



**The Howard
Partnership Trust**
Bringing out the best

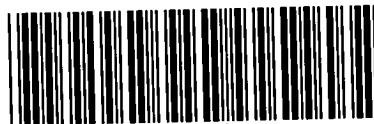
**The Howard Partnership
Trust**

**Annual Report and Consolidated
Financial Statements**

31 August 2020

Company Limited by Guarantee
Registration Number
07597068 (England and Wales)

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Reference and administrative information

In office at date of approval of financial statements

Members	P Baumann L O'Connor S Trundle C Williamson I Wilson
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Trustees	R J Barnfield (CEO) P Belok R Coyle T Crombie J Cunliffe L Kemeny M Swyny C Williamson I Wilson
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In office during the financial year

Company Secretary	J Stockdale
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Company registration number	07597068 (England and Wales)
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Reference and administrative information

Executive Leadership Team

Chief Executive Officer	R J Barnfield
Deputy Chief Executive Officer	N Euridge
Chief Operating Officer	J Stockdale
Director of Primary Education	J Roddick
Chief Finance Officer	R McCafferty (to 15/09/20)
Interim Chief Finance Officer	S Santhaguru (02/09/20)
Director of HR	J Richardson (Resigned 03/01/20)

Secondary Phase Executive Head

N Euridge

Secondary Phase Heads

Howard of Effingham School	H Pennington
Thomas Knyvett College	R Beeson (from 01/09/19)
Oxted School	R Bond
Three Rivers Academy	A-L Payne

Primary Phase Executive Heads

J Roddick
T Dakin
V Wallden

Primary Phase Heads

Kenyngton Manor Primary School	L Herdman (from 01/09/19)
St Lawrence Primary School	T Dell
Cuddington Community Primary School	E Dempster
Eastwick Infant School	Vanessa Wallden
Eastwick Junior School	Vanessa Wallden
Meadhurst Primary School	A Daniels

Registered address

Lower Road
Effingham
Surrey
KT24 5JR

Reference and administrative information

Auditor Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Bankers HSBC
18 North Street
Leatherhead
Surrey
KT22 7AR

Solicitors Stone King LLP
Boundary House
91 Charterhouse Street
London
EC1M 6HR

Trustees' report 31 August 2020

The Trustees of The Howard Partnership Trust (THPT) present their statutory report together with the financial statements of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report and a directors' report under company law.

THPT operates four secondary academies and six primary phase academies in Surrey. The total pupil numbers on roll reported in the Trust's census for 4 October 2020 was 7,144 (2019: 7,010).

The financial statements have been prepared in accordance with the accounting policies set out on pages 36 to 41, THPT's Memorandum and Articles of Association, applicable laws 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 United Kingdom and Republic of Ireland (FRS 102), effective from accounting periods commencing 1 January 2015 or later.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Trust is a company limited by guarantee and an exempt charity. The Memorandum and Articles of Association are the primary governing documents of the Trust. The Trust was incorporated on 8 April 2011 and took over the activities of Howard of Effingham School from 1 July 2011. In 2013, the Trust changed its name to The Howard Partnership Trust and became a Multi Academy Trust (MAT). Each academy within the MAT has established a Local Governance Board (LGB) as a Committee of the MAT Board. LGB members do not act as Trustees or directors of the charitable company unless directly appointed by the Board to do so. The schools within the Trust and their date of joining are shown below.

School	Date of becoming an academy within THPT	Ofsted judgement on joining THPT	Latest Ofsted judgement
Howard of Effingham	1 November 2013	Outstanding	Good (2019)
Thomas Knyvett College	1 November 2013	Requires Improvement	Good (2018)
Kenyngton Manor Primary School	1 December 2013	Requires Improvement	Good (2016)
St Lawrence Primary School	1 November 2014	Good	Good (2017)
Oxted School	1 September 2015	Good	Requires Improvement (2018)
Cuddington Community Primary School	1 July 2016	Requires Improvement	Good (2019)
Eastwick Infant School	1 July 2016	Good	Good (2018)
Eastwick Junior School	1 July 2016	Good	Good (2019)
Three Rivers Academy (previously a Single Academy Trust)	1 September 2016	Requires Improvement	Good (2019)
Meadhurst Primary School	1 December 2018	Inadequate	Awaiting first inspection post-conversion

Details of the Trustees who served throughout the period are included on page 5. THPT Services Limited, a wholly owned subsidiary of THPT was incorporated on 3 March 2015 and is also consolidated within these financial statements.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Members' liability

Each Member of the charitable company undertakes to contribute to the assets of the charitable company 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.

Principal activities

The Trust's principal activities, in accordance with its objectives for the year ended 31 August 2020, were advancing education in the United Kingdom by establishing, maintaining, managing and developing schools, offering a broad and balanced curriculum with the aim of maximising the life chances of young people. In addition, the Trust promoted the use of recreational facilities and provided educational events for the benefit of local residents and their families.

THPT Services Limited, the trading company subsidiary of THPT, provides nursery education for children from 18 months to 4 years at a purpose-built nursery facility, The Howard Nursery School, which is located on the site of Howard of Effingham School. This formed its principal activity in accordance with its objectives, for the year ended 31 August 2020.

Trustees

In the year under review Trustees (who are also Directors of the charitable company for the purposes of the Companies Act 2006) were as follows and served throughout the period except where shown:

Trustee	Appointed/Resigned
R J Barnfield	
P Belok	
R Coyle	Appointed 06/03/20
T Crombie	
J Cunliffe	
L Kemeny	Appointed 11/10/19
J Loy	Resigned 07/05/20
M Swyny	
M Templeman	Term ended 12/02/20
C Williamson	
I Wilson	

Details of committees that support the Board of Trustees are set out within the Governance Statement.

Method of recruitment and appointment or election of Trustees

For the period under review, the Trust Board comprised of:

- ♦ the CEO; and
- ♦ 9 Trustees (appointed by Members) 01 September 2019 to 7 May 2020; 8 Trustees (appointed by Members) to 31 August 2020.

The CEO is selected by the Trust Board. Member appointed Trustees are appointed in accordance with the Articles of Association.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of Members, Trustees and Governors

The Trust Board has a structured process for the induction and training of new Members, Trustees and Governors. A tailored Code of Conduct for each level of governance is made available in the first instance and the necessary safeguarding checks and training are also undertaken.

An induction pack and training programme is managed by the Trust's Clerk/Governance Manager and regularly reviewed by the Trust's Standards & Performance Committee, with responsibility for governance. Induction of new Trustees, Members and Governors is delegated to Chairs of Trust. Governors with support from the Trust and Local Clerks. A checklist covering all required elements is reviewed at the end of the first full term and academic year. Trustees and Governors are assigned a mentor to support them and are encouraged to participate in a dedicated Trust Governance Development Programme, including bespoke training available on request. A range of external resources which the Trust has bought in as well as sources of relevant governance information are available online.

Organisational structure

The CEO, Deputy CEO, COO, Director of Primary Education, CFO, Executive Heads, Heads and Shared Services Directors or Leads are Trust Board appointments.

The Executive Leadership Team comprises the CEO (who is the Accounting Officer), the Deputy CEO, the COO and the Director of Primary Education. This team meets regularly with the Heads.

Responsibility is delegated from the Trustees to the Executive Leadership Team and individual Local Governance Boards (LGBs) via an appropriate Scheme of Delegation.

The Trustees fulfil a strategic role. They are responsible for the strategic direction of the Trust, setting general policy, reviewing and approving annual Trust development plans and budgets, monitoring the Trust performance, both financial and in terms of student outcomes, and providing oversight of decisions about significant capital expenditure and senior staff appointments.

The LGB committees of each school within THPT have delegated responsibilities according to the Scheme of Delegation. Governors largely fulfil a monitoring role in holding the school leadership to account on school performance, in terms of student outcomes and school improvement. The Chair of Governors can form part of the selection panel for Head appointments.

Each Head is supported by a Senior Leadership Team (SLT). These professionals lead the school at a senior level implementing the policies ratified by the Trust. As a group, the SLT are responsible for the authorisation of spending within approved budgets and the appointment of staff (having regard to the Executive's advice); although appointment panels for the most senior posts including the SLT are supported by a least one local Trustee.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The school leadership structure consists of two levels: the Senior Leadership Team (SLT) and Middle Leadership within the school. The aim of the leadership structure is to devolve responsibility and encourage involvement in decision making at all levels.

The LGB scrutinises and offers challenge with regards to the standards achieved by the students, the quality of teaching and learning in the school and holds the Head and SLT to account on progress towards the School Improvement Plan targets.

The Middle Leadership Team within each secondary school includes the Year Leaders and the Heads of Faculty.

Primary Middle Leadership includes Key Stage leaders, SENCO and core subject leads. Collectively, the Senior and Middle leaders are responsible for the day to day operation of the school, in particular organising and developing the teaching staff, and for students' well-being.

Details of the Heads of Primary and Secondary phase schools at 31 August 2020 are included on pages 1 and 2.

Arrangements for setting pay and remuneration of key management personnel

Pay and remuneration of key management personnel is set in accordance with the Trust's Recruitment and Pay Policies. Appointments are made to a pay range which is benchmarked with reference to the School Teachers Pay and Conditions Document (STPCD), local authority arrangements for support staff and sector evidence relating to Multi Academy Trust Executive and Leadership pay. This includes an objective benchmarking report compiled by an external consultant, commissioned at least biennially.

During the previous year a consultation with staff concluded with revised arrangements for support staff that resulted in a move away from historic direct alignment to the Local Authority's support staff pay arrangements, Surrey Pay.

Progression through an individual teacher's range is not automatic but subject to the criteria for performance management (which includes adherence to the Teachers' Standards, STPCD criteria and performance objectives). Performance recognition, if affordable for support staff, is contingent on successful progress towards appraisal objectives and the fulfilment of key job specification accountabilities. Such processes are in accordance with Trust policies, the strict application of which are monitored by LGBs through Chairs of Governors and ultimately the Trust via the Remuneration Committee.

