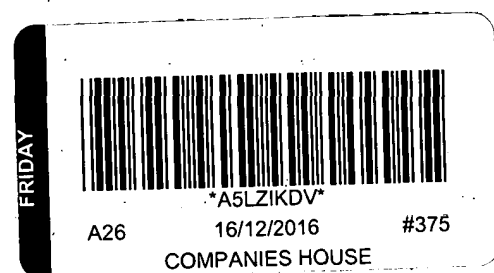


Hastings Academies Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2016

Company Registration Number: 7185046 (England and Wales)



Hastings Academies Trust

Contents

Reference and Administrative Details.....	4
Trustees' Report.....	6
Introduction.....	6
Structure, Governance and Management.....	6
<i>Constitution</i>	6
<i>Members' Liability</i>	7
<i>Trustees' Indemnities</i>	7
<i>Method of Recruitment and Appointment or Election of Trustees</i>	7
<i>Policies and Procedures Adopted for the Induction and Training of Trustees</i>	7
<i>Organisational Structure</i>	7
<i>Related Parties and other Connected Charities and Organisations</i>	8
Objectives and Activities	8
<i>Objects and Aims</i>	8
<i>Objectives, Strategies and Activities</i>	9
<i>Public Benefit</i>	10
Strategic Report.....	10
Context.....	10
Key Educational Performance Indicators	11
Key Employment Performance Indicators.....	14
Key Financial Performance Indicators	15
Going Concern.....	15
Financial Review	15
Financial Position	15
Reserves Policy.....	15
Investment Policy.....	16
Principal Risks and Uncertainties	16
Plans for Future Periods	17
Auditor.....	18
Governance Statement	19
Scope of Responsibility	19
Governance.....	19
Review of Value for Money.....	20
The Purpose of the System of Internal Control	21
Capacity to Handle Risk.....	21

Hastings Academies Trust

The Risk and Control Framework.....	21
Review of Effectiveness	22
Statement on Regularity, Propriety and Compliance.....	23
Statement of Trustees' Responsibilities.....	24
Independent Auditor's Report on the Financial Statements to the Members of the Hastings Academies Trust	25
Independent Reporting Accountant's Assurance Report on Regularity to Hastings Academies Trust and the Education Funding Agency	27
Statement of Financial Activities	29
for the year ended 31 August 2016.....	29
Balance sheet	30
as at 31 August 2016.....	30
Statement of Cash Flows	31
for the year ended 31 August 2016.....	31
Notes to the Financial Statements for the year ended 31 August 2016	32

Hastings Academies Trust

Reference and Administrative Details

Members:

Professor Julian Crampton (to 30/11/15)
Professor Christopher Pole (from 17/12/15)
Paul Griffiths
Jill Elizabeth Gray
Helen Hart
Cheryl Miller (to 15/7/16)
Councillor Keith Glazier (to 22/7/16)

Directors (Trustees):

Alexander Campbell
Clive Cooke
Professor Julian Crampton (Chair) (to 30/11/15)
Neil Dart (to 13/7/16)
Julian Davies (to 5/10/16)
Paul Evans
Diana Francombe (to 22/7/16)
Councillor Keith Glazier (to 22/7/16)
Jill Elizabeth Gray
Paul Griffiths (Chief Executive and Accounting Officer)
Helen Hart
Steven Manwaring
Professor Christopher Pole (Chair) (from 17/12/15)
Amber Rudd MP
Peter Savage
David Standen
Margaret Wallis

Company Secretary:

Samantha Coates

Senior Management Team:

Chief Executive
Director of Development
Director of Policy and Governance
Director of Operational Services
Director of School Improvement

Paul Griffiths
Bill Goodwin
Samantha Coates
Vanessa Norris
Helen Howard

Principals (Officers of the Trust):

The Hastings Academy and The St
Leonards Academy
The Hastings Academy
The St Leonards Academy
The Baird Primary Academy

Churchwood Primary Academy
Dudley Infant Academy
Hollington Primary Academy
Robsack Wood Primary Academy
Silverdale Primary Academy
West St Leonards Primary Academy

Jenny Jones (Executive Principal)
Michael Brett (Associate Principal)
Jon Francies (Associate Principal)
Tsai Tenn (to 30/4/16)
John Smith (Executive Principal, from 1/6/16)
Tracy Curl
Jane Ireland (Executive Principal)
John Smith
Caroline Thayre
Liz Miles
Frances Robinson

Finance and Business Services Director

Sandra Bartlett

Hastings Academies Trust

Company Name: Hastings Academies Trust

Principal and Registered Office: The St Leonards Academy
Edinburgh Road
St Leonards On Sea
East Sussex
TN38 8HH

