### 2. Income from charitable activities:

#### Funding for the Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
<b>2020</b>				
<b>DfE/ESFA grants</b>				
General Annual Grants (GAG)	—	110,860	<b>110,860</b>	109,071
Start-up grants	—	99	<b>99</b>	170
Other DfE/ESFA revenue grants	—	16,910	<b>16,910</b>	12,383
	—	127,869	<b>127,869</b>	121,624
<b>Other government grants</b>				
Local authority grants	—	7,575	<b>7,575</b>	6,620
	—	7,575	<b>7,575</b>	6,620
<b>Other funding for the Trust's educational operations</b>				
Trips and activities	—	756	<b>756</b>	1,034
Catering	647	—	<b>647</b>	1,028
Other	—	257	<b>257</b>	—
	647	1,013	<b>1,660</b>	2,062
<b>Exceptional government funding</b>				
Coronavirus exceptional support	—	468	<b>468</b>	—
	647	136,925	<b>137,572</b>	130,306

The Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding". The funding received for coronavirus exceptional support covers £468,000 of additional cleaning and other direct COVID related spend. These costs are included in note 7 below as appropriate.

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<b>2019</b>			
<b>DfE/ESFA grants</b>			
General Annual Grants (GAG)	—	109,071	109,071
Start-up grants	—	170	170
Other DfE/ESFA revenue grants	—	12,383	12,383
	—	121,624	121,624
<b>Other government grants</b>			
Local authority grants	—	6,620	6,620
	—	6,620	6,620
<b>Other funding for the Trust's educational operations</b>			
Trips and activities	—	1,034	1,034
Catering	1,028	—	1,028
	1,028	1,034	2,062
	1,028	129,278	130,306

## Notes to the financial statements 31 August 2020

### 2. Income from charitable activities: Funding for the Trust's educational operations (continued)

All grants received are used to fulfil the Trust's primary objective. Grant income is duly recognised within the financial statements when the Trust becomes entitled to the grant and not on actual receipt of the monies. .

### 3. Income from other trading activities

	Unrestricted funds	
	2020 £'000	2019 £'000
Letting	617	903
Academy's shop	158	276
Other income	366	911
	<b>1,141</b>	<b>2,090</b>

### 4. Income from investments and interest receivable

	Restricted funds	
	2020 £'000	2019 £'000
Bank interest	49	37
	<b>49</b>	<b>37</b>

### 5. Income from other sources

	Restricted funds	
	2020 £'000	2019 £'000
Insurance claims	322	7,316
	<b>322</b>	<b>7,316</b>

Insurance claims income includes insurance monies received of £nil (2019: £7,311,000) in respect of the rebuild project at The Academy, Selsey following the major fire which occurred in August 2016. The rebuild was completed during 2018/19.

## Notes to the financial statements 31 August 2020

### 6. Expenditure

	Staff costs (note 9) £'000	Premises £'000	Other costs £'000	Total 2020 £'000	Total 2019 £'000
<b>Educational operations (including Teaching School)</b>					
Direct costs (note 7)	92,756	13,050	6,997	<b>112,803</b>	105,950
Support costs (note 7)	22,324	10,029	13,186	<b>45,539</b>	46,599
<b>Total 2020</b>	<b>115,080</b>	<b>23,079</b>	<b>20,183</b>	<b>158,342</b>	152,549
<b>Total 2019</b>	<b>108,654</b>	<b>22,822</b>	<b>21,073</b>	<b>152,549</b>	

## Notes to the financial statements 31 August 2020

### 7. Expenditure on charitable activities:

#### Trust's educational operations (Including Teaching School)

	2020 £'000	2019 £'000
<b>Direct costs</b>		
Wages and salaries (including supply staff and restructuring)	71,068	68,603
National insurance and apprenticeship levy	7,052	7,307
Pension contributions	14,636	10,615
Depreciation and impairment	13,049	11,507
Educational supplies	2,847	3,209
Examination fees	1,152	1,237
Staff development	574	479
Educational consultancy	1,485	1,820
Trips and activities	940	1,173
	<b>112,803</b>	<b>105,950</b>
<b>Support costs</b>		
Wages and salaries (including supply staff and restructuring)	13,000	12,717
National insurance and apprenticeship levy	1,053	992
Pension contributions	2,816	2,993
Local Government Pension Scheme service and admin cost adjustment	5,455	5,427
Local Government Pension Scheme interest cost	1,089	969
Recruitment	273	232
Catering	2,905	3,163
Maintenance of premises and equipment	3,132	5,035
Furniture and equipment	3,516	3,229
ICT Equipment and licences	1,173	1,077
Cleaning	1,364	1,240
Rent and rates	3,381	3,051
Utilities	2,404	2,587
Insurance	775	835
Printing, postage, stationery	183	240
Security and transport	125	107
Bank interest and charges	4	24
Legal costs	103	105
Loss on disposal of tangible fixed assets	1	66
Other support costs	1,969	1,611
Governance costs	818	899
	<b>45,539</b>	<b>46,599</b>
	<b>158,342</b>	<b>152,549</b>

Included within governance costs are any costs associated with the strategic as opposed to day-to-day management of the Trust's activities. These costs will include any employee benefits for Trusteeship, the cost of Trust employees involved in meetings with Trustees, the cost of any administrative support provided to the Trustees, and costs relating to constitutional and statutory requirements including audit and preparation of statutory financial statements.