Details of who is defined as key management personnel and their remuneration are included within note 7e to the financial statements

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the period	Full-time equivalent employee number
2	2

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	—
1% - 50%	2
51% - 99%	—
100%	—

Percentage of pay bill spent on facility time

Total cost of facility time	£505
Total pay bill	£37,522,000 pa gross
Percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Connected organisations, including related party relationships

The Howard of Effingham School Charitable Trust exists to support the students of Howard of Effingham School and The Oxted School Trust exists to support those at Oxted School. Both of these charitable trusts provide enhancements and additional activities for students of the school they support which are not otherwise affordable within the delegated budget of the school.

All THPT schools in both the primary and secondary phase work closely with their network of local schools. This provides senior leaders with local knowledge and insights and helps them to make decisions that reflect their local context and needs. THPT schools also fully engage with phase specific Surrey based regional and Local Authority wide networks. This provides excellent CPD for Heads and staff. These networks also ensure that THPT schools fully engage with LA developments.

The Howard of Effingham still leads the Effingham Learning Partnership. This is a confederation of 11 local schools which enables information, facilities and resources to be shared for the benefit of children and families locally.

THPT Services Limited, incorporated on 3 March 2015, is a wholly owned subsidiary of THPT whose object is to carry on business as a general commercial company to procure funds for the purpose of paying them to THPT or any other charitable body that succeeds it to further its charitable purposes. The company undertakes the provision and development of nursery care and education.

OBJECTS AND AIMS

The Trust's objects as a MAT are for the advancement of education for the public benefit in the United Kingdom, and in particular by establishing, maintaining, managing and developing schools offering a broad and balanced curriculum with the aim of maximising the life-chances of young people.

Objectives, strategies and activities

The objectives, strategies and activities of THPT are fully outlined in the Trust's Improvement Plan and individual School Improvement Plans all of which are renewed annually and monitored on a regular basis, typically termly.

Public benefit

The public benefit provided by the Trust is outlined in the Objects and Aims above. The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Trust's aims and objectives and in planning future activities and setting appropriate policies for the year.

STRATEGIC REPORT

When considering the strategic report on the achievements and performance of The Howard Partnership Trust (THPT) schools, it is relevant to consider how the Partnership came into being, as that journey has shaped the THPT ethos of collaboration and inclusion that has developed over time.

THPT grew out of a long-standing federation, the first in Surrey, which was originally formed in 2007 at the request of the DfE and Surrey Local Authority. The federation was between Howard of Effingham, an Ofsted outstanding 11-18 school, which was designated the lead, and Thomas Knyvett College, an 11-16 school in Ashford. Through school-to-school collaboration, both schools benefitted from improved student outcomes, leading to Ofsted judging partnership working in each school as *outstanding* in 2009.

The Multi-Academy Trust (MAT) was formed in November 2013, again at the request of the DfE and Local Authority, to enable the Partnership's first primary school to join. Kenyngton Manor School, a Surrey 2-form entry primary converted to an academy within THPT in December 2013. Since this, THPT has grown to its current size of 4 secondary schools and 6 in the primary phase.

The inclusive ethos of the MAT is further deepened by 5 Special Centres attached to mainstream settings; 3 COIN (Communication and Interaction Needs) Centres – one each at Eastwick Junior and Infant Schools, together with one at Cuddington Community Primary School – for young people with an autistic spectrum condition, one SLCN (Speech, Language and Communication Needs) centre at Meadhurst Primary School, and one Visually Impaired Centre at Oxted School. This ethos will be enhanced by the successful Wave 12 Free School Special School bid, together with the addition of another COIN Centre to Howard of Effingham School.

Those involved with THPT are justly proud of the ethos of collaboration, school improvement and inclusion achieved in each of the Partnership schools. This has been achieved by upholding shared vision and values in which there is a commitment to 'bringing out the best' in young people of all abilities and aptitudes, so increasing their life-chances.

Response to Covid-19 pandemic

The academic year 19/20 presented multiple challenges during the Covid-19 phase of national lockdown and the partial closure of schools. It was apparent early in February 2020 that schools were going to need to think differently in supporting vulnerable learners and families through this challenging period. THPT responded swiftly and took a series of important decisions in order to safeguard and support children through this unprecedented period.

Trust leaders and designated safeguarding leads undertook individual risk assessments for vulnerable children and those with special educational needs (SEND). This resulted in a comprehensive package of support and contact which saw the vast majority of these pupils attending school during the period of lockdown.

STRATEGIC REPORT (continued)

Response to Covid-19 pandemic (continued)

Families were supported in a diverse range of ways including support with the free school meal voucher system and prior to the introduction of this process, with food parcels. Senior leaders in every Trust school took the lead in ensuring that potentially vulnerable families were well supported during the lockdown period. This was achieved through a range of strategies including home visits and weekly contact calls to support parents and monitor children's wellbeing.

Trust wide risk assessments for partial and then school re-opening were created and are continually monitored for effectiveness and updated when required.

THPT remains one of the few multi academy trusts to have recruited a qualified Clinical Psychologist as part of the support system for vulnerable children and the decision was taken to increase the capacity of this team with the addition of psychology students on placement from Surrey University and the recruitment of two further part time psychologists. The work of the psychology team has become pivotal on the Trust's work on wellbeing and safeguarding. This is further evidenced through a Trust-wide project on building children's resilience, a project considered to be the first of its kind in the UK. The project evaluates each child's resilience score at the start of each annual year and enables Heads and the Psychology Team to identify children who exhibit low levels of resilience. This in turn enables intervention support to be put in place to support targeted children.

THPT's commitment to wellbeing for children and staff alike has remained at the forefront of the Trust's response to Covid-19. Leaders continue to prioritise positive and healthy working patterns among all staff across the Trust.

The Covid-19 period saw a rapid and dramatic shift in how the curriculum was taught to students across the Trust. THPT schools were quick to introduce a remote learning offer for children who were unable to attend school. This blended learning offer has developed further across the year and now features live lessons and teaching of groups and the opportunity for teachers to give developmental feedback to students. This approach has proved pivotal in situations where 'bubbles' have closed in schools with confirmed Covid-19 cases. Students are now accessing a strong curriculum offer whether in school or in self-isolation.

THPT took a further decision to address the emerging equity gap of access to IT equipment for vulnerable families. A Trust-wide investment in nearly five hundred laptops for vulnerable children have been distributed to enable a more equitable access to remote learning. This investment is in direct response to an emerging gap between families and children who were unable to easily access remote and on-line learning during the first period of partial closure. As a result of this investment a higher percentage of children in all THPT schools can independently access the curriculum from home.

THPT schools all developed and are implementing recovery plans to address the gaps in learning caused by the partial school closures from March 2020 to July 2020. The impact of these plans will be monitored by the Local Governing Bodies.

STRATEGIC REPORT (continued)

Secondary Phase Achievements and Performance

Due to COVID-19 there were no public examinations in 2020. THPT schools all worked collaboratively to ensure that robust Centre Assessed Grades (CAGs) were generated. The schools all upheld Ofqual's stated principles that the CAGs issued to students "reflected the grade their school or college believes they would be most likely to have achieved had exams gone ahead, taking into account a range of evidence including, for example, non-exam assessment and mock results".

The outcomes from this process at Key Stage 5 were as follows:

- 60% of students progressed onto HE in 2020;
- 22% of students chose to take a gap year;
- 6% of student began apprenticeship programmes; and
- 12% of student went into employment.

It should be noted that significantly more students decided to take a year out of education and delayed going to university in 2019/20. This has occurred because students either missed out on their first-choice university place, due to the issues around the exam board generated grades and wish to attend their chosen university in 2021 or they were concerned that their university experience in 2020 would be impoverished due to coronavirus.

At Key Stage 4, 99.4% of the THPT Year 11 students in the 2020 cohort were enabled to move onto a planned next stage of education or training. All THPT schools worked with the local authority to support the 0.6% of students at risk of becoming Not in Education, Employment or Training (NEET).

The inability of students to undertake national assessments was very disappointing for all concerned. This was especially the case for the Howard of Effingham, as staff were anticipating results to be in the top 25% of schools nationally.

Primary Phase Achievements and Performance

The THPT primary phase continues to demonstrate a picture of strengthening improvement against both national benchmarks and Ofsted criteria. Each school has shown notable gains since joining THPT with clear strengths against national measures. Equally, there remain different priorities for improving outcomes across each school and these areas are clearly reflected in the individual school priorities.

There were no statutory tests in 2020 due to Covid -19. THPT primary schools continued to develop their whole school priorities in line with their individual plans and despite of the challenges of Covid-19, continue to make good progress against these priorities.

Developments in teaching and learning have been at the heart of the school improvement plans and have included a wide range of staff training in key areas such as assessment, Singapore approaches to Maths and developing writing. In addition to this, all Primary phase schools have focused closely on developing their curriculum to further extend the breadth and relevance of content in meeting the demands of the National Curriculum.

STRATEGIC REPORT (continued)

Promoting the success of the company

The collective education and business expertise, coupled with the depth and breadth of discussion at Trustee level within the Trust, ensures that decision-making and any identified consequences are robustly considered to meet the current and future needs of the Trust; its students, its employees and its business.

Trustees and Executives are reminded that we operate within the context of the Nolan Principles, expected of public office holders.

Trust Executives are challenged by Trustees to maintain appropriate professional relationships in their day to day business with stakeholders and external organisations and Trustees are involved in key decisions as relevant, in support of expected high standards of conduct, e.g. Major project /contract procurement activity. The Trust places great value in the partnership of suppliers and as such prompt payments to suppliers is of great importance.

Staff welfare and well-being is embedded in every committee and Trust Board agendas in every tier of governance, with particular attention given, during partial school closure (March to July 2020), to student and staff resilience. A well-promoted Employee Assistance Programme (EAP) is encouraged. Rewards and benefits are regularly reviewed by Trustees. All policy reviews are supported by impact statements which, when applicable reflect equality and diversity.