Company Registration Number: 07185046

Independent Auditor: KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

Bankers: National Westminster Bank
Havelock Road
Hastings
East Sussex
TN34 1GW

Solicitors: Mills & Reeve LLP
78-84 Colmore Row
Birmingham
B3 2AB

Hastings Academies Trust

Trustees' Report

Introduction

The Trustees present their annual report together with the financial statements and Auditors' Report of the Hastings Academies Trust for the year ended 31 August 2016. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The Hastings Academies Trust has been established for the purpose of advancing education in the United Kingdom for the public benefit. The Trust operates nine academies in Hastings and St Leonards as follows:

Academy	Phase	Date joined	Type	Capacity	Number on roll in 2015/16 (Oct 2015 census)
The Hastings Academy	Secondary (11-16 years)	September 2011	Sponsored	900 (+SEN Facility of 20)	850
The St Leonards Academy	Secondary (11-16 years)	September 2011	Sponsored	1,500 (+SEN Facility of 25)	1301
The Baird Primary Academy	Primary	January 2014	Sponsored	420	414 (with nursery 440)
Churchwood Primary Academy	Primary	September 2014	Converter	210	198 (with nursery 416)
Dudley Infant Academy	Infant	November 2013	Converter	180	175
Hollington Primary Academy	Primary	September 2014	Converter	420	370 (with nursery 416)
Robsack Wood Primary Academy	Primary	September 2014	Converter	420	398 (with nursery 444)
Silverdale Primary Academy	Primary	February 2015	Converter	630	627
West St Leonards Primary Academy	Primary	November 2013	Sponsored	420 (inc a SEN Facility of 12)	409
Total				5,157	2,591
With nursery					4,307

In addition, The Baird, Churchwood, Hollington and Robsack Wood operate nurseries from their academies.

Further significant expansion of the Trust is not anticipated.

Structure, Governance and Management

Constitution

The Hastings Academies 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 Trustees are also the Directors for the purposes of Company Law. The University of Brighton is the

Hastings Academies Trust

lead sponsor of the Trust, with BT and East Sussex County Council (ESCC) as co-sponsors. ESCC formally withdrew as co-sponsor with effect from 22/7/16.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details section above.

Members' Liability

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

Trustees' Indemnities

Every Trustee is indemnified out of the assets of the Trust against any liability incurred by him/her in that capacity in defending any proceedings, whether criminal or civil, in which judgment is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Method of Recruitment and Appointment or Election of Trustees

With effect from 1 November 2013, the Articles were revised to reflect and accommodate the new academies joining the Trust and the Trust's organisational structure was reviewed. As the lead sponsor, the University of Brighton could appoint up to eleven Sponsor Trustees. As co-sponsors, BT and ESCC could each appoint up to two Trustees each. The Chief Executive is also a Trustee. Up to five chairs of the Trust's local governing bodies can be appointed as Academy Trustees. The Secretary of State may appoint additional Trustees and further Trustees (in specified circumstances).

The Articles were further revised with effect from 22 July 2016 in light of ESCC's withdrawal as co-sponsor. As the lead sponsor, the University of Brighton may appoint up to nine Sponsor Trustees. As co-sponsor, BT may appoint up to two Trustees. The Chief Executive is also a Trustee. Up to five chairs of the Trust's local governing bodies can be appointed as Academy Trustees. The Secretary of State may appoint additional Trustees and further Trustees (in specified circumstances).

Policies and Procedures Adopted for the Induction and Training of Trustees

The Trust is committed to adopting best practice in all aspects of corporate governance. The current Trustees have been selected on the basis of having experience at Board level in other similar organisations. The Trust has established procedures for the induction and training of new Trustees, who may not have the same level of experience. A similar approach is taken to the induction and training of new members of local governing bodies.

Organisational Structure

The Board of Trustees is the Trust's governing body and is responsible for policy direction. The Board of Trustees meets at least four times a year. The Board has three committees which are the Resources Committee, the Academic Committee and Audit Committee, which normally meet three times a year. The Board of Trustees has established five panels which meet as required - these are the Admissions, Exclusions, Grievance, Disciplinary and Complaints panels. The Board of Trustees is represented on these panels.

The Trust has also established a Local Governing Body for each academy (in the case of The Hastings Academy and The St Leonards Academy, there is a joint Local Governing Body). Each academy's Local Governing Body includes up to two members who are parents of students/pupils in the academy, who are elected by parent of students/pupils in the academy (in the case of The Hastings Academy and The St Leonards Academy, there are up to two parent representatives from each academy). A further two members of each Local Governing Body are staff of the academy,

Hastings Academies Trust

who are elected by staff in the academy (in the case of The Hastings Academy and The St Leonards Academy, there are up to two staff representatives from each academy).

Local governing bodies have a range of formal delegated responsibilities, associated with the implementation of the Trust's vision and values and its policies.

The Trust is managed by the Chief Executive together with a senior management team and central support staff. The senior management team comprises the Chief Executive, the Director of Development, the Director of Policy and Governance, the Director of Operational Services, the Director of School Improvement and the Executive Principals and Principals of the academies.

The Trust is a single legal entity which must account separately to the Department for Education in relation to each academy. The Chief Executive is the Trust's Accounting Officer.