## Notes to the financial statements 31 August 2020

### 8. Net income / (expenditure)

	2020 £'000	2019 £'000
<b>This is stated after charging:</b>		
Depreciation and impairment of tangible fixed assets:		
- owned by the Trust	13,049	11,507
External auditors' remuneration – audit and assurance	111	107
External auditors' remuneration – other services	25	6
Loss on disposal of fixed assets	1	66
Operating lease rentals	5,240	5,372

### 9. Staff costs

	2020 £'000	2019 £'000
Wages and salaries	82,027	78,084
Social security costs	7,715	7,921
Pension costs	22,907	19,035
Apprenticeship levy	390	378
	113,039	105,418
Supply teacher costs	1,737	2,960
Staff restructuring costs	304	276
	115,080	108,654
<b>Staff restructuring costs comprise:</b>		
Redundancy payments	16	84
Severance payments	288	192
	304	276

The average number of persons employed by the Trust during the year was as follows:

	2020 No.	2019 No.
Teachers	1,293	1,260
Administration and support	1,856	1,761
Management	125	116
	3,274	3,137

	2020 FTE	2019 FTE
Teachers	1,189	1,148
Administration and support	1,187	1,193
Management	120	113
	2,496	2,454



## Notes to the financial statements 31 August 2020

### 9. Staff costs (continued)

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2020 No.	2019 No.
In the band £60,001 - £70,000	50	49
In the band £70,001 - £80,000	16	15
In the band £80,001 - £90,000	10	10
In the band £90,001 - £100,000	6	7
In the band £100,001 - £110,000	8	3
In the band £110,001 - £120,000	1	1
In the band £120,001 - £130,000	3	3
In the band £130,001 - £140,000	1	—
In the band £140,001 - £150,000	—	1
In the band £160,001 - £170,000	1	—
In the band £190,001 - £200,000	—	1
In the band £210,001 - £220,000	1	—

#### Non-statutory / non-contractual staff severance payments:

Included within staff restructuring costs are non-statutory/non-contractual severance payments totalling £158,249 (2019: £96,448). Individually, the payments were: £17,000, £22,890, £2,020, £1,704, £13,528, £25,000, £28,028 and £40,000.

#### Key Management Personnel:

The key management personnel of the Trust comprise the Trustees and the Senior Leadership Team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £1,288,670 (2019: £998,335). This reflects the key management personnel team growing by a further two posts.

### 10. Trustees' remuneration and expenses

One Trustee (2019: one Trustee) has been paid remuneration or has received other benefits from an employment with the Trust. The individual only receives remuneration in respect of services provided undertaking the role as academy staff under her contract of employment, and not in respect of her role as a Trustee. The remuneration and other benefits receivable by this individual were as follows:

	2020 £'000	2019 £'000
Dr Karen Roberts (CEO and Trustee)		
· Remuneration	180 – 185	170 – 175
· Salary in lieu of pension contribution	35 – 40	15 – 20
· Employer's pension contribution	—	10 – 15
Total	215 – 220	205 – 210

During the year ended 31 August 2020, travel and subsistence expenses totalling £1,000 were reimbursed or paid directly to two Trustees (2019: £2,468 to three Trustees).

## Notes to the financial statements 31 August 2020

### 11. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £500,000 on any one claim and the cost for the year ended 31 August 2020 was £2,111 (2019: £2,111).

### 12. Central services

The Trust has provided the following central services to its academies during the year:

- ◆ Educational - Strategic direction and Intervention;
- ◆ Non Education - Strategic direction and Intervention;
- ◆ Human Resources;
- ◆ Estates, Health and Safety Advice;
- ◆ Financial Services including Internal Audit; and
- ◆ Legal Services.

The Trust charges individual academies for these services at 4.0% (2019: 4.0%) of the school's GAG funding allocation.

## Notes to the financial statements 31 August 2020

### 12. Central services (continued)

The actual amounts charged for the year were as follows:	2020 £'000	2019 £'000
Bridgemary School	142	127
Broadfield Primary Academy	89	90
Chichester High School	262	262
Cleave Meadow School	20	—
Cleeve Park School	208	196
Dame Janet Primary Academy	74	76
Debden Park High School	212	208
Drapers Mills Primary Academy	81	82
East Wickham Primary Academy	105	105
Front Lawn Primary Academy	82	84
Gray's Farm Primary Academy	74	76
Havant Academy	107	91
Heybridge Primary Academy	39	40
Hilltop Primary Academy	94	92
Horizon Primary Academy	36	37
Hylands School	151	157
Kemnal Technology College	118	127
King Harold School	129	128
Maldon Primary School	39	38
Miltoncross Academy	170	175
Napier Community Primary & Nursery Academy	87	85
Newlands Primary School	67	66
Northdown Primary School	56	64
Orchards Academy	114	108
Ore Village Primary Academy	54	52
Pebsham Primary Academy	34	31
Pluckley Church of England Primary School	18	18
Portfield Primary Academy	40	39
Rainham High School for Girls	318	322
Royal Park Primary Academy	65	66
Salmestone Primary School	51	58
Seal Primary Academy	56	55
Seymour Primary School	83	84
Shenstone School	59	56
Smarden Primary School	19	19
Stapleford Abbots Primary Academy	24	25
Tangmere Academy	34	33
The Academy, Selsey	77	75
The Bewbush Academy	94	91
The Mill Primary Academy	72	65
The Oaks Primary School	63	62
Thomas Bennett Community College	217	206
Welling Academy	321	316
Weyfield Primary Academy	51	53
Willow Brook Primary School and Nursery	34	35
	<b>4,340</b>	<b>4,275</b>