Trustees are cognisant of the diverse communities in which the schools are located and foster strong relationships with local governing bodies to fully understand the impact of the school on each local community. Every school engages locally, under the direction of the Trust, in initiatives which support the local environment e.g. maintaining and reviewing travel plans to attempt, where possible, to reduce vehicular activity. Schools also work with their local community to manage lettings groups, many of which promote exercise and healthy lifestyle choices.

Parity amongst THPT schools is a significant focus for Trustees. Ongoing investment in IT has placed all schools and shared services on a single domain allowing for the sharing of resources and a management information system for central services (Finance/ HR/ Estates/IT) embeds this further. Common policies across the Trust, reviewed by Trustees at regular intervals, create organisational equity for a range of pupil and employee issues.

Financial review

Financial report for the year

Most of the Trust's income is obtained from the Education Skills and Funding Agency (ESFA) in the form of the General Annual Grant (GAG), the use of which is restricted for education purposes. The grants received from the ESFA and other government bodies during the period and the associated expenditure are shown as restricted funds in the statement of financial activities. The Trust also received grant funding for capital investment and maintenance from the ESFA.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

The total income for the year was £45,549,000 (2019 - £48,897,000 including £4,221,000 in relation to the transfer of net assets by Meadhurst Primary School upon joining the Trust). GAG income of £33,612,000 (2019: £33,004,000); trading activities of £1,436,000 (2019: £2,051,000) and capital grants of £3,252,000 (2019: £3,181,000).

The results for the year are shown on page 33. The financial performance during the year was better than budget primarily due to the short term impact of school closures as a result of COVID-19. Early indications suggest that these savings will be broadly reversed in the next financial year as the COVID-19 related costs increase when the schools remain open.

The operational deficit for the year after transfers between funds, excluding the fixed assets fund and the pension reserve was £596,000, as reported in the table below (2019: deficit of £393,000). For 2019/20, the movement in net expenditure attributable to the fixed assets fund also includes the ESFA capital grants that were previously reported within restricted income funds last year as mentioned in note 25.

	2020 £'000	2019 £'000
Overall net movement in funds	(7,313)	(6,868)
Add: net expenditure attributable to the fixed assets fund	878	3,951
Less: transfer of net assets from Meadhurst Primary School	—	(4,221)
Add: FRS 102 pension adjustments	5,839	6,745
Operational deficit for the year	(596)	(393)

At 31 August 2020, the Group had total funds of £95,075,000 (2019: £102,388,000). This comprised £92,191,000 (2019: £98,910,000) of restricted funds and £2,884,000 (2019: £3,478,000) of unrestricted general fund balances. The pension reserve balance, relating to the Local Government defined benefit scheme for non-teaching staff, was in deficit by £23,532,000 at 31 August 2020 (2019: £17,693,000). The pension liability is based on certain assumptions which are set out in note 21. Key amongst these is the discount rate which decreased from 1.9% at the end of August 2019 to 1.7% at the end of August 2020, which contributed to the significant increase in the pension liability.

Reserves policy

THPT is dependent on the flow of grants from the ESFA, which allows it to spend on today's students in addition to holding a level of reserves. THPT current policy is to hold levels of free reserves of between 3-5% of total annual revenue income. This equates to between £1.3m and £2.1m at 31 August 2020.

The Trustees recognise therefore that the level of free reserves held will be varied within acceptable parameters to reflect the Trust's activities, plans for growth, and the operating environment.

STRATEGIC REPORT (continued)

Reserves policy (continued)

The Group's current level of free reserves (comprising of the unrestricted general fund balance and restricted income fund carry forward balance) was £2,921,000 at 31 August 2020 (2019: £3,517,000). Trustees note that whilst current levels of free reserves exceed thresholds indicated by the policy, they are considered currently necessary to support the education of current students, allowing the Trust to remain financially sustainable and to implement future planned strategies.

The Trust had a consolidated pension scheme liability of £23,532,000 as at 31 August 2020 which forms part of restricted reserves (2019: £17,693,000). Any cash flows as a result of the pension scheme deficit will occur over a number of years, and consequently the pension liability is excluded in considering the reserves policy.

Going Concern

After making appropriate enquiries, the Trust Board has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. The forecast cash flow models the expected future impact of COVID-19 as well as all other operational income and expenditure covering the going concern period. As part of the monthly reporting suite, THPT monitors short term forecast reserves (12 months) versus budgeted reserves as well as undertaking medium term forecasting (a further two years) of reserves.

At 31 August 2020, the Group had net current assets of £7,658,000 (2019: £7,251,000) and cash balances of £9,731,000 (2019: £10,508,000) at 31 August 2020, emphasising the liquidity of the Group.

For this reason, the Trust 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.

Investment policy

The Trust does not have any material investments.

Risk management

The principal risk management objective of the Trust as stated in the risk management policy is to minimise all identified risks, outlined in the risk register, undertaking frequent review of identified risks and adopting mitigating actions where possible.

The Trustees and Governors have assessed the major risks to which the Trust and each school is exposed, in particular those areas relating to maximising young people's outcomes and the Trust's finances. The Trustees have monitored the effectiveness of Trust and school strategies and procedures implemented to mitigate risks that the schools face, especially in the operational areas; recruitment, health and safety (including safeguarding) and financial controls. Where significant financial risk still remains, they have ensured, where possible, that they have adequate insurance cover.

STRATEGIC REPORT (continued)

Risk management (continued)

A dedicated Audit & Risk Committee has responsibility for all internal controls and review of internal audit functions as directed by FRC, Ethical Standards; this is delegated by the Board of Trustees. The Audit & Risk Committee comprises four Trustees, with the CEO, COO and CFO in attendance at meetings.

The LGB committees review their individual school risk registers and mitigating actions on a biannual basis to ensure the management of key risks is regular and ongoing. Residual risk registers are reviewed to ensure mitigation results in the reduction of the raw risk to an acceptable level within the Trust's risk appetite. Each Trust committee receives and reviews the risk register appropriate to its Terms of Reference. THPT Audit & Risk Committee receives and reviews the composite Trust risk register. Reviews are carried out on a biannual basis using the same methodology to identify the scope of the identified risks, and any other mitigating actions that may be necessary. In this way, the Trust ensures that its strategic decision-making is fully informed by the risk management protocols that are in place.

Principal risks and uncertainties

The major risks to which the Trust is exposed are: -

- ◆ Ongoing risks associated with curriculum catch up for pupils and exceptional costs, missing out on education and funding related to Covid-19. In addition, sufficiently managing staff well-being.
- ◆ IT security- whilst the Trust is confident in its current mitigations it is critical to remain aware of potential security threats.
- ◆ Increases in costs for all staff and particularly unfunded pay rises for teachers that are prescribed through the School Teachers Pay and Conditions Document and increased support staff pay, resulting from a steadily rising minimum wage.
- ◆ Challenges posed by recruitment difficulties generally seen within the education sector.
- ◆ Risk profile of potential schools joining the Trust

The THPT 3-Year Strategy and Vision document demonstrates the Trust's ability to respond to expansion opportunities and threats appropriately. In mitigating these risks, Trustees are appraised of the risk profile of all potential schools, including geographical location and demographics, financial viability and the size of the school as well as a full analysis of existing school improvement capability. This helps to inform the resource requirements that will be necessary to support planned Trust expansion in terms of human resource capacity, access to appropriately skilled leaders, technical staff, and financial resources.

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	5,683,668
Energy consumption break down (kWh) (optional)	
<ul style="list-style-type: none"> gas, electricity, transport fuel 	4,943,095 573,604 166,969
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	908.89
Owned transport – mini-buses	5.18
<u>Total scope 1</u>	914.07
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	573.6
<u>Scope 3 emissions in metric tonnes CO2e</u> Business travel in employee owned vehicles	35.37
Total gross emissions in metric tonnes CO2e	1,523.04
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.21
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 CO2e per pupil, the recommended ratio for the sector.	
Measures taken to improve energy efficiency New Gas Boilers installed at Thomas Knyvett College.	

FUNDRAISING

THPT does not employ fundraising agencies, fundraisers, or undertake telephone fundraising campaigns.

THPT benefits from 2 independent charitable funds; The Oxted School Trust and Howard of Effingham Charitable Trust. In addition, some THPT schools also benefit from donations made via the School Fund. The income from these funds is utilised within the relevant school, to provide equipment and other items to support the curriculum which would otherwise be unaffordable within the core offer. Charity law covers the rules relating to the setting up and operation of charities and we ensure compliance with the legislation for both the Oxted School and Howard of Effingham Charitable Trusts, as well as for THPT. We recognise the Code of Fundraising Practice and we also comply with laws that apply to data protection, health and safety and the environment.

The Trust's charitable objects are clear, and we are transparent in our core purpose and how donations are used. We respect the rights, dignities and privacy of our supporters and beneficiaries; we do not put undue pressure on donors to make a gift. THPT has not received any complaints regarding its fundraising practices in the year.

PLANS FOR FUTURE PERIODS

The vision of THPT is to support the continuous improvement of THPT schools and partners through collaborative working, in order to enhance the life chances for our students and benefit our local communities. The Trust's priority is to continue to improve the performance of its young people in all partnership schools as reflected in the mission statement "bringing out the best" and through activities in the MAT Improvement Plan and each school's Improvement Plan. Increased membership of the Trust will be managed in such a way as to ensure the realisation of the values and ethos of the Trust at all stages of development. Measured growth will ensure capacity and appropriate time scales for the induction of new schools to avoid risks associated with too rapid expansion.