Related Parties and other Connected Charities and Organisations

As the lead sponsor of the Trust, the University of Brighton has continued to provide managerial and administrative support to enable the Trust to achieve its objectives. It has also continued to provide professional development opportunities, via its School of Education, to members of staff in the Trust.

Several members of the Trust's Senior Management Team (Chief Executive, Director of Policy and Governance, Director of Operational Services and Director of School Improvement) and two members of administrative staff supporting the Trust's work have contracts of employment with the University of Brighton (a proportion of their salary costs are re-charged to the Trust).

ESCC has been responsible for the management of the major capital projects to provide new and refurbished buildings The Hastings Academy and The St Leonards Academy (which were substantially completed by the end of August 2014, with some minor works continuing into 2015). ESCC also provide a range of support services to the academies including some HR and educational support services.

BT has supported the Trust through the active contribution of its appointed members of the Board of Trustees.

The Trust has jointly appointed an Executive Principal with the Diocese of Chichester Academy Trust, who leads Dudley Infant Academy (an academy in the Hastings Academies Trust) and All Saints Church of England Junior Academy (an academy in the Diocese of Chichester Academy Trust). The Executive Principal's contract of employment is with the Hastings Academies Trust; the Diocese of Chichester Academies Trust contributes 60% of the Executive Principal's salary costs. There is a memorandum of understanding between the Hastings Academies Trust and the Diocese of Chichester Academies Trust.

In November 2014, the University of Brighton launched the University of Brighton Academies Trust, a multi academy trust for schools wishing to become academies in Sussex (outside Hastings). The first two academies joined the University of Brighton Academies Trust in April 2015, and a further two joined in September 2015. The Hastings Academies Trust and the University of Brighton Academies Trust have a shared central management team (specifically, Chief Executive, Director of Development, Director of Policy and Governance, Director of Operational Services and Director of School Improvement). The Hastings Academies Trust provides the central support services (Finance, ICT, Estates and HR) at cost price to the University of Brighton Academies Trust.

Objectives and Activities

Objects and Aims

The objectives of the Trust as set out in its Articles of Association are specifically restricted to the following: "to advance for the public benefit education in the United Kingdom, in particular but

Hastings Academies Trust

without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing academies"; offering a broad curriculum with a strong emphasis on; but in no way limited to either one, or a combination of the specialisms specified in the relevant Funding Agreements.

The Trust's overall aim and mission is to raise aspiration and provide high quality education for young people in the Hastings and St Leonards area, by addressing educational underperformance and maximising achievement and therefore progression to further and higher education.

Objectives, Strategies and Activities

The Trust's objectives are:

- To continue to support the regeneration of Hastings by taking a leading role in a cohesive strategy for the development of education in the town;
- To provide a vertical educational partnership with high quality education provision for young people in the town, from nursery, to primary and secondary education, facilitating progression to vocational and degree level opportunities;
- To build on the Trust's family of schools by providing mutual challenge and support through peer working and school to school support;
- To provide challenge and timely support to academies;
- From the Trust's links with the University of Brighton, to provide first class, evidence based education research that is recognised locally, nationally and internationally and is relevant both to academy leaders and policy makers; to provide access to research that identifies best practice so that school improvement is rapid, sustainable and continuous, rooted in evidence of successful practice elsewhere that can be differentially applied to individual schools according to their circumstances; and to exploit the links between initial teacher training with school improvement initiatives;
- To provide high quality teaching and learning, underpinned by strong and effective leadership;
- To provide career pathways and high quality professional development to all staff within the Trust, from initial teacher training to leadership;
- To provide a robust performance management framework that links performance related pay to achievement;
- To provide a strong team of well-qualified staff responsible for the delivery of support services.

The Trust's vision of educational excellence in the Hastings area and beyond will be secured by the implementation of a long-term strategy for school improvement and through establishing a strong educational partnership with educational institutions in the town.

The Trust's school improvement strategy is based on challenge and support, collaboration, school to school support and professional development. A Strategic Improvement Group oversees school improvement activity, with responsibility for (i) identifying common priorities and co-ordinating trust level actions; (ii) facilitating the sharing of good practice and staff expertise across the trust; (iii) considering how to develop career progression opportunities, including the development of Specialist Leaders of Education, Local Leaders of Education and Expert Practitioners; and (iv) developing and monitoring the trust's annual strategic improvement plans. A strong school improvement workforce has been developed, drawing on internal expertise and complemented by external experts and support from national teaching schools. The strategy also maximises links with the University's School of Education, in support of the training and professional development of staff.

The Trust's partnership strategy has been exemplified by the extension of sponsorship to primary schools, notably the partner schools to The Hastings Academy and The St Leonards Academy. This ensures continuity and progression for children's learning as they transfer from one phase to another, as well as a cohesive strategy for the development of education in the town; not least in ensuring value for money. A 'Vertical Education Partnership' has been established, comprising the Trust's academies, the local further education college and the University's Hastings campus so

Hastings Academies Trust

that an all-through and high quality education is provided for young people in the town, from primary to vocational and degree level opportunities.