### 13. Tangible Fixed Assets

	Freehold property £'000	Long-term leasehold property £'000	Fixtures and fittings £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
At 1 September 2019	73,611	239,229	5,181	2,061	59	320,141
Additions	430	10,377	2,752	1,082	15	14,656
Disposals	—	(12)	(9)	—	(2)	(23)
At 31 August 2020	74,041	249,594	7,924	3,143	72	334,774
<b>Depreciation</b>						
At 1 September 2019	15,470	42,799	1,432	891	28	60,620
Charge for the year	2,192	8,520	1,543	778	16	13,049
Disposals	—	(11)	(9)	—	(2)	(22)
At 31 August 2020	17,662	51,308	2,966	1,669	42	73,647
<b>Net book value</b>						
At 31 August 2020	56,379	198,286	4,958	1,474	30	261,127
At 31 August 2019	58,141	196,430	3,749	1,170	31	259,521

#### Land

Where land is owned (or occupied under terms of a long lease), subject to a legally binding restriction as to its use, it is initially recognised at a value determined with a professional valuation which takes account of the restrictions on use.

#### Buildings

In accordance with the requirements of FRS 102, specialist buildings transferred from the predecessor schools are initially recognised at their depreciated replacement cost at the time of the transfer and non-specialised buildings (such as school cottages) are recognised at market value. Depreciation on transferred buildings is charged on a straight-line basis over the estimated remaining useful life.

The Trust's transactions relating to leasehold land and buildings include:

- ◆ Cleave Meadow and Cleave Park new build transferred from Bexley Council and recognised as a donation of £6,111,000 and £2,555,000 respectively.

### 14. Debtors

	2020 £'000	2019 £'000
Trade debtors	209	273
Other debtors	3,693	1,988
Prepayments and accrued income	1,540	1,564
VAT Recoverable	1,409	1,903
	<b>6,851</b>	<b>5,728</b>

## Notes to the financial statements 31 August 2020

### 15. Creditors: Amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	3,638	2,621
Taxation and social security	2,721	2,377
ESFA abatement of GAG	97	—
Local Authority creditor	1	9
Loans (see note 16)	44	146
Accruals and deferred income (see below)	4,896	3,899
Other creditors	148	543
	<b>11,545</b>	<b>9,595</b>

	2020 £'000	2019 £'000
<b>Deferred income (included above)</b>		
Deferred income at 1 September 2019	2,052	1,579
Resources deferred during the year	(2,052)	(1,579)
Amounts released from previous years	1,917	2,052
<b>Deferred income at 31 August 2020</b>	<b>1,917</b>	<b>2,052</b>

### 16. Creditors: Amounts falling due after more than one year

	2020 £'000	2019 £'000
Loans	91	392
	<b>91</b>	<b>392</b>

Loans included within short and long-term creditors comprise the following:

- ◆ £61,000 from Bexley County Council which is provided on the following terms; the loan shall be repaid within 10 years and the repayment shall be free of interest unless there is a default on payment in which case interest on the balance outstanding will be at the rate of 4% above the base rate of National Westminster Bank for the time being in force.
- ◆ £38,529 to Salix Finance Limited for an energy efficiency project, the loan will be repaid by 2025/2026 and is interest free.
- ◆ £18,029 to Salix Finance Limited for an energy efficiency project, the loan will be repaid by 2024/2025 and is interest free.
- ◆ £18,091 to Salix Finance Limited for an energy efficiency project, the loan will be repaid by 2026/2027 and is interest free.

## Notes to the financial statements 31 August 2020

### 17. Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
<b>Unrestricted funds</b>					
Unrestricted general funds	8,173	1,875	(170)	(2,139)	7,739
<b>Restricted general funds</b>					
General Annual Grant (GAG)	—	110,860	(112,898)	2,038	—
Other DfE/ ESFA	12	17,009	(15,868)	—	1,153
Voluntary funds	310	756	(972)	—	94
Other government grants	67	8,043	(7,093)	(470)	547
Other income funds	—	1,748	(1,748)	—	—
Pension reserve	(59,741)	—	(6,544)	(2,748)	(69,033)
	<u>(59,352)</u>	<u>138,416</u>	<u>(145,123)</u>	<u>(1,180)</u>	<u>(67,239)</u>
<b>Restricted fixed asset funds</b>					
Unspent capital grants	3,641	—	—	2,578	6,219
DfE/ ESFA capital grants	15,715	6,614	(701)	—	21,628
Donation on conversion	222,215	—	(9,824)	(2,007)	210,384
Other donations from Local Authority	6,156	9,939	(1,169)	—	14,926
Local Authority grants	—	109	—	—	109
Insurance income	15,435	—	(1,355)	—	14,080
	<u>263,162</u>	<u>16,662</u>	<u>(13,049)</u>	<u>571</u>	<u>267,346</u>
<b>Total restricted funds</b>	<u>203,810</u>	<u>155,078</u>	<u>(158,172)</u>	<u>(609)</u>	<u>200,107</u>
<b>Total funds</b>	<u>211,983</u>	<u>156,953</u>	<u>(158,342)</u>	<u>(2,748)</u>	<u>207,846</u>

#### **Restricted general funds**

Restricted general funds represent the balance of funds available from revenue grants received from local/central government and other donors, the application of which is limited to the conditions imposed by the grantor / donor. The principal funding received from the government is the General Annual Grant (GAG) provided by the Education and Skills Funding Agency. Under the funding agreements with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

**17. Funds (continued)**

***Restricted fixed asset funds***

This fund equates to the net book value of the Trust's tangible fixed assets plus any capital funding received from central/local government and other donors which has not been expended by the balance sheet date. The capital funding may be used to complete capital projects or undertaken for maintenance works on existing tangible fixed assets.