Key challenges for the year ahead include:

- ◆ Catching up young people who potentially lost learning time during lockdown periods;
- ◆ Managing and monitoring staff and student well-being and mental health;
- ◆ Ensuring safeguarding through times of uncertainty;
- ◆ Managing a successful merger with a smaller, local special school MAT. Discussions have been taking place with the trustees of a special 2 school MAT located in Surrey. THPT are the preferred MAT, following a due diligence exercise undertaken in Summer 2020. The special school MAT has a planned free school with an expected opening date in Autumn 2021;
- ◆ The Trust continues to work in partnership with Berkeley Homes to rebuild and expand Howard of Effingham School on a significantly larger site opposite the existing school. Funding for the project will be provided through enabling residential development; and
- ◆ Further progressing the THPT special free school to provide cross phase education for high functioning students who have an autistic spectrum condition, who are 7-19 years old. These students have communication and interaction needs which mean they are unable to be educated in mainstream settings. This project has moved into the design phase with a projected opening date of September 2022.

In addition, Howard of Effingham School, the lead school in THPT, is supported by a National Leader of Education (NLE) and so is a designated National Support School, and a registered academy sponsor. Members of the leadership team across the Partnership will continue, where requested by Surrey County Council and the Department for Education to undertake local improvement support for schools in challenging circumstances in the Surrey and the surrounding area.

AUDITOR

In so far as the Trustees are aware:

- ♦ relevant audit information has been disclosed to The Trust's auditors; and
- ♦ 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.

Trustees' report, incorporating a strategic report, approved by order of the members of the Board of Trustees on 18 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'I Wilson', written in a cursive style.

I Wilson
Chair of Trustees

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that THPT 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 CEO, 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 agreement between the Trust and the Secretary of State for Education. The CEO is responsible for reporting to the 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 Trust Board met 6 times from 1 September 2019 to 31 August 2020, and meetings comprised: 3 formal meetings, 1 Covid-19 update meeting, 1 strategy meeting and 1 growth/merger review meeting (prior to the formal Board meeting).

Attendance at these meetings was as follows:

Trustee	Number of meetings attended	Out of a possible
R Barnfield	6	6
P Belok	6	6
R Coyle*	4	4
T Crombie	6	6
J Cunliffe	6	6
L Kemeny*	6	6
J Loy*	0	3
M Swyny	6	6
M Templeman*	1	1
C Williamson	6	6
I Wilson	5	6

**denotes left or appointed during the year*

During 2019-20, the Trust Board carried out a self-evaluation review of its performance and effectiveness, and that of its committees. Action Plans were developed and continue to be taken forward in 2020/21 by each tier of governance as a result of the issues that emerged through the self-evaluation process. All Action Plans are subject to scrutiny and challenge by the Standards & Performance Committee in line with their Terms of Reference which give them accountability for the effectiveness of governance across the Trust.

The Trust Board has responsibility for long-term planning, resourcing and monitoring to ensure the delivery of the overall strategic plan for the Trust.

The Business & Finance Committee and the Audit & Risk Committee are committees of the main Trust Board, as is the Standards & Performance Committee which has oversight of student progress/outcomes and effective governance across the Trust.

Governance (continued)

The Standards & Performance Committee met 5 times during the year, meetings comprised: 3 formal meetings and 2 strategy meetings.

Trustee	Number of meetings attended	Out of a possible
R Barnfield	5	5
T Crombie	5	5
L Kemeny*	3	3
M Templeman*	2	3
C Williamson	5	5
I Wilson	5	5

**denotes left or appointed during the year*

The Audit & Risk Committee is responsible for the review of the management of internal financial controls and risk management. It monitors and challenges relevant policies and practice within The Howard Partnership Trust. The Audit & Risk Committee comprises four Trustees, with the CEO, COO and the CFO in attendance.

The Audit & Risk Committee met 3 times during the year.

Trustee	Number of meetings attended	Out of a possible
R Barnfield	3	3
P Belok	3	3
R Coyle*	1	1
J Loy	2	2
M Swyny	2	3
M Templeman*	1	2

**denotes left or appointed during the year*

The purpose of the Business & Finance Committee is to provide oversight of the THPT financial position ensuring sufficient levels of resourcing to deliver the Trust's main purpose whilst having due regard to the financial viability of the Trust. It also monitors and challenges the major HR policies and practice.

The Business & Finance Committee met 5 times during the year, and meetings comprised: 2 formal meetings, 2 strategy meetings, and 1 Covid-19 update meeting.

Trustee	Number of meetings attended	Out of a possible
R Barnfield	5	5
P Belok	5	5
L Kemeny*	2	3
M Swyny	5	5
I Wilson	5	5

**denotes left or appointed during the year*

Governance reviews

Since THPT was established as a MAT in 2013, it has experienced significant growth with an increase in the range and complexity of Trust Board activities. Appointments to the Trust Board of Trustees are made to ensure an appropriate range of skills are incorporated across the Board and Committees. Trustees hold six Board meetings per year.

Following DfE advice that the model of governance within MATs should be reviewed every 3 years, the Trust carried out a 'root and branch' review in 2016/17 and implemented a revised structure for all tiers of governance from 2017/18 which has continued into 2019/20.

Each school within the Trust has a Local Governance Board (LGB) operating a Portfolio Holder model. The Board established an Interim Academy Board (IAB) for Meadhurst Primary School upon joining the Trust.

The role and responsibilities of the LGBs as committees of the Trust within each school reflect partnership working and focus on the critical monitoring of standards, teaching/learning and progress of the School Improvement Plan as well as ensuring safeguarding monitoring at a local level. Since the fundamental review of governance leading to its new structure in 2017/18, the effectiveness of governance has been assessed by self-evaluation with associated Action Plans as described in the Governance section of this report on page 20.

The intended triennial review of all tiers of governance across the Trust was delayed in 2019/20, principally by the Covid-19 pandemic. Consequently, this fundamental review of governance has been carried across into 2020/21.

The Trust regularly reviews its Governance Scheme of Delegation which currently encompasses governance and operational accountability and, supports the governance structure developments above.

Review of Value for Money

As Accounting Officer, the CEO has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during the academic year, and reports to the Board of Trustees where value for money can be improved, including the use on benchmarking data where available. The Accounting Officer for the Trust has delivered and improved value for money during the year by:

♦ Educational Strategies

The Trust has further increased resources to the central school improvement teams including the appointment of phase specific THPT lead professionals for:

- Core subjects
- Data and Performance
- Teaching & Learning
- Behaviour & Attendance
- Mental Health
- Inclusion
- Safeguarding

Review of Value for Money (continued)

♦ **Educational Strategies (continued)**

These leads co-ordinate and align the sharing of good practice across all THPT schools, primary and secondary. The value for money achieved in these part-time appointments, which Senior Leaders across the Trust undertake as a career development opportunity, is demonstrable, leading to improvements in educational outcomes (see below) and wider achievements associated with removing barriers to learning.

This approach together with planned and costed interventions led by the school improvement teams, have brought about quantifiable improvements and hence value for money in:

- The planned curriculum
- Standards of teaching and learning across the schools
- Pupil attendance
- Standards of behaviour
- Addressing safeguarding incidents
- Coping strategies for mental health and wellbeing issues
- Outcomes for students, especially those with SEND

The introduction of curriculum led financial planning has resulted in significant savings in the secondary phase. The review of the teaching leadership structures, including senior leadership, has also improved the value for money.

Continued investment to complete an implemented Trust-wide IT Strategy has offered the opportunity to improve teaching and learning through latest technology (cloud storage and Office 365 connectivity).

During the Covid-19 pandemic, the Trust had regard to the Policy Procurement Notices 02/20 and 04/20. Contract variations were agreed with suppliers (e.g. catering and cleaning) where their service could not be fully delivered due to partial school closures.

♦ **Educational Outcomes**

THPT primaries have continued to demonstrate a picture of strengthening performance against national expectations and Ofsted criteria. 2019/20 saw all THPT primaries make good progress against their planned priorities. The value for money aspect of this performance has been validated and praised by Ofsted in routine inspections. For example, in the 3 THPT primary schools inspected in 2018/19, the inspection team praised the quality of leadership and partnership working involved in improving outcomes for pupils. All schools were judged to be 'Good'.

In the THPT secondary schools demonstrated good value and made good progress against their planned priorities in 2019/20. However, the impact of Covid-19 meant that some planned initiatives were not able to be completed. Provision was judged as 'good' by Ofsted in the secondary phase for the school that was inspected.

Review of Value for Money (continued)

◆ **THPT Shared Service Team**

- The Executive has reviewed the dashboard tool supplied by the ESFA (not required for submission in 2019/20) and analysed the benchmarking data to consider and enable the efficient use of resources.
- A Trust wide major IT refresh programme has been completed, which demonstrated economies of scale available to the MAT, via large-scale procurement and purchasing.
- A successful procurement and implementation of a management information system for shared service functions was completed, which will allow for better Trust-wide reporting and more efficient management of resources.
- The Trust-wide energy contract was renewed at a point in the year when optimum savings could be realised in market prices.

Risk

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 THPT's 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 at the Trust for the period 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 Trustees have 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 Trustees are of the view that there is an on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 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 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 Trustees;
- ◆ regular reviews by the Business and Finance Committee and the main Trust Board 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 educational performance;
- ◆ clearly defined purchasing (asset purchase or capital investment) guidelines;
- ◆ delegation of authority and segregation of duties; and
- ◆ identification and management of risks.

The risk and control framework (continued)

The Trust Board engaged its external auditor, Buzzacott LLP, to perform a range of internal assurance checks on the Trust's financial systems during the year. However, in accordance with the AFH 2020, the procurement of an independent firm to provide internal audit services commenced in the Autumn Term 2020.

A comprehensive internal assurance review of working practices during the period of school closure was carried out across all Trust schools, delivered by professional shared services finance staff

THPT continues to update its approach to internal assurance work and is implementing a rolling 3 Year Internal Assurance strategy linked closely to a risk-based approach.