The Trust's strategy for the development and implementation of its vision is based upon the capacities of the University, its co-sponsor and its strategic partners to provide all the elements necessary for the sustainable development of successful schools. These capacities include: intervention, where this is required; research into school improvement (including best practice and how this is successfully applied in differing settings); the development of curriculum expertise; sustainable supply of the best teaching staff through initial teacher training and professional development, particularly shortage subjects; performance management of staff at all levels within the academies; and the delivery of high quality back office professional services that will deliver value for money support, including finance, HR, facilities management and ICT.

Public Benefit

The Board has 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. In particular, the Trustees considered how planned activities would contribute to the aims and objectives they have set.

The Trust provides benefits to the public by adding value through its academies and by achieving the following objectives: -

- to raise educational standards by adding value through innovation, specialisms and by creating new opportunities for students
- to ensure high attainment and improved social mobility and inclusion
- to provide an education where children become successful and, in due course, confident adults who are sought after by employers
- to provide an inclusive ethos which values diversity, greater integration and community cohesion
- to create awareness of environmental issues facing the world and to develop innovative projects in which young people can participate
- to enable parents, carers and local communities to benefit from the facilities of academies, where practicable, for education, training, health, fitness and recreation.

Strategic Report

Context

All of the academies in the Trust serve communities with a high degree of social disadvantage. In 2010, Hastings moved from being the 31st most deprived borough in the country to the 17th most deprived (and the most deprived in the south east outside London). In 2015 it was ranked as the 20th most deprived borough in the country. Hastings has two 'Lower layer super output areas' (LSOAs) which are amongst the most deprived 1% in the country in the Baird and Tressell wards. A further 13 LSOAs are in the most deprived 10%. In these areas, approximately 40% of children live in poverty (i.e. children living in families in receipt of out-of-work benefits or in receipt of tax credits with a reported income below 60% of the national median income). Many of the academies' pupils/students come from these communities.

The characteristics of the pupils/students in the Trust's academies are available in the most recent Department for Education School Performance Tables (2014/15), and confirm that the academies are highly inclusive schools which serve, in most cases, a significantly higher proportion of disadvantaged children than local and national averages:

Hastings Academies Trust

Academy	Disadvantaged students
The Hastings Academy	53.7%
The St Leonards Academy	42.7%
National (Secondary)	29.4%
The Baird Primary Academy	55.3%
Churchwood Primary Academy	58.7%
Dudley Infant Academy	16.9%
Hollington Primary Academy	57.6%
Robsack Wood Primary Academy	31.3%
Silverdale Primary Academy	24.4%
West St Leonards Primary Academy	31.4%
National (Primary)	26.4%

There are 25 places for students with high level physical needs or autism in a special facility in The St Leonards Academy, and 20 places for students with speech, language and communication difficulties in a special facility at The Hastings Academy. West St Leonards Primary Academy also has a special facility, with 12 places for children with moderate learning difficulty and physical disabilities.

In most of the Trust's academies, the proportion of pupils/students with an identified special educational need is increasing, with approximately 20% of pupils/students having additional learning needs

Pupil mobility in the area is extremely high, with over 720 applications for in-year admission during the year across all of the Trust's academies, an increase from 680 the previous year. Approximately 60% of these applicants were offered places and 45% were subsequently on roll: this creates significant turbulence and research carried out by the Royal Society of Arts (July 2013) has also demonstrated that in-year moves are largely detrimental to students' learning outcomes.

Key Educational Performance Indicators

Progress and attainment

Secondary academies

New performance measures, known as Attainment 8 and Progress 8, were introduced for secondary schools and academies in 2015/16. These are designed to encourage schools to offer a broad and balanced curriculum.

Progress 8 is based on students' progress measured across eight subjects:

- English
- Mathematics
- Three other English Baccalaureate (EBacc) subjects (sciences, computer science, geography, history and languages)
- Three further subjects, which can be from the range of EBacc subjects or can be any other GCSE or approved, high-value arts, academic or vocational qualification.

Attainment 8 is the students' average achievement across the eight subjects and is calculated to give an average GCSE point score (converted to a grade).

In 2015/16 the provisional Attainment 8 score for The Hastings Academy was 40.5(D), and 42% of students achieved 5 or more grade A*-C GCSEs including English and maths (an increase from 36% in 2015). There were significant improvements in attainment in EBacc subjects, with science and languages performing above national averages. The academy's provisional Progress 8 score

Hastings Academies Trust

is -0.31, which is above the government's floor standard; a number of core subjects achieved progress rates above national averages, including science.

In 2015/16 the provisional Attainment 8 score for The St Leonards Academy was 50.1 (C), and 60% of students achieved 5 or more grade A*-C GCSEs including English and maths (an increase from 58% in 2015). At 19%, there was an improvement in the number of GCSE grades awarded at A and A*, which is above national averages. The academy's provisional Progress 8 score is +4.6 which means that students achieve, on average, half a grade more in each qualification than similar students nationally. Almost all groups of students, including those from disadvantaged backgrounds, have a positive progress score and it places the academy in the top 10-20% of schools nationally. Over 90% of students made expected progress in English, which is significantly higher than the national average of 70%.