The fund balance includes the carrying value of school buildings (and other tangible fixed assets) inherited by the Trust where a school has converted or joined the Trust from another Academy Trust, and the carrying value of all other assets donated to the Trust.

The insurance income balance included within restricted fixed asset funds represents the cumulative insurance proceeds utilised to fund the rebuild of The Academy, Selsey following the major fire which occurred in August 2016.

***Unrestricted funds***

The unrestricted general funds represent monies which may be applied for any purpose within The Kemnal Academies Trust's objects.

***Transfers between funds***

Transfers from either restricted general funds or unrestricted funds to the restricted fixed asset funds are made where revenue reserves are required to finance the purchase of tangible fixed assets. Transfers from restricted fixed assets fund to either restricted general funds or unrestricted funds are made where capital income has been spent on repairs and maintenance of existing fixed assets.

# Notes to the financial statements 31 August 2020

## 17. Funds (continued)

### Comparative information for the year to 31 August 2019:

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
<b>Unrestricted funds</b>					
Unrestricted general funds	8,395	3,118	(279)	(3,061)	8,173
<b>Restricted general funds</b>					
General Annual Grant (GAG)	369	109,071	(112,685)	3,245	—
Other DfE/ ESFA	5	12,553	(12,546)	—	12
Voluntary funds	449	1,034	(1,173)	—	310
Other government grants	50	6,620	(4,277)	(2,326)	67
Other income funds	—	8,652	(2,405)	(6,247)	—
Pension reserve	(36,159)	(734)	(6,396)	(16,452)	(59,741)
	(35,286)	137,196	(139,482)	(21,780)	(59,352)
<b>Restricted fixed asset funds</b>					
Unspent capital grants	3,550	481	(200)	(190)	3,641
DfE/ ESFA capital grants	11,620	5,634	(1,539)	—	15,715
Donation on conversion	228,841	1,701	(10,731)	2,404	222,215
Other donations from Local Authority	6,474	—	(318)	—	6,156
Local Authority grants	—	72	—	(72)	—
Insurance income	9,188	—	—	6,247	15,435
	259,673	7,888	(12,788)	8,389	263,162
<b>Total restricted funds</b>	224,387	145,084	(152,270)	(13,391)	203,810
<b>Total funds</b>	232,782	148,202	(152,549)	(16,452)	211,983



## Notes to the financial statements 31 August 2020

### 17. Funds (continued)

#### Total funds analysis by academy:

Fund balances at 31 August 2020 were allocated as follows:

	2020 £'000	2019 £'000
Bridgemary School	687	436
Broadfield Primary Academy	525	994
Chichester High School	(530)	(1,157)
Cleeve Meadow School	297	—
Cleeve Park School	342	451
Dame Janet Primary Academy	445	451
Debden Park High School	893	853
Drapers Mills Primary Academy	4	37
East Wickham Primary Academy	362	374
Front Lawn Primary Academy	352	315
Gray's Farm Primary Academy	430	387
Havant Academy	(625)	(552)
Heybridge Primary Academy	146	187
Hilltop Primary Academy	232	330
Horizon Primary Academy	113	108
Hylands School	233	319
Kemnal Technology College	(467)	(161)
King Harold School	761	1,020
Maldon Primary School	(176)	(143)
Miltoncross Academy	74	153
Napier Community Primary & Nursery Academy	344	259
Newlands Primary School	360	359
Northdown Primary School	(68)	98
Orchards Academy	385	152
Ore Village Primary Academy	(45)	2
Pebsham Primary Academy	175	134
Pluckley Church of England Primary School	119	70
Portfield Primary Academy	(69)	(111)
Rainham High School for Girls	1,094	1,475
Royal Park Primary Academy	235	233
Salmestone Primary School	135	192
Seal Primary Academy	10	(69)
Seymour Primary School	385	355
Shenstone School	829	716
Smarden Primary School	94	67
Stapleford Abbots Primary Academy	(276)	(134)
Tangmere Academy	140	93
The Academy, Selsey	125	213
The Bewbush Academy	533	640
The Mill Primary Academy	192	198
The Oaks Primary School	295	417
Thomas Bennett Community College	(1,372)	(1,064)
Welling Academy	590	449
Weyfield Primary Academy	891	1,001
Willow Brook Primary School and Nursery	24	23
The Kemnal Academies Trust	310	(1,608)
<b>Total before fixed asset fund and pension reserve*</b>	<b>9,533</b>	<b>8,562</b>
Restricted fixed asset funds	267,346	263,162
Pension reserve	(69,033)	(59,741)
<b>Total funds</b>	<b>207,846</b>	<b>211,983</b>

\* This figure includes £739,000 (2019: £989,000) of ring-fenced donations and other ring-fenced monies for school trips which are not considered to be part of the Trust's usable revenue reserves.

**17. Funds (continued)**

**Academies carrying a net deficit:**

The following academies are carrying cumulative net deficits as at 31 August 2020:

<b>Name of Academy</b>	<b>Amount of deficit £'000</b>
Chichester High School	530
Havant Academy	625
Kemnal Technology College	467
Maldon Primary School	176
Portfield Primary Academy	69
Northdown Primary School	68
Ore Village Primary Academy	45
Stapleford Abbots Primary Academy	276
Thomas Bennett Community College	1,372
	<b>3,628</b>

The Trust is taking the following action to return the above academies to a net surplus position:

**Chichester High School:**

This school was originally a separate Boys and Girls school, having merged, the costs involved in the relocation and integration into one school were considerable. The costs were not only linked to logistical issues but were also due to the need to undertake a large staff restructuring. Following the merger, a 5-year recovery plan was originally agreed by the Board in 2016, this plan was extended by a year as a result of the delays in the government's move towards the new National Funding Formula. One of the benefits of amalgamation was the freeing up of outbuildings, so to mitigate against some of the delay in increased funding, the academy agreed some long-term leases of excess buildings on site and reviewed all high cost expenditure areas.