Review of effectiveness

As Accounting Officer, the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question, the review has taken account of:

- ◆ the work of the external auditors;
- ◆ the financial management and governance self-assessment process;
- ◆ the strategic financial leadership and management by the Trust's Executive Leadership Team; and
- ◆ the work of the Senior Leadership Team within each school who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has advised the Trust Board of the implications of the result of their review of the system of internal control and a plan to address any weaknesses and ensure continuous improvement of the system is in place.

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



I Wilson
Chair of Trustees
Approved on: 18 December 2020



R J Barnfield
CEO and Accounting Officer

Statement on regularity, propriety and compliance 31 August 2020

As Accounting Officer of The Howard Partnership Trust, I have considered my responsibility to notify the Trust Board of Trustees and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State. 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 agreement 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.

A handwritten signature in black ink, appearing to read 'RJ Barnfield'.

RJ Barnfield
Accounting Officer

Date: 18 December 2020

Statement of Trustees' responsibilities 31 August 2020

The Trustees (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 Annual Accounts Direction issued by the Education and Skills Funding Agency, 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' SORP 2015 and the ESFA;
- ◆ make judgments and estimates that are reasonable and prudent;
- ◆ state whether applicable United Kingdom Accounting Standards (FRS 102) 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 with 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 on 18 December 2020 and signed on its behalf by:



I Wilson
Chair of Trustees

Independent auditor's report on the financial statements to the members of The Howard Partnership Trust

Opinion

We have audited the financial statements of The Howard Partnership Trust (the parent 'charitable company') and its subsidiary (the 'group') for the year ended 31 August 2020 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows, the principal accounting policies and the related 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 2015) 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 parent charitable company and the group's affairs as at 31 August 2020 and of the group's 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 2015 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 parent 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 were:

- ◆ 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 group's or charitable parent 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 (covers the reference and administrative details, the report of the trustees and strategic report and the governance statement)

The Trustees are responsible for the other information. The other information comprises the information included in the annual report 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 group and the charitable parent 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 schools not visited by us; or
- ♦ the financial statements are not in agreement with the accounting records or 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 Trustees' responsibilities statement, 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.

Responsibilities of trustees (continued)

In preparing the financial statements, the Trustees are responsible for assessing the group and the charitable parent 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 group 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. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable parent 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.



18 December 2020

Shachi Blakemore (Senior Statutory Auditor)
for and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Independent reporting accountant's assurance report on regularity to The Howard Partnership Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter 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 Howard Partnership Trust during the period from 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 Howard Partnership 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 Howard Partnership Trust and the ESFA those matters we are required to state in a 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 Howard Partnership Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Howard Partnership Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Howard Partnership Trust's funding agreement with the Secretary of State for Education dated 27 June 2011 and the Academies Financial Handbook 2019, 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 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 period from 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 period from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



18 December 2020

Shachi Blakemore (Senior Statutory Auditor)
For and behalf of Buzzacott LLP
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 August 2020
(Including income and expenditure account and statement of recognised gains and losses)

	Notes	Unrestricted general fund £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Income from:						
Donations and capital grants	1	51	57	3,252	3,360	3,442
. Transfer from local authority into the Trust	24	—	—	—	—	4,221
Charitable activities						
. Funding for the Trust's educational operations	3	1,388	39,365	—	40,753	39,183
Other trading activities	2	1,436	—	—	1,436	2,051
Total income		2,875	39,422	3,252	45,549	48,897
Expenditure on:						
Raising funds	4	145	—	—	145	206
Charitable activities						
. Trust's educational operations	5	1,776	43,327	4,138	49,241	50,538
Total expenditure	4	1,921	43,327	4,138	49,386	50,744
Net income (expenditure)		954	(3,905)	(886)	(3,837)	(1,847)
Transfers between funds	15	(1,548)	1,540	8	—	—
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension scheme	21	—	(3,476)	—	(3,476)	(5,021)
Net movement in funds		(594)	(5,841)	(878)	(7,313)	(6,868)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019 (as previously stated)		3,478	(13,920)	112,830	102,388	109,256
Transfer between funds to correct brought forward	25	—	(3,734)	3,734	—	—
Restated balances brought forward		3,478	(17,654)	116,564	102,388	109,256
Fund balances carried forward at 31 August		2,884	(23,495)	115,686	95,075	102,388

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

Balance sheets 31 August 2020

	Notes	2020		2019 as restated	
		Group £'000	Trust £'000	Group £'000	Trust £'000
Fixed assets					
Tangible assets	12	110,949	110,906	112,830	112,786
Current assets					
Debtors	13	1,322	1,465	1,460	1,591
Cash at bank and in hand		9,731	9,688	10,508	10,451
		11,053	11,153	11,968	12,042
Liabilities					
Creditors: amounts falling due within one year	14	(3,395)	(3,390)	(4,717)	(4,705)
Net current assets		7,658	7,763	7,251	7,337
Net assets excluding pension scheme liability		118,607	118,669	120,081	120,123
Pension scheme liability	21	(23,532)	(23,532)	(17,693)	(17,693)
Total net assets		95,075	95,137	102,388	102,430
Restricted funds					
Fixed assets fund	15	115,686	115,641	116,564	116,520
Restricted income funds	15	37	37	39	39
Pension reserve	15	(23,532)	(23,532)	(17,693)	(17,693)
Total restricted funds		92,191	92,146	98,910	98,866
Unrestricted income funds					
General fund	15	2,884	2,991	3,478	3,564
Total unrestricted funds		2,884	2,991	3,478	3,564
Total funds		95,075	95,137	102,388	102,430

The financial statements on pages 33 to 62 were approved by the Trustees, and authorised for issue on 18 December 2020 and are signed on their behalf by:



I Wilson
Chair of Trustees
The Howard Partnership Trust
Company Limited by Guarantee
Registration Number: 07597068 (England and Wales)

Consolidated statement of cash flows Year to 31 August 2020

		2020 £'000	2019 £'000
Net cash flow from operating activities			
Net cash (used in) operating activities	A	(2,058)	(1,394)
Cash flows provided by investing activities	B	1,281	1,244
Change in cash and cash equivalents in the year		(777)	(150)
Cash and cash equivalents at 1 September		10,508	10,658
Cash and cash equivalents at 31 August	C	9,731	10,508

A Reconciliation of income to net cash flow from operating activities

	2020 £'000	2019 £'000
Net expenditure for the year (as per the statement of financial activities)	(3,837)	(1,847)
Adjusted for:		
Depreciation charges (note 12)	3,946	3,450
Impairment charge (note 12)	—	2,576
Capital grants from DfE and other capital income	(3,252)	(3,181)
(Gain) loss on disposal of fixed assets	(94)	—
Inherited fixed assets on conversion	—	(4,787)
Defined benefit pension scheme obligation transferred on conversion	—	605
Defined benefit pension scheme cost less contributions payable (note 21)	2,018	1,404
Defined benefit pension scheme finance cost (note 21)	345	321
Decrease (increase) in debtors	138	(206)
(Decrease) increase in creditors	(1,322)	271
Net cash (used in) operating activities	(2,058)	(1,394)

B Cash flows from investing activities

	2020 £'000	2019 £'000
Proceeds from sale of tangible fixed assets	94	—
Purchase of tangible fixed assets	(2,065)	(1,937)
Capital grants from DfE/ESFA	3,198	3,181
Capital funding received from sponsors and others	54	—
Net cash provided by investing activities	1,281	1,244

C Analysis of changes in net debt

Group	At 1 September 2019 £'000	Cash flows £'000	At 31 August 2020 £'000
Cash at bank and in hand	10,508	(777)	9,731
Total	10,508	(777)	9,731

Principal accounting policies 31 August 2020

Statement of accounting policies

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

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 financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (2015)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Howard Partnership Trust meets the definition of a public benefit entity under FRS 102.

These financial statements have been rounded to the nearest thousand pounds sterling.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet include the financial results of the Trust and the trading subsidiary, THPT Services Limited, for the year ended 31 August 2020.

No separate statement of financial activities has been presented for The Howard Partnership Trust alone, as permitted by Section 4 of the Companies Act 2006.

Going concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Trust to continue as a going concern. In making this assessment the trustees have considered the impact of Covid-19 as well as all other operational income and expenditure covering the going concern period. As part of the monthly reporting suite, THPT monitors short term forecast reserves (12 months) versus budgeted reserves as well as undertaking medium term forecasting (a further two years) of reserves.

The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

All incoming resources are recognised when the Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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 meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

The General Annual Grant 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 when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance 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

Donations are recognised on a receivable basis (where there are no performance-related conditions) where the receipt is probable and the amount can be reliably measured.

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided the goods or services.

Donated goods, facilities and services

The assets and liabilities of schools joining the Trust have been valued at fair value. 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 within *Donations – transfer from existing academy into the Trust* in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transactions are set out in note 24.

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. 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 numbers on roll.

Expenditure (continued)

Expenditure on raising funds

This includes all expenditure incurred by the Academy Trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading.

Charitable activities

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

All resources expended are stated net of recoverable VAT.

Tangible fixed assets

Assets costing £5,000 or more are capitalised as tangible fixed assets 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. 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 such assets is charged to the restricted fixed assets fund in the statement of financial activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost/valuation of each asset on a straight-line basis over its expected useful economic life, as follows:

Freehold buildings	2% per annum
Fixtures, fittings and equipment	10-20% per annum
Motor vehicles	20% per annum
Computer equipment	33% per annum

Depreciation is charged from the month of acquisition.

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 charges are recognised in the statement of financial activities.

Liabilities

Liabilities 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.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 as detailed in note 14. 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 another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

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.

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.

Pensions benefits (continued)

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. As stated in note 21, 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 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.

A small number of qualifying support staff access a workplace pension scheme with NOW pensions, having opted out of the defined benefit schemes indicated above. The NOW pension scheme is a defined contribution scheme. Consequently, contributions payable are charged to the statement of financial 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 assets funds are resources which are to be applied to specific capital purposes imposed by the Education and Skills Funding Agency, Department for Education or other funders where the asset acquired or created is held for a specific purpose.