Primary academies

Following the introduction of a new more challenging curriculum in 2014, completely new assessment arrangements were introduced for primary schools and academies nationally in 2015/16. The curriculum was assessed by new tests and Interim frameworks for teacher assessment. The expected standards were considerably higher than previously and therefore outcomes cannot be compared to previous years' data.

Key Stage 2

At key stage 2 pupils receive their tests results as a scaled score and teacher assessments based on the standards in the interim framework. Nationally, 53% of pupils reached the new expected standard in reading, writing and mathematics combined (the government's floor measure is 65%). The percentage reaching the expected standard in reading, writing and maths in each primary academy in the Trust is set out below.

Baird	Churchwood	Hollington	Robsack	Silverdale	West St Leonards
11	59	36	44	47	36

In terms of attainment in individual subjects:

- In reading, Silverdale and Churchwood were close to or above national average
- In writing, which was teacher assessed only, Churchwood, Silverdale and West St Leonards, were close to or above, national average
- In mathematics, Churchwood was above national average.

There is also a new progress measure for each academy, which is based on national progress rates from key stage 1 outcomes. The progress in each primary academy in the Trust is set out below: (↑ = Above Floor measure)

Progress	Floor target	Baird		Churchwood		Hollington		Robsack		Silverdale		WSL	
Reading	-5.0	-7.3	↓	-3.5	↑	-0.2	↑	-0.6	↑	-0.7	↑	-3.2	↑
Writing	-7.0	-3.5	↑	-0.6	↑	1.1	↑	-2.4	↑	0.4	↑	-0.6	↑
Maths	-5.0	-6.4	↓	-0.2	↑	-0.6	↑	-0.2	↑	-2.8	↑	-3.2	↑

In terms of progress in individual subjects:

- In reading, on average, pupils at Hollington, did broadly as well as those with similar attainment nationally
- In writing, on average, pupils at Hollington and Silverdale did as well as or better than those with similar attainment nationally.
- In mathematics, pupils at Churchwood and Robsack did broadly as well as those with similar attainment nationally
- The Baird is below floor measure

Hastings Academies Trust

Key Stage 1

Key stage 1 outcomes in the Trust's primary/infant academies in 2015/16 is summarised below.

In the phonics screening check, all of the academies either improved or maintained the proportion of pupils who reached the expected standard at the end of Year 1 (+/- compared with 2015):

National is 81%

Baird	Church-wood	Dudley	Hollington	Robsack	Silverdale	West St Leonards
56 (+15)	86 (+35)	69 (-1)	83 (+16)	83 (=)	79 (+26)	72 (-1)

The percentage of pupils who reached the expected standard in reading, writing and maths by the end of key stage 1 (which is teacher assessed and informed by tests).

	National	Baird	Church-wood	Dudley	Hollington	Robsack	Silverdale	WSL
Reading	74	58	64	58	69	74	66	83
Writing	66	46	57	42	64	66	74	80
Maths	73	66	61	46	60	85	70	78

In terms of attainment in individual subjects:

- The proportion of pupils who reached the expected standard in reading, was average or above at Robsack and West St Leonards
- The proportion of pupils who reached broadly the expected standard in writing, was average or above at Hollington, Robsack, Silverdale and West St Leonards
- The proportion of pupils who reached broadly the expected standard in mathematics, was average or above at Robsack, Silverdale and West St Leonards

Early Years Foundation Stage

The proportion of pupils who reached a Good level of Development (GLD) in the Early Years Foundation Stage was above the national average in Silverdale and West St Leonards; and outcomes rose in Dudley, Hollington, Robsack, Silverdale and West St Leonards (+/- compared with 2015):

National % 2016	Baird	Church-wood	Dudley	Hollington	Robsack	Silverdale	WSL
63	56 (-11)	68 (-3)	70 (+7)	66 (+4)	68 (+3)	76 (+4)	83 (+3)

Education developments

During 2015/16, Robsack Wood Primary Academy, an Ofsted 'outstanding' academy, was accredited as a National Teaching School by the National College for Teaching and Leadership; it was the first school in the Hastings and the surrounding area to achieve this recognition. The Principal became a National Leader of Education in 2016, joining two fellow Executive Principals who are already Local Leaders of Education.

During the year, two of the Trust's principals were appointed as Ofsted inspectors, a role which complements their existing leadership roles in the Trust.

West St Leonards Primary Academy was accredited as a training centre for the Talk for Writing initiative during 2015/16. In its first Ofsted inspection in October 2016, it was graded as Good overall, with outstanding judgements for Leadership and management, pupils' development, behaviour and welfare, teaching and learning and Early Years provision.