The academy restructured its Senior Leadership Team in the 2018-19 financial year to ensure they met the required outturn position, and ended the year with a small in-year surplus. For 2019-20 financial year, the academy budget was set as an in-year surplus of £577k that reflected that a number of ongoing staffing issues had now been resolved, massively reducing the reliance on expensive supply costs, and although at the time of approving the plan the 2019-20 academic year was deemed quite a challenge, as a result of the incoming Headteachers ongoing review and challenge processes and her determination to recovery the previous year's losses, the academy have met and exceeded the surplus in-year position set and ended the financial year with a cumulative deficit position of £530,000. The academy has a plan to achieve a cumulative surplus position by the end of August 2023 and continues to maximise the use of its estate, with the Local Authority likely to lease an additional area of the site from 2020-21.

**17. Funds (continued)**

**Academies carrying a net deficit: (continued)**

**Havant Academy:**

This is a secondary school that historically suffered from very low pupil numbers, whilst also being located within a very challenging community and high levels of deprivation. In addition, to enable them to move from a 'Requires Improvement' Ofsted rating had to invest heavily in the quality of teaching and learning. They are now rated as a 'Good' school and have a new Headteacher in post, and it is anticipated that those two key elements, along with stronger links within the local community and the surrounding primary schools in the area, will ensure a larger proportion of those students make Havant their first preference school. The academy ended the financial year with cumulative deficit reserves of £625,000, a much healthier position than anticipated, and in addition the Trust have put forward a business case to the ESFA for additional funding linked to growth in pupil numbers and lagged funding issues. As expected the pupil numbers were strong in September 2020, and although the Trust recently agreed for an additional post to be added to strengthen the leadership within the school, it is anticipated that they remain on target to meet their agreed recovery plan.

**Kemnal Technology College:**

This all-boys academy had suffered from a significant drop in pupil numbers in recent years and had been provided with £300k of financial support to allow the Headteacher to employ additional teaching staff, whilst addressing some of the issues with existing staff.

From September 2019 the school became co-ed and following a strategic meeting to discuss the financial concerns at the academy, it was agreed that, to enhance the learning experience for the new year 7 pupils and existing year 8 pupils, staff from a neighbouring TKAT primary academy would support in the curriculum planning and delivery of teaching and learning, and in addition a continued package of capital works would take place to further enhance an area of the academy to form a Key Stage 3 area. This move proved highly successful with almost 50% of the October 2019 intake being girls, and an increase of 29 pupils in October 2020. In addition, first choice preferences from parents wanting their children to attend the academy in October 2021 has risen.

Based on the outcome of a recent Ofsted the Trustees approved a longer term recovery plan and as at the end of the 2019-20 financial the academy closed with cumulative deficit reserves of £467,000, slightly ahead of the agreed plan. The 2020-21 financial year was approved as an in-year deficit of £500k, with the main contributors being the continued inclusion of an Executive Headteacher to strengthen the leadership quality, a Teach First resource to improve the English department and additionally, the local authority has mandated that the academy take additional numbers in year 7 which has resulted in an additional teaching set. The Trust and its individual academies continue to source and bid for external funding to compliment the annual ESFA income, and during the 2019-20 financial year, the academy secured £200k of external grant funding to support their most vulnerable students. Due to the size of the cumulative deficit position the Director of Finance and Operations works closely with the school to ensure the academy remains financially viable.

**17. Funds (continued)**

**Academies carrying a net deficit: (continued)**

**Maldon Primary School:**

This school is a one form entry primary that prior to conversion in September 2017 had consistently underperformed educationally whilst suffering from very volatile pupil numbers, primarily as a result of the Local Authority moving the Pupil Admission Number (PAN) annually. This had put additional pressure on the financial position of the school, mainly as staff had to be retained due to the annual variations in Reception Year intake numbers. Following conversion in September 2017, the PAN was fixed at 30, however, the Trust were aware that it would take a number of years for this to move through the school. Added to the volatility in pupil numbers, the previously identified sponsor had employed 11 teaching assistants, many of whom were found to be surplus to requirement, leading to a full staff restructuring process, with one-off exit costs being incurred of circa £100,000.

The academy have changed the leadership structure, including the appointment of a new Headteacher, and are also benefitting from having employed a business manager in the previous financial year, which has significantly improved the financial controls and disciplines, so although they ended the 2019-20 financial year with cumulative deficit reserves of £176,000 the budget is now well controlled, with a small in-year surplus budget being submitted and agreed by Trustees to allow the academy to move forward educationally.

**Northdown Primary:**

This academy has historically been financially strong, however, in 2019-20 suffered from multiple periods of extended sick leave within a key leadership role which incurred significant levels of support cover costs. In addition, at the end of the financial year a one-off settlement agreement payment was made which further exacerbated the situation leaving them with cumulative deficit reserves of £68,000 however, this is not an ongoing financial trend and the academy has set a recovery plan to return to a surplus position in 2020-21.