Restricted ESFA funds comprise all other grants received from the Education and Skills Funding Agency.

Restricted other funds comprise all other restricted funds received and include grants from the Local Authority, Surrey County Council.

Critical accounting estimates and areas of judgement

Estimates and judgements 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 note 21, 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 2016 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 of the asset 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.
- ◆ The values attributed to properties donated to the Trust are initially recognised based on an independent professional valuation. The property's condition, the nature of educational use, and the geographical location are taken into consideration in estimating the value.
- ◆ The impact of Covid-19 on the Trust's income and expenditure flows for the purpose of preparing cash flow forecasts and budgets to assist in the assessment of going concern.

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. The funds received and paid and any balances held are disclosed in note 23.

Notes to the financial statements Year to 31 August 2020

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2020 Total funds £'000	2019 Total funds £'000
Capital grants	—	—	3,252	3,252	3,181
Other donations	51	57	—	108	261
	51	57	3,252	3,360	3,442

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Capital grants	—	3,181	—	3,181
Other donations	226	35	—	261
	226	3,216	—	3,442

2 Other trading activities

	Unrestricted funds	
	2020 Total funds £'000	2019 Total funds £'000
Hire of facilities	270	385
Catering income	553	941
Nursery services	78	171
Wraparound Care	197	298
Miscellaneous income	338	256
	1,436	2,051

3 Funding for Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
DfE / ESFA grants				
. General Annual Grant (GAG)	—	33,612	33,612	33,004
. Pupil Premium	—	1,277	1,277	1,288
. Other DfE / ESFA	—	2,498	2,498	1,238
	—	37,387	37,387	35,530
Other Government grants				
. Children's Centre	—	—	—	134
. Local authority grants	—	1,898	1,898	1,789
. Nursery	599	—	599	479
	599	1,898	2,497	2,402
Non-Government funding				
Other income from the Trust's educational operations	789	80	869	1,251
2020 Total funds	1,388	39,365	40,753	39,183

Notes to the financial statements Year to 31 August 2020

3 Funding for Trust's educational operations (continued)

The Trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received for coronavirus exceptional support covers £4,779 of increased premises related costs, support for free school meals for eligible children not attending school and additional cleaning. These costs are included in note 4 and 5 as appropriate

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
<i>DfE / ESFA grants</i>			
. General Annual Grant (GAG)	—	33,004	33,004
. Pupil Premium	—	1,288	1,288
. Other DfE / ESFA	—	1,238	1,238
	—	35,530	35,530
<i>Other Government grants</i>			
. Children's Centre	—	134	134
. Local authority grants	—	1,789	1,789
. Nursery	479	—	479
	479	1,923	2,402
<i>Non-Government funding</i>			
Other income from the Trust's educational operations	1,190	61	1,251
	1,190	61	1,251
2019 Total funds	1,669	37,514	39,183

4 Expenditure

	Staff costs £'000	Non pay expenditure		2020 Total funds £'000
		Premises £'000	Other costs £'000	
<i>Expenditure on raising funds</i>				
. Direct costs	67	—	38	105
. Support costs	23	8	9	40
<i>Trust's educational operations</i>				
. Direct costs	30,331	—	2,515	32,846
. Allocated support costs	7,101	6,468	2,826	16,395
	37,522	6,476	5,388	49,386

	Staff costs £'000	Non pay expenditure		2019 Total funds £'000
		Premises £'000	Other costs £'000	
<i>Expenditure on raising funds</i>				
. Direct costs	110	—	29	139
. Support costs	26	27	14	67
<i>Trust's educational operations</i>				
. Direct costs	29,112	—	3,136	32,248
. Allocated support costs	6,338	8,722	3,230	18,290
	35,586	8,749	6,409	50,744

Notes to the financial statements Year to 31 August 2020

4 Expenditure (continued)

	2020 Total funds £'000	2019 Total funds £'000
Net income (expenditure) for the year includes:		
Operating lease rentals	67	39
Gain on disposal of fixed assets	94	—
Depreciation	3,946	3,450
Fees payable to auditor		
. Audit	39	38
. Other services	9	18

5 Charitable activities – Trust's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £	2019 Total funds £
Direct costs	507	32,339	32,846	32,248
Support costs	1,269	15,126	16,395	18,290
	1,776	47,465	49,241	50,538

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £
Direct costs	960	31,288	32,248
Support costs	1,795	16,495	18,290
	2,755	47,783	50,538

	2020 Total funds £'000	2019 Total funds £'000
Analysis of support costs		
Support staff costs	7,101	6,338
Depreciation and impairment	3,946	6,026
Technology costs	220	169
Premises costs	2,522	2,663
Legal costs – conversion	—	15
Legal costs – other	68	37
Other support costs	2,468	2,976
Governance costs	70	67
Total support costs	16,395	18,290

Notes to the financial statements Year to 31 August 2020

6 Comparative information

Analysis of income and expenditure in the year ended 31 August 2019 between restricted and unrestricted funds:

	Unrestricted general fund £'000	Restricted general funds £'000	Restricted fixed assets funds £'000	2019 Total funds £'000
Income from:				
Donations and capital grants	226	3,216	—	3,442
.Transfer from local authority into the Trust	39	(605)	4,787	4,221
Charitable activities				
. Funding for the Trust's educational operations	1,669	37,514	—	39,183
Other trading activities	2,051	—	—	2,051
Total income	3,985	40,125	4,787	48,897
Expenditure on:				
Raising funds	206	—	—	206
Charitable activities				
. Trust's educational operations	2,755	41,757	6,026	50,538
Total expenditure	2,961	41,757	6,026	50,744
Net income (expenditure)	1,024	(1,632)	(1,239)	(1,847)
Transfers between funds	(2,540)	465	2,075	—
Other recognised gains and losses				
Actuarial gains (losses) on defined benefit pension scheme	—	(5,021)	—	(5,021)
Net movement in funds	(1,516)	(6,188)	836	(6,868)
Reconciliation of funds				
Fund balances brought forward at 1 September	4,994	(7,732)	111,994	109,256
Fund balances carried forward at 31 August	3,478	(13,920)	112,830	102,388

Notes to the financial statements Year to 31 August 2020

7 Staff

a) Staff costs

Staff costs during the period were:

	2020 Total funds £'000	2019 Total funds £'000
Wages and salaries	26,957	26,970
Social security costs	2,594	2,440
Pension costs	7,662	5,757
	37,213	35,167
Supply staff costs	290	382
Staff restructuring costs	19	37
	37,522	35,586
	2020 £'000	2019 £'000
Staff restructuring costs comprise		
Redundancy payments	16	—
Severance payments	3	37
	19	37

b) Non statutory/ non contractual staff severance payments

Of the £19,000 noted above, non-statutory/non-contractual severance payments totalling £3,200 are included (2019: £36,667). Individually the payments were £3,200 (2019: individual payments were for £35,000 and £1,667).

c) Staff numbers

The average number of staff (including the senior management team) employed by the Trust during the year was as follows:

Charitable activities	2020 No.	2019 No.
Teachers	454	466
Administration and support	547	548
Management	29	33
	1,030	1,047

Notes to the financial statements Year to 31 August 2020

7 Staff (continued)

d) Higher paid staff

The number of employees whose emoluments fell within the following bands was:

	2020 No	2019 No
£60,001 - £70,000	16	18
£70,001 - £80,000	10	10
£80,001 - £90,000	3	2
£90,001 - £100,000	4	3
£100,001 - £110,000	1	—
£110,001 - £120,000	1	1
£200,001 - £210,000	—	1
£210,001 - £220,000	1	—
	36	35

Apart from one staff member, all of the above employees participated in the Teachers' Pension Scheme or the Local Government Pension Scheme. During the year ended 31 August 2020, pension contributions for these staff amounted to £570,669 (2019: £406,618).

e) Key management personnel

The key management personnel of the Trust comprise the Trustees and the Executive Leadership team as listed on page 1. The total amount of employer benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £790,364 (2019: £847,606).

8 Trustees' remuneration and expenses

The Chief Executive Officer only receives remuneration in respect of services provided undertaking the role of Chief Executive Officer and not in respect of services as a trustee. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their roles as Trustees. The value of Trustees' remuneration and other benefits for the year ended 31 August 2020 for their period of office as a Trustee was as follows:

	2020 £'000	2019 £'000
R Barnfield, CEO		
· Remuneration	210 – 215	200 – 205
· Employer's pension contributions	10 – 15	5 – 10

During the year ended 31 August 2020, Trustees' travel and subsistence expenses totalled £666 (2019 - £919).

9 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 £2,000,000 on any one claim. The cost for the year ended 31 August 2020 is included within the overall Trust policy premium.

Notes to the financial statements Year to 31 August 2020

10 Wholly owned trading subsidiary

The Trust owns 100% of the issued ordinary share capital of THPT Services Limited, a company incorporated in England. The principal activities of the subsidiary are the provision of nursery services. A summary of the result for the year and position at the year end of THPT Services Limited, which have been included in these consolidated financial statements, is shown below:

	2020 £'000	2019 £'000
Turnover	78	171
Costs of sales	(87)	(148)
Gross profit	(9)	23
Administration costs	(11)	(10)
Profit on ordinary activities	(20)	13
Retained in subsidiary	(20)	13
Balance sheet:		
Assets	88	106
Liabilities	(151)	(149)
	(63)	(43)
Represented by:		
Profit and loss account	(63)	(43)
Shareholders' funds	(63)	(43)

11 Central services

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

- ♦ Strategic leadership support
- ♦ Educational support services
- ♦ Human Resources consultancy and support;
- ♦ Financial, IT and business support services;
- ♦ Estates and premises support; and
- ♦ Project management services.