Hastings Academies Trust

All of the academies have participated in Ofsted's 'Coastal Challenge' initiative during 2015/16, with Hastings one of two areas nationally identified to participate in a co-ordinated strategy to address educational under achievement of children from disadvantaged backgrounds. In particular, the Trust has played a central role co-ordinating and implementing the 'thrive approach' across the town during the year and Silverdale Primary Academy became a recognised centre of excellence for the thrive approach. The thrive approach draws on the latest research in neuroscience, effective learning and child development to help adults such as teachers understand children's behaviour to support their emotional and social development. It helps adults prepare children and young people for life's emotional ups and downs which, in turn, develops their confidence and readiness to learn, helping them to achieve their full potential.

Pupil/student recruitment

In relation to the recruitment of Year 7 and Reception Year students/pupils to the Trust's academies (for September 2016 entry), the number of applications received from parents increased on 2015 numbers, as have first choice preferences. All academies are oversubscribed, with waiting lists.

Key Employment Performance Indicators

The Trustees recognise that the Trust has a broad base of activities and the quality of staff and line managers are critical to its success. The Trust therefore maintains effective recruitment and development policies to ensure rigorous recruitment and performance monitoring processes and procedures are in place to provide employees with opportunities and support for personal development.

New teachers have continued to be recruited via Teach First, with several existing Teach First teachers continuing to their year of employment in the Trust's secondary academies. The first secondary trainee teachers recruited via the Trust's new School Direct programme commenced their training in 2015/16. The programme is now being expanded to include primary trainees. High quality Newly Qualified Teachers have also continued to be recruited from a range of Initial Teacher Training providers, in particular the University of Brighton.

The Trust is strongly committed to providing high quality professional and career development opportunities for its staff, and a range of cross-Trust professional development programmes were offered to staff in academies during 2015/16 in order to further develop their skills and expertise. They included a bespoke leadership programme for new and aspiring middle leaders (eg heads of subject or heads of key stages); formal recognition for a group of outstanding teachers as the trust's 'Lead Practitioners', who will lead coaching and support for other teachers; and a mathematics development programme, offered in conjunction with the University of Brighton, focusing on the teaching of mathematical reasoning.

Equalities, diversity and disability are areas of great importance to the Trust. It is fundamental that people are treated fairly and with respect and dignity. The Trust will not tolerate any discrimination, victimisation or harassment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex or sexual orientation.

The Trust considers that effective communication with employees is essential. All-staff briefings occur at each academy on a weekly or more frequent basis and regular management, curricular and federated team meetings occur to enable academy activities to be planned and managed in a cohesive way and for best practice to be shared.

A Union Recognition Agreement has continued to be in place all year which establishes a framework for liaison with staff and union representatives. In line with this agreement, both local and Trust Joint Consultative Committee (JCC) meetings took place during the year. A Staff Welfare programme has been in place throughout the year providing a comprehensive support and counseling service for all members of staff.

Hastings Academies Trust

Key Financial Performance Indicators

All of the academies in the Trust achieved their operational targets within the budgets agreed at the start of the year.

With nine academies now in the Trust, a number of financial indicators will be used in the future to assist Trustees in managing the Trust's financial affairs to ensure efficient operation, liquidity and effective use of resource.

The ratio of staff related expenditure to income was 79.01% (74.55% in 2014/15) which was within the defined range (70-80%).

Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

Financial Review

Financial Position

During the year grant income of £27.5 million (2014/15: £23 million) was received for the achievement of the academies' educational aims and objectives.

Included within grant income, Pupil Premium payments amounting to £2.523 million (2014/15 - £1.564m) have been directly applied to the provision of additional support for disadvantaged students. This support has been tailored to the individual educational, emotional and developmental needs of these students. An additional sum of £55k (2014/15 - £49.5k) for 7 students literacy and numeracy catch up premium funding to support students who did not achieve the expected standard in reading and maths at the end of key stage 2 (KS2).

Additional funds of £86.6k (2014/15 - £297k) have been generated from the letting of academy facilities for educational and community use and the provision of IT support services to local primary schools.

Local Government Pension Scheme (LGPS) Adjustments (due to FRS102) amounted to £4.828 million, taking our Statutory Provision to £9.528 million. Pension contributions for 2015/16 are all fully included in the agreed budgets for staffing and this Provision does not create an additional cash burden. Parliament has agreed to a guarantee that, in the event of academy closure, outstanding LGPS liabilities will be met by the Department for Education. The guarantee came into force on 18 July 2013.

Reserves Policy

Academies are funded on a monthly basis by Department for Education (DfE) grants and income fairly matches expenditure, with around 85.33% being spent on teaching and other staffing costs.

The EFA previously set limits on the amount of the General Annual Grant (GAG) that could be carried forward from one year to the next. With effect from 2012, these limits were removed so that academy trusts have the freedom to keep money aside for when it is needed most and to build up reserves, for example for long term capital projects. The Hastings Academies Trust has defined the reserves policy to ensure that sufficient funds are accumulated to enable school buildings to be maintained and equipment and ICT assets renewed when required in the foreseeable future.