**Ore Village Primary:**

This academy is situated in a highly deprived area within East Sussex and despite relatively low pupil numbers, had been working with higher levels of staffing than would be expected for a school of its size, however, this was directly linked to the needs of the pupils from the local community. The academy had previously been in a deficit position for a number of years, but had successfully managed to move into a surplus position at the end of the 2018-19 financial year. The trust has made several changes to the leadership structure and added strong support around the newly appointed Headteacher in 2019-20 which has led to a £45,000 cumulative deficit reserves position, and although the academy were prepared to set an in-year surplus plan to recover the position, the Trust recognises the academy as being at the heart of one of the most disadvantaged areas in the country and has agreed a further deficit for the 2020-21 financial year to further support the leadership and improve the pupil's educational outcomes.

**17. Funds (continued)**

**Academies carrying a net deficit: (continued)**

**Portfield Primary Academy:**

Prior to conversion this small one form entry primary was not a popular choice for parents and had historically suffered from low and volatile pupil numbers as a result. This volatility had made budget planning extremely difficult, with staffing structures being the primary cause of the cumulative deficit position. The Board agreed a 5-year recovery plan at the start of the 2016/17 financial year, and although they were due to meet that plan, it was decided for educational reasons to allow them to extend it for a further year to ensure the recovery did not disadvantage the current pupils, especially in light of the current pandemic. The academy ended the financial year with a cumulative deficit of £69,000, however, the pupil numbers continue to be buoyant, with most year groups full, with waiting lists, so this is not a concern. To assist with the recovery and to further reduce overhead costs the business manager continues to support other TKAT academies.

**Stapleford Abbots Primary Academy:**

This academy is a small one form entry primary that converted to TKAT in August 2017 from Essex County Council, it was governed by an Interim Executive Board (IEB), and in addition to the numerous Educational, Safeguarding and Health and Safety issues that had to be addressed immediately, it was also found to have a large ongoing financial problem linked to the staffing structures in place. This has continued to be a difficult situation financially which has led to a significant cumulative deficit position of £276,000 at the end of the financial year. The Trust recognises that as a result of the low and volatile pupil number levels, and the educational improvements still required that a longer-term strategy needs to be put in place to reduce the deficit.

The Trustees have approved a further deficit of £55k for 2020-21 financial year, with a break-even position for years 2 and 3 of the 3-year plan. The central finance team continues to work closely with the Business Manager to ensure the academy stays within the parameters of the approved budget going forward. To assist with longer term efficiency savings, the Secondary Director of Education for Essex will be looking into the possibility of an all-through option for the academy.

**Thomas Bennett Community College:**

Thomas Bennett Community College had suffered from year on year pupil number reductions, despite assurances from the Local Authority that numbers were due to rise. High staff numbers and associated costs, along with increasing PFI costs had contributed to a cumulative deficit position, this despite previous staffing restructures taking place. A new Headteacher was appointed in January 2019, with the impact of the appointment quickly being realised. The August 2020 GCSE results have continued to improve, added to this the successful work with parents, and the community, have ensured a massive rise in first preference applications and the real possibility that the Local Authority could approach the trust with a view to expansion to meet demand in the area.

17. Funds (continued)

Academies carrying a net deficit: (continued)

Thomas Bennett Community College: (continued)

The academy had a small in-year surplus budget agreed for 2019-20 to allow the further progress to be made and deal with any remaining legacy staffing issues, and this would have been exceeded, however, as a result of a historical PFI cost that came to light during the financial year, the academy ended the financial year with cumulative deficit reserves of £1,372,000. The academy will be reviewing its financial plan to ensure the losses can be recovered within the original timescales, and it is anticipated that as a result of the schools growing reputation within the local community, this will be achievable as the pupil numbers have risen again in October 2020.

18. Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2020 £'000	Total funds 2019 £'000
<b>At 31 August 2020</b>					
Tangible fixed assets	—	—	261,127	<b>261,127</b>	259,521
Current assets	7,739	13,430	6,219	<b>27,388</b>	22,190
Current liabilities	—	(11,545)	—	<b>(11,545)</b>	(9,595)
Non-current liabilities	—	(91)	—	<b>(91)</b>	(392)
Pension scheme liability	—	(69,033)	—	<b>(69,033)</b>	(59,741)
	<b>7,739</b>	<b>(67,239)</b>	<b>267,346</b>	<b>207,846</b>	<b>211,983</b>

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	Total funds 2019 £'000
<b>At 31 August 2019</b>				
Tangible fixed assets	—	—	259,521	259,521
Current assets	8,173	10,376	3,641	22,190
Current liabilities	—	(9,595)	—	(9,595)
Non-current liabilities	—	(392)	—	(392)
Pension scheme liability	—	(59,741)	—	(59,741)
	<b>8,173</b>	<b>(59,352)</b>	<b>263,162</b>	<b>211,983</b>

## 19. Analysis of expenditure by academy

Expenditure incurred by each academy during the year was as follows:

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs excluding dep'n £'000	Total 2020 £'000	Total 2019 £'000
Bridgemary School	2,040	892	147	675	3,754	3,780
Broadfield Primary Academy	1,791	404	63	410	2,668	2,629
Chichester High School	4,377	1,370	137	1,309	7,193	7,531
Cleeve Meadow School	438	89	23	98	648	—
Cleeve Park School	3,956	1,088	102	1,013	6,159	6,295
Dame Janet Primary Academy	1,667	707	58	356	2,788	2,715
Debden Park High School	4,403	509	88	2,222	7,222	7,035
Drapers Mills Primary Academy	1,936	573	55	350	2,914	3,095
East Wickham Primary Academy	2,055	749	105	461	3,370	3,394
Front Lawn Primary Academy	1,902	505	78	423	2,908	2,820
Gray's Farm Primary Academy	1,651	293	62	347	2,353	2,287
Havant Academy	2,011	611	86	611	3,319	2,948
Heybridge Primary Academy	883	260	20	209	1,372	1,290
Hilltop Primary Academy	2,007	272	41	399	2,719	2,565
Horizon Primary Academy	719	225	41	187	1,172	1,216
Hylands School	2,494	1,177	71	660	4,402	4,414
Kemnal Technology College	2,218	553	81	696	3,548	3,811
King Harold School	2,509	771	49	681	4,010	3,563
Maldon Primary School	811	235	30	253	1,329	1,344
Miltoncross Academy	3,608	660	145	1,238	5,651	5,286
Napier Community Primary & Nursery Academy	1,686	440	93	391	2,610	2,522
Newlands Primary School	1,222	313	63	273	1,871	1,919
Northdown Primary School	1,435	268	42	292	2,037	2,167
Orchards Academy	2,254	669	37	556	3,516	3,286
Ore Village Primary Academy	1,115	381	23	348	1,867	1,759
Pebsham Primary Academy	667	206	22	181	1,076	1,067
Pluckley Church of England Primary School	311	64	13	120	508	515
Portfield Primary Academy	835	227	40	244	1,346	1,272
Rainham High School for Girls	6,862	1,372	209	1,105	9,548	9,196
Royal Park Primary Academy	1,566	335	69	361	2,331	2,297
Salvestone Primary School	1,188	254	44	203	1,689	1,752
Seal Primary Academy	1,067	324	55	223	1,669	1,696
Seymour Primary School	1,748	266	69	441	2,524	2,486
Shenstone School	3,089	676	38	465	4,268	3,930
Smarden Primary School	400	143	18	127	688	526
Stapleford Abbots Primary Academy	720	187	25	156	1,088	747
Tangmere Academy	656	214	29	188	1,087	1,038
Total carried forward	70,297	18,282	2,371	18,272	109,222	106,193

**19. Analysis of expenditure by academy (continued)**

	Teaching and Educational Support Staff costs £'000	Other Support Staff Costs £'000	Educational Supplies £'000	Other Costs excluding dep'n £'000	Total 2020 £'000	Total 2019 £'000
Total brought forward						106,193
The Academy, Selsey	1,648	371	35	444	2,498	2,217
The Bewbush Academy	2,025	504	50	422	3,001	2,847
The Mill Primary Academy	1,706	331	70	429	2,536	2,240
The Oaks Primary School	1,448	230	28	345	2,051	1,932
Thomas Bennett Community College	4,389	617	81	2,239	7,326	6,625
Welling Academy	6,348	943	134	2,341	9,766	9,590
Weyfield Primary Academy	950	304	48	322	1,624	1,485
Willow Brook Primary School and Nursery	697	275	24	145	1,141	1,162
The Kemnal Academies Trust	1,574	2,140	2	2,411	6,127	6,751
	91,082	23,997	2,843	27,370	145,292	141,042

**20. Capital commitments**

At 31 August 2020, the Trust had capital commitments as follows:

	2020 £'000	2019 £'000
Contracted for but not provided in these financial statements	975	3,641
	975	3,641

These commitments will be funded by capital grants already confirmed by the DfE.

**21. Pension commitments**

The Trust's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and various Local Government Pension Schemes (LGPS) for non-teaching staff, which are managed by 9 different Local Authorities (Kent, Essex, West Sussex, East Sussex, Bromley, Bexley, Surrey, Portsmouth and Hampshire County Councils). The TPS and the various LGPS are all multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £1,286,525 were payable to the schemes at 31 August 2020 (2019: £1,053,215) and are included within creditors.



## 21. Pension commitments (continued)

### ***Teachers' Pension Scheme***

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for teachers in academies. All teachers have the option to opt-out of the TPS following enrolment.

The TPS is an unfunded scheme to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

### ***Valuation of the Teachers' Pension Scheme***

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury every 4 years. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- ♦ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ♦ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

The next valuation result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the period amounted to £11,780,367 (2019: £8,009,373).

A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website.

Under the definitions set out in FRS 102, the TPS is an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

## 21. Pension commitments (continued)

### **Local Government Pension Scheme**

The LGPS is a funded defined benefit scheme, with assets held in separate Trustee-administered funds. The total contribution made for the year ended 31 August 2020 as referenced in the actuarial reports were £7,295,000 (2019: £7,028,000), of which employer's contributions totalled £5,739,000 (2019: £5,528,000) and employees' contributions totalled £1,556,000 (2019: £1,500,000). The agreed contribution rates for future years are 14.1% - 24.1% for employers and 5.5% - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy Trust closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

<b>Principal actuarial assumptions:</b>	<b>2020</b>	<b>2019</b>
Discount rate for scheme liabilities	3.2%	1.9%
Rate of increase in salaries	2.3%	3.4%
Rate of increase for pensions in payment / inflation	1.7%	2.2%
Inflation assumption (CPI)	2.3%	2.2%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

<b>Mortality assumptions:</b>	<b>2020 Years</b>	<b>2019 Years</b>
<i>Retiring today</i>		
Males	21.2 – 23.1	21.2 – 23.5
Females	23.5 – 25.5	23.5 – 26.2
<i>Retiring in 20 years</i>		
Males	22.1 – 24.7	22.1 – 26.2
Females	24.9 – 27.2	24.9 – 28.5