The Trust charges for these central services on an allocation which also takes into account numbers on roll. In addition, a partnership fee of up to 5% of budgeted income is charged and includes a variable portion based on numbers on roll and Ofsted rating. The actual amounts for partnership fees charged during the year were as follows:

	2020 £'000	2019 £'000
Howard of Effingham School	216	216
Thomas Knyvett College	152	152
Kenyngton Manor School	50	50
St Lawrence School	20	20
Oxted School	356	356
Cuddington School	35	37
Eastwick School	88	88
Three Rivers Academy	252	252
Meadhurst Primary School	72	54
	1,241	1,225

Notes to the financial statements Year to 31 August 2020

12 Tangible fixed assets

Group	Freehold buildings £'000	Freehold improvements £'000	Leasehold buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation								
At 1 September 2019	104,373	1,031	9,991	106	12,132	616	28	128,277
Additions	—	1,042	—	71	487	457	8	2,065
Disposals	—	—	—	—	(735)	—	—	(735)
At 31 August 2020	104,373	2,073	9,991	177	11,884	1,073	36	129,607
Depreciation								
At 1 September 2019	10,593	17	547	1	4,188	81	20	15,447
Charge in year	2,036	68	200	4	1,299	335	4	3,946
	—	—	—	—	(735)	—	—	(735)
At 31 August 2020	12,629	85	747	5	4,752	416	24	18,658
Net book value								
At 31 August 2020	91,744	1,988	9,244	172	7,132	657	12	110,949
At 31 August 2019	93,780	1,014	9,444	105	7,944	535	8	112,830

Trust	Freehold buildings £'000	Freehold improvements £'000	Leasehold buildings £'000	Leasehold improvements £'000	Furniture and equipment £'000	Computer equipment £'000	Motor vehicles £'000	Total funds £'000
Cost/valuation								
At 1 September 2019	104,323	1,031	9,991	106	12,133	616	28	128,228
Additions	—	1,042	—	71	487	457	8	2,065
Disposals	—	—	—	—	(735)	—	—	(735)
At 31 August 2020	104,323	2,073	9,991	177	11,885	1,073	36	129,558
Depreciation								
At 1 September 2019	10,589	17	546	1	4,188	81	20	15,442
Charge in year	2,035	68	200	4	1,299	335	4	3,945
Disposals	—	—	—	—	(735)	—	—	(735)
At 31 August 2020	12,624	85	746	5	4,752	416	24	18,652
Net book value								
At 31 August 2020	91,699	1,988	9,245	172	7,133	657	12	110,906
At 31 August 2019	93,734	1,014	9,445	105	7,945	535	8	112,786

The freehold buildings relate to:

- The Howard of Effingham School site at Lower Road;
- The Thomas Knyvett College site at Stanwell Road;
- The St Lawrence School site at Effingham Common Road;
- The Oxted School site at Bluehouse Lane;
- The Eastwick Schools site at Eastwick Drive;
- The Three Rivers Academy site at Hersham Road;

The leasehold buildings relate to:

- The Kenyngton Manor School site at Bryony Way;
- The Cuddington Community Primary School site at Salisbury Road;
- The Meadhurst Primary School at Feltham Hill Road.

Notes to the financial statements Year to 31 August 2020

From a consistent accounting perspective, at 31 August 2020 the sites were designated for educational purposes only. The land has no open market value and hence the value in these financial statements relate to the school buildings only, which are included at a depreciated replacement cost valuation.

13 Debtors

	Group 2020 £'000	Trust 2020 £'000	<i>Group 2019 £'000</i>	<i>Trust 2019 £'000</i>
Trade debtors	166	163	49	56
VAT recoverable	343	343	383	383
Amount due from subsidiary	—	146	—	138
Other debtors	24	24	63	54
Prepayments and accrued income	789	789	965	960
	1,322	1,465	1,460	1,591

Included within the Trust debtors are amounts due greater than one year of £130,550 (2019: £128,750).

14 Creditors: amounts falling due within one year

	Group 2020 £'000	Trust 2020 £'000	<i>Group 2019 £'000</i>	<i>Trust 2019 £'000</i>
Trade creditors	533	532	808	802
Taxation and social security	599	598	602	600
Other creditors	863	863	666	666
Accruals and deferred income	1,400	1,397	2,641	2,637
	3,395	3,390	4,717	4,705

	Group 2020 £'000	Trust 2020 £'000	<i>Group 2019 £'000</i>	<i>Trust 2019 £'000</i>
Deferred income				
Deferred Income at 1 September	580	580	487	481
Amounts released from previous years	(580)	(580)	(487)	(481)
Resources deferred in the year	531	531	580	580
Deferred Income at 31 August	531	531	580	580

Deferred income relates to funding received in advance for various educational and sporting activities.

Notes to the financial statements Year to 31 August 2020

15 Funds

	Balance at 1 September 2019 (as restated) £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	—	33,612	(35,152)	1,540	—
. Pupil Premium	—	1,277	(1,277)	—	—
. Other ESFA/DfE grants	—	2,498	(2,498)	—	—
. Pension reserve	(17,693)	—	(2,363)	(3,476)	(23,532)
	(17,693)	37,387	(41,290)	(1,936)	(23,532)
Fixed assets fund					
. Fixed assets	112,830	—	(1,889)	8	110,949
. ESFA capital grants	3,734	3,198	(2,249)	—	4,683
. Other capital grants	—	54	—	—	54
	116,564	3,252	(4,138)	8	115,686
Other funds					
. Local authority grants	—	1,898	(1,898)	—	—
. Other restricted grants	39	137	(139)	—	37
	39	2,035	(2,037)	—	37
Total restricted funds	98,910	42,674	(47,465)	(1,928)	92,191
Unrestricted funds					
General funds	3,478	2,875	(1,921)	(1,548)	2,884
Total unrestricted funds	3,478	2,875	(1,921)	(1,548)	2,884
Total funds	102,388	45,549	(49,386)	(3,476)	95,075

The specific purposes for which the funds are to be applied are as follows:

ESFA revenue grant fund and other restricted funds

These grants relate to the Trust's educational operations and development.

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, the Trust was not subject to limits on the amount of GAG that it could carry forward at 31 August 2020.

Pension reserve

The pension reserve relates to the Trust's Local Government Pension Scheme liability for support staff.

Notes to the financial statements Year to 31 August 2020

Fixed asset fund

This fund represents the tangible fixed assets of the Trust, together with unspent contributions from other funds, in order to carry out work of a capital nature. The Trust's policy is to review substantial capital and maintenance projects on commencement to assess whether they are capital or maintenance in nature. Spending on capital projects is then transferred to the fixed assets fund, while spending on maintenance is expensed. Amounts transferred in the year represent capital expenditure funded by School Condition allocation and other capital maintenance grants where the project was completed in the year.

15 Funds (continued)

Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

	2020 £'000	2019 (as restated) £'000
Howard of Effingham School	1,342	1,126
Thomas Knyvett College	1,625	1,287
Kenyngton Manor School	1,050	901
St Lawrence School	44	72
Oxted School	724	873
Cuddington School	357	385
Eastwick School	(137)	—
Three Rivers Academy	(837)	(561)
Meadhurst Primary School	294	206
Central services	(1,433)	(686)
Total before fixed assets and pension reserve	3,029	3,603
Restricted fixed asset fund	115,641	116,520
Pension liability	(23,532)	(17,693)
Total for academy trust	95,138	102,430
THPT Services Ltd:		
Restricted fixed asset	45	44
Other funds	(108)	(86)
Total for the group	95,075	102,388

Notes to the financial statements Year to 31 August 2020

Three Rivers Academy has implemented a significant programme of School Improvement since joining the Trust. This commitment of resources has been further validated following a recent Ofsted judgement of 'Good'. The school has been experiencing a significant increase in pupil numbers and is further benefitting from utilising a new building into which the school moved in February 2018. The financial position of this school is expected to improve following this period of investment by the Trust. Eastwick School experienced a lower than expected SEND cohort of pupils which adversely affected SEN funding. A surplus budget has been set for financial year 2021.

From 1 September 2020 THPT began operating GAG pooling and as such all the reserves across the schools will be pooled going forward. The 2021 budgets were set using integrated curriculum planning and an agreed allocation of reserves have been diverted towards those schools in most need, based on an approved methodology.

Notes to the financial statements Year to 31 August 2020

15 Funds (continued)

Analysis of academies by cost

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

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	2020 £'000	2019 £'000
Howard of Effingham School	6,166	981	457	699	8,303	8,319
Thomas Knyvett College	3,393	663	246	504	4,806	4,524
Kenyngton Manor School	1,663	433	68	293	2,457	2,618
St Lawrence School	777	215	83	140	1,215	1,183
Oxted School	7,856	1,232	677	951	10,716	10,781
Cuddington School	879	194	34	178	1,285	1,161
Eastwick School	2,787	540	175	407	3,909	3,971
Three Rivers Academy	4,308	688	528	710	6,234	5,927
Meadhurst Primary School	2,005	374	148	281	2,808	2,263
THPT central services	498	1,806	97	1,223	3,624	3,835
	30,332	7,126	2,513	5,386	45,357	44,582

Comparative information

Comparative information in respect of the preceding period is as follows:

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 (as restated) £'000
ESFA revenue grant fund					
General Annual Grant (GAG)	—	33,004	(35,175)	2,171	—
Pupil Premium	—	1,288	(1,288)	—	—
Other ESFA/DfE grants	34	1,238	(1,272)	—	—
Pension reserve on conversion	—	(605)	—	—	(605)
Pension reserve	(10,342)	—	(1,725)	(5,021)	(17,088)
	(10,308)	34,925	(39,460)	(2,850)	(17,693)
Fixed assets fund					
Fixed assets fund	111,994	—	(6,026)	2,075	108,043
Transfer on conversion	—	4,787	—	—	4,787
ESFA capital grants	2,485	3,066	(260)	(1,557)	3,734
	114,479	7,853	(6,286)	518	116,564
Other funds					
Local authority grants	—	1,789	(1,789)	—	—
Other restricted grants	91	345	(248)	(149)	39
	91	2,134	(2,037)	(149)	39
Total restricted funds	104,262	44,912	(47,783)	(2,481)	98,910
Unrestricted funds					
General funds	4,994	3,985	(2,961)	(2,540)	3,478
Total unrestricted funds	4,994	3,985	(2,961)	(2,540)	3,478
Total funds	109,256	48,897	(50,744)	(5,021)	102,388