The Trustees review the reserve levels of the Trust annually. The two secondary academies had a substantial capital investment in both their buildings and ICT during 2012/13 and it is essential that the accumulated level of reserves for the replacement and review of building and ICT assets

Hastings Academies Trust

should be maintained. This will ensure that an appropriate proportion of expenditure currently estimated to be required to enable ICT assets to be refreshed on a 3 to 10 year basis and to replace equipment and fixtures and fittings within the academy buildings according to a detailed 10 year forecast prepared for this purpose.

Maintaining a level of reserves is essential as the academies have no recourse to any significant income streams other than DfE annual revenue and Multi Academies Trust Condition Improvement Funding. Annual devolved capital funding is now very small at £11.25 per pupil for primary academies and £16.88 for secondary academies.

Accounting for the Local Government Pension Scheme (LGPS) means the accounts recognise a significant pension fund deficit within restricted funds, but this does not mean there is an immediate liability for this amount, rather it reflects the potential for increases in employer pension contributions in future years.

Investment Policy

The Trust held no investments during the year. An investment policy has been developed and approved.

Principal Risks and Uncertainties

The Board of Trustees is of the view that there is an ongoing process for identifying, evaluating and managing the Trust's significant risks. The Board of Trustees is responsible for the Trust's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives and can only provide reasonable assurance against material misstatement or loss. The Trust has developed comprehensive financial and risk management policies which are in accordance with the recommendations laid down in the Academies Financial Handbook issued by the Education Funding Agency and in line with recognised good practice. Following the expansion of the Trust during 2013/14 and 2014/15, a review of the policies and practices was undertaken. The financial regulations were reviewed and approved in July 2015; the Scheme of Financial Delegation was reviewed and approved in October 2015; the Risk Management Policy was reviewed and approved in December 2015.

The Trust's Audit Committee is chaired by one of the Trust's most experienced Trustees, and ensures that the Trust's operations and activities are underpinned by sound internal financial control and risk management arrangements.

The Trust is concerned to maintain and develop the academies within the grant funding available to them and has therefore established a process of setting annual budgets and operating a system of budget monitoring and control. Following the identification of potential risks and uncertainties relating to income streams, the Trust's comprehensive three year Medium Term Financial Plan (MTFP) (was reviewed during 2015/16 to reflect the changing context, including increased National Insurance and pension contribution rates and the reduction in Education Support Grant.

A key risk relates to the reduction in government funding in current and future years; for example, in relation to the Education Services Grant and pressures on funding for Nursery provision. The Trust's cost base is being kept under review to ensure it can deal with variations, and strategies for increasing non-government funding are being pursued, for example, re nursery provision, lettings etc. Pay related increases outside of the Trust's control, such as those related to pension and National Insurance contributions continue to pose a risk to the Trust and careful management of budgets is required to ensure that funding focuses on supporting the Trust's key priorities. During 2015/16 the Trust developed and implemented a number of strategies to improve effective budget management, details being contained within the MTFP.

The Trust's pupil recruitment has improved over time with the majority of academies now being oversubscribed.

Hastings Academies Trust

Failure to secure or retain effective leadership and management, as well as potential threats to the quality of teaching remain key risks. The Trust has developed and implemented a leadership strategy which includes succession planning, as well as a peer review framework, alongside Academic Partner input and a framework for continuing professional development to aid retention and mitigate these risks.

The Trust benefits from Multi Academy Trust Condition Improvement Funding which is used to address the highest priority condition issues but is not sufficient to meet the needs of large capital replacement projects. Alternative sources of funding are therefore sought where possible. For example, East Sussex County Council funded the expansion of the Hollington Primary Academy and Robsack Wood Primary Academy nurseries. The Trust has a framework of Planned Preventative Maintenance to ensure effective maintenance of the estate.

The Trust recognises the importance of having a financial system which is capable of supporting effective budget management and monitoring in a multi academy trust context. Following an analysis of a number of financial systems the Trust selected Sage 200 as its new finance system, which was implemented in 2015/16 with the support of a Sage partner. The structure of the Finance team has also been further reviewed and strengthened to increase support to the academies and the Trust and therefore mitigate potential budget management risks.

Recruitment and retention of high quality staff to support operational services is an ongoing challenge. The Trust continues to develop strategies to address this challenge. Consolidation of operational staffing during 2015/16 (following a period of expansion), in conjunction with the University of Brighton Academies Trust, has helped to mitigate this risk and contribute to the achievement of economies of scale.

The Trust's safeguarding policy and related checks and procedures mitigate any potential risk of a serious safeguarding incident.

Plans for Future Periods

The Trust has set ambitious targets for the academic attainment and progress of pupils/students attending the academies. These targets are measured against key indicators. In addition, improvement plans have been put in place to drive school improvement across the Trust. Intensive improvement plans have been developed in support of the Trust's most vulnerable academies. The Trust's Strategic Improvement Group, led by the Director of School Improvement, co-ordinates all school improvement activities across the Trust, with a key priority to increase internal capacity and expertise, in support of school to school improvement.