<b>Sensitivity analysis:</b>	<b>At 31 August 2020 £'000</b>	<b>At 31 August 2019 £'000</b>
Discount rate +0.1 %	(3,999)	(3,512)
Discount rate -0.1 %	4,092	3,572
Mortality assumption - 1 year increase	5,907	4,737
Mortality assumption - 1 year decrease	(5,791)	(4,652)
CPI rate +0.1%	3,812	3,117
CPI rate -0.1%	(3,737)	(3,067)

**21. Pension commitments (continued)**

***Local Government Pension Scheme (continued)***

The Trust's share of the assets in the schemes were:

	<b>At 31 August 2020 £'000</b>	<b>At 31 August 2019 £'000</b>
<b>Asset allocation:</b>		
Equities	56,382	49,353
Corporate bonds	20,488	17,721
Property	8,155	7,387
Cash and other liquid assets	2,693	2,582
Other	8,635	8,211
<b>Total market value of assets</b>	<b>96,353</b>	<b>85,254</b>

The actual return on scheme assets was £5,203,000 (2019: £5,505,000).

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Amounts charged to the statement of financial activities:</b>		
Current and past service costs	(11,111)	(10,876)
Administration costs	(83)	(70)
Net Interest cost	(1,089)	(969)
Benefit changes, gain (loss) on curtailment and gain (loss) on settlement	—	(9)
	<b>(12,283)</b>	<b>(11,924)</b>

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Changes in the present value of defined benefit obligations:</b>		
At 1 September 2019	144,995	109,825
Transfer into scheme upon conversion	—	1,117
Current service cost	11,111	8,552
Past service costs	—	2,324
Interest cost	2,727	3,089
Employee contributions	1,556	1,500
Actuarial loss	6,545	19,870
Benefits paid	(1,548)	(1,312)
Plan introductions, benefit changes, curtailments and settlements	—	30
<b>At 31 August 2020</b>	<b>165,386</b>	<b>144,995</b>

## 21. Pension commitments (continued)

### *Local Government Pension Scheme (continued)*

	2020 £'000	2019 £'000
<b>Changes in the fair value in the Trust's share of scheme assets</b>		
At 1 September 2019	85,254	73,666
Transferred in on existing academies joining the Trust	—	383
Interest income	1,638	2,120
Actuarial gain	3,797	3,418
Employer contributions	5,739	5,528
Employee contributions	1,556	1,500
Benefits paid	(1,548)	(1,312)
Plan introductions, benefit changes, curtailments and settlements	—	21
Administration costs	(83)	(70)
<b>At 31 August 2020</b>	<b>96,353</b>	<b>85,254</b>

## 22. Operating lease and similar commitments

At 31 August 2020 the total of the Trust's future minimum lease payments under non-cancellable operating leases were as follows:

	2020 £'000	2019 £'000
<b>Amounts payable:</b>		
Within 1 year	494	512
Between 1 and 5 years	327	512
After more than 5 years	25	36
<b>Total commitment</b>	<b>846</b>	<b>1,060</b>

In addition to the above, four of the properties occupied by the Trust were developed and financed through Private Finance Initiative (PFI) agreements between the PFI contractor and the relevant Local Authority. These properties are not included on the Trust's balance sheet. However, The Trust is subject to secondary agreements with the relevant Local Authority which requires the Trust to make annual contributions towards facilities management. At 31 August 2020, the total of future minimum commitments under such agreements were as follows:

	2020 £'000	2019 £'000
<b>Amounts payable:</b>		
Within 1 year	4,952	4,729
Between 1 and 5 years	14,856	18,915
After more than 5 years	32,376	31,344
<b>Total commitment</b>	<b>52,184</b>	<b>54,988</b>

### 23. Related party transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the Trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook and with the Trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Trustees / Member	Declaration of interest for The Kemnal Academies Trust	Relationship	Commercial value per annum
Dr Karen Roberts (Chief Executive Officer and Trustee)	Ms D Roberts - School Health Co ordinator at Rainham School for Girls	Sister	Standard terms of employment

Other related party transactions are disclosed within note 10 to the financial statements.

**24. Teaching School trading account**

	2020 £'000	2019 £'000
<b>Income</b>		
Direct income	1,245	1,303
<b>Total income (inclusive of inter-Trust charges)</b>	<b>1,245</b>	<b>1,303</b>
Less: inter-Trust charges	(242)	(198)
<b>Total income as per statement of financial activities</b>	<b>1,003</b>	<b>1,105</b>
<b>Expenditure</b>		
Direct costs		
. Direct staff costs	705	676
. Staff development	50	7
. Other direct costs	310	414
	<b>1,065</b>	<b>1,097</b>
Other costs		
. Support staff costs	65	60
. Recruitment and support	6	9
. Other support costs	15	7
<b>Total expenditure (inclusive of inter-Trust charges)</b>	<b>1,151</b>	<b>1,173</b>
Less: inter-Trust charges	(215)	(195)
<b>Total expenditure as per statement of financial activities</b>	<b>936</b>	<b>978</b>
Add: sundry expenditure	26	3
<b>Surplus for all services</b>	<b>93</b>	<b>130</b>
Teaching School's balance at 1 September 2019	248	118
<b>Teaching School's balance at 31 August 2020</b>	<b>341</b>	<b>248</b>

**25. Agency arrangements**

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the year ended 31 August 2020, the Trust received £155,915 (2019: £158,375) and disbursed £88,611 (2019: £120,898) from the fund. An amount of £142,259 (2019: £74,954) is included in other creditors relating to undistributed funds.