Notes to the financial statements Year to 31 August 2020

16 Analysis of net assets between funds

Group	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2020 £'000	Total 2019 £'000
Fund balances at 31 August 2020 are represented by:					
Tangible fixed assets	—	—	110,949	110,949	112,830
Current assets	2,884	3,432	4,737	11,053	11,968
Current liabilities	—	(3,395)	—	(3,395)	(4,717)
Pension scheme liability	—	(23,532)	—	(23,532)	(17,693)
Total net assets	2,884	(23,495)	115,686	95,075	102,388

Trust	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2020 £'000	Total 2019 £'000
Fund balances at 31 August 2020 are represented by:					
Tangible fixed assets	—	—	110,906	110,906	112,786
Current assets	2,776	3,640	4,737	11,153	12,042
Current liabilities	—	(3,390)	—	(3,390)	(4,705)
Pension scheme liability	—	(23,532)	—	(23,532)	(17,693)
Total net assets	2,776	(23,282)	115,643	95,137	102,430

Comparative information in report of the proceeding period is as follows:

Group	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2019 £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	112,830	112,830
Current assets	3,478	4,756	3,734	11,968
Current liabilities	—	(4,717)	—	(4,717)
Pension scheme liability	—	(17,693)	—	(17,693)
Total net assets as restated	3,478	(17,654)	116,564	102,388

Trust	General funds £'000	Restricted General funds £'000	Restricted Fixed Assets fund £'000	Total 2019 (as restated) £'000
Fund balances at 31 August 2019 are represented by:				
Tangible fixed assets	—	—	112,786	112,786
Current assets	3,566	4,742	3,734	12,042
Current liabilities	—	(4,705)	—	(4,705)
Pension scheme liability	—	(17,693)	—	(17,693)
Total net assets as restated	3,566	(17,656)	116,520	102,430

Notes to the financial statements Year to 31 August 2020

17 Capital commitments

	2020 £'000	2019 £'000
Contracted for, but not provided in the financial statements	48	645

18 Commitments under operating leases

Operating leases

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

	Equipment	
	2020 £'000	2019 £'000
Amounts due within one year	67	67
Amounts due between two and five years inclusive	167	234
	234	301

19 Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the Trust is required either to re-invest the proceeds or to repay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreements, whether as a result of the Secretary of State or the Trust serving notice, the Trust shall repay to the Secretary of State sums determined by reference to:

- the value at that time of the Trust's site and premises and other assets held for the purpose of the Trust; and
- the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

20 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

21 Pension and similar obligations

The Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Surrey County Council. Both are multi-employer defined benefit schemes. In addition, a small number of qualifying support staff access a workplace pension scheme with NOW pensions, having opted out of the defined benefit schemes indicated above. The NOW pension scheme is a defined contribution scheme.

21 Pension and similar obligations (continued)

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019. At the time of finalisation of these financial statements the 31 March 2019 actuarial valuation for the TPS scheme was in progress.

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 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 £3,962,255 (2019: £2,608,967), with £332,881 payable at 31 August 2020 (2019: £236,597).

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

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.

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £1,958,000 (2019: £1,935,000), of which employer's contributions totalled £1,500,000 (2019: £1,477,000) and employees' contributions totalled £457,000 (2019: £458,000). The agreed contribution rates for future years are unknown pending valuation information.

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

	At 31 August 2020	At 31 August 2019
Principal Actuarial Assumptions		
Rate of increase in salaries	3.1%	2.6%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	2.3%	2.3%

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

	At 31 August 2020	At 31 August 2019
<i>Retiring today</i>		
Males	22.1	21.6
Females	24.3	23.6
<i>Retiring in 20 years</i>		
Males	22.9	22.5
Females	25.6	25.0

	At 31 August 2020 £'000	At 31 August 2019 £'000
Discount rate +0.1%	1,074	912
Mortality assumption – 1 year increase	1,404	1,217
CPI rate +0.1%	(987)	(763)

Notes to the financial statements Year to 31 August 2020

21 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The Academy's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	14,482	13,526
Corporate bonds	3,671	3,429
Property	1,632	1,524
Cash and other liquid assets	612	572
Total market value of assets	20,397	19,051
Present value of scheme liabilities		
Funded	(43,929)	(36,744)
Deficit in the scheme	(23,532)	(17,693)

	2020 £'000	2019 £'000
Amounts recognised in statement of financial activities		
Current service cost	3,518	2,881
Net interest cost	345	321
Total amount recognised in the SOFA	3,863	3,202

	2020 £'000	2019 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September	36,744	25,098
Inherited on transfer of existing academy	—	1,299
Central service transfer	—	790
Current service cost	3,518	2,881
Interest cost	709	796
Employee contributions	457	458
Actuarial loss	2,863	5,623
Benefits paid	(362)	(201)
At 31 August	43,929	36,744

	2020 £'000	2019 £'000
Changes in the fair value of the Trust's share of scheme assets:		
At 1 September	19,051	14,756
Inherited on transfer of existing academy	—	694
Central service transfer	—	773
Interest income	364	475
Actuarial (loss) gain	(613)	619
Employer contributions	1,500	1,477
Employee contributions	457	458
Benefits paid	(362)	(201)
At 31 August	20,397	19,051

22 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, it is inevitable that transactions will take place with organisations in which a member of the Board of Trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations and normal procurement procedures.

The Trust has granted loans with a balance of £120,000 (2019: £120,000) to its wholly owned subsidiary, THPT Services Limited. The loans are secured on the assets of THPT Services Limited and is repayable over five years. Interest is being charged on the loan at 1.5% and £1,800 (2019: £2,158) was charged in the year. At the year end, the full balance of the interest of £10,550 (2019: £8,750) was also outstanding and is included within debtors.

In addition, THPT Services Limited owed the Trust £15,764 (2019: £8,717) and this is included in THPT Services Limited creditors.

During the year the Trust recharged expenditure totalling £13,136 (2019: £20,604).

During the year the Trust procured therapeutic interventions services from Wey Valley College, totalling £4,895 (2019: £4,500). At 31 August 2020, £Nil there were no amounts outstanding. A related party relationship has been established and a statement assurance was requested that this has been provided at no more than cost.

No further related party transactions took place in the period of account.

23 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ended 31 August 2020 the Trust received £46,068 (2019: £45,528) and disbursed £44,725 (2019: £37,626) from the fund. An amount of £16,327 is included in creditors relating to undistributed funds that are repayable to the ESFA (2019 - £14,984).

24 Transfer from Local Authority on conversion

During the year ended 31 August 2019, Meadhurst Primary School joined the MAT. At the date of conversion to Academy status under the Academies Act 2010, the operations and assets and liabilities were transferred to the group for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the statement of financial activities as voluntary income.

Notes to the financial statements Year to 31 August 2020

24 Transfer from Local Authority on conversion (continued)

The following table sets out the fair values of the identifiable assets and liabilities transferred and an analysis of their recognition in the statement of financial activities.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2019 Total £'000
<i>Tangible fixed assets</i>				
. Leasehold land and buildings	—	—	4,157	4,157
. Other tangible fixed assets	—	—	630	630
LGPS pension (deficit)	—	(605)	—	(605)
Other identified assets and liabilities	39	—	—	39
Net assets (liabilities)	39	(605)	4,787	4,221

25 Funds reclassification

Historically capital grants received from the ESFA had been treated as restricted other funds on receipt, with any transfers made to the restricted fixed assets fund on use of the funds. In line with best practice and ESFA guidance, the Trust decided to reanalyse ESFA capital grants to restricted fixed assets fund from the outset. The amendments only relate to fund allocations and does not impact the overall net result reported in 2018/19. The fund balances as previously reported and as restated are set out below:

	Balance at 31 August 2019 £	Adjustment £	Balance at 1 September 2019 (as restated) £
ESFA revenue grant fund			
. Pension reserve on conversion	(605)	—	(605)
. Pension reserve	(17,088)	—	(17,088)
	(17,693)	—	(17,693)
Fixed assets fund			
. Fixed assets fund	108,043	—	108,043
. Transfer on conversion	4,787	—	4,787
. ESFA capital grants	—	3,734	3,734
	112,830	3,734	116,564
Other funds			
. ESFA capital grants	3,734	(3,734)	—
. Other restricted grants	39	—	39
	3,773	(3,734)	39
Total restricted funds	98,910	—	98,910
Unrestricted funds			
. General funds	3,478	—	3,478
Total unrestricted funds	3,478	—	3,478
Total funds	102,388	—	102,388

Notes to the financial statements Year to 31 August 2020

25 Funds reclassification (continued)

The above analysis as reported by each school within the Trust is set out below:

	31 August 2019 £'000	Adjustment £'000	1 September 2019 £'000
Howard of Effingham School	1,166	(40)	1,126
Thomas Knyvett College	1,299	(12)	1,287
Kenyngton Manor School	905	(4)	901
St Lawrence School	72	—	72
Oxted School	875	(2)	873
Cuddington School	385	—	385
Eastwick School	—	—	—
Three Rivers Academy	(562)	1	(561)
Meadhurst Primary School	206	—	206
Central services	2,991	(3,677)	(686)
Total before fixed assets and pension reserve	7,337	(3,734)	3,603
Restricted fixed asset fund	112,786	3,734	116,520
Pension liability	(17,693)	—	(17,693)
Total for academy trust	102,430	—	102,430
THPT Services Ltd:			
Restricted fixed asset	44	—	44
Other funds	(86)	—	(86)
Total for the group	102,388	—	102,388

26 Events after the balance sheet date

There are no post balance sheet events to disclose.