Key priorities for improvement in the Trust's secondary academies during 2016/17 are to improve student outcomes in maths, and to address consistency of performance across the curriculum. Key priorities for improvement in the Trust's primary academies during 2016/17 is to improve Key Stage 2 attainment and progress in all of the Trust's primary academies, and to close gaps in achievement between disadvantaged pupils and others, and between girls and boys. Central to achieving these priorities is to continue to improve the quality of teaching and learning for all students/pupils.

The recruitment and retention of high quality staff are key to achieving these academic targets and plans. The Trust will continue to implement its Leadership and Professional Development Strategy which supports colleagues at all levels in their career development and facilitates succession planning and talent spotting across the Trust. In support of the recruitment of new teachers, the Trust will continue to work with its lead sponsors, the University of Brighton, in developing and establishing initial teacher training programmes, including the roll out and expansion of the School Direct training programme.

Hastings Academies Trust

In light of the Trust's changed sponsorship arrangements, a comprehensive review of its governance structure, including its relationship with the University of Brighton Academies Trust, will be undertaken during 2016/17, also taking into account the Department for Education's preferred governance models for multi academy trusts.

External reviews of the Trust's finance and central services will be undertaken during 2016/17 in order to evaluate impact and ensure value for money.

The objective of financial management of the Trust will continue to be to achieve a sound financial position and to operate within the grant funding provided by the Department for Education.

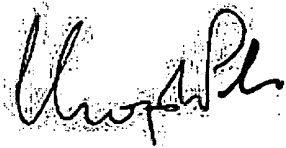
Auditor

Insofar as the Trustees are aware:

- There is no relevant audit information of which the Trust's auditor is unaware; 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.

During the year KPMG LLP were reappointed as the auditors of the Trust.

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees as the Company Directors 15 December 2016 and signed on the Board's behalf by:



Professor C Pole
Trustee
15 December 2016

Hastings Academies Trust

Governance Statement

Scope of Responsibility

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

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform to 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 Hastings Academies Trust and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

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

Trustee	Meetings attended	Out of a possible
Professor Julian Crampton (Chair) (until 30/11/15)	1	1
Professor Christopher Pole (Chair) (from 17/12/15)	2	3
Alexander Campbell	1	4
Clive Cooke	0	4
Neil Dart	4	4
Julian Davies	3	4
Paul Evans	3	4
Diana Francombe	0	4
Councillor Keith Glazier	0	4
Jill Elizabeth Gray	3	4
Paul Griffiths	4	4
Helen Hart	2	4
Steven Marwaring	0	4
Amber Rudd MP	0	4
Peter Savage	4	4
David Standen	2	4
Margaret Wallis	3	4

The Audit Committee is a sub-committee of the Board of Trustees, and was constituted at the beginning of the 2014/15 year. Its purpose is to ensure that the operation of the Trust is underpinned by sound internal financial control and risk management arrangements. The Audit Committee met three times during 2015/16. Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
Alexander Campbell	0	3
Paul Evans	3	3
Helen Hart	3	3
Michael Bewlock (Non-Trustee member)	1	3

Hastings Academies Trust

The Resources Committee is a sub-committee of the Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees, by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibility to ensure sound management of each academy's finance and resources, including proper planning, monitoring and probity. It also makes appropriate comments and recommendations on such matters to the Board of Trustees on a regular basis and to refer major issues to a Board of Trustees meeting for ratification. The Resources Committee met four times during 2015/16. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Neil Dart	4	4
Councillor Keith Glazier	1	4
Paul Griffiths	4	4
Alan Matthews (Non-Trustee member)	4	4
Peter Savage	4	4

The Academic Committee is a sub-committee of the Board of Trustees. Its purpose is to assist the decision making of the Board of Trustees by enabling more detailed consideration to be given to the best means of fulfilling the Board of Trustees' responsibilities relating to standards, strategic academic planning and each academy's curriculum. The Academic Committee met three times during 2015/16. Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of a possible
Clive Cooke	1	3
Julian Davies	3	3
Diana Francombe	0	3
Paul Griffiths	3	3
Helen Howard (Non-Trustee member)	3	3
Dr John Smith (Non-Trustee member)	1	3
Margaret Wallis	2	3

Review of Value for Money

As Accounting Officer the Chief Executive has responsibility for ensuring that the 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 taxpayer resources received.

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

Implementing a new senior structure across two of the Trust's primary academies, The Baird Primary Academy and Hollington Primary Academy, including the appointment of an Executive Principal to oversee both academies. This has provided opportunities for sharing good practice and staff expertise, promoting consistency and establishing common systems and protocols across the two academies.

Continuing a shared central management team (comprising a small number of specialist directorate level posts) with the Trust's 'sister trust', the University of Brighton Academies Trust (both trusts are led by the same sponsor, the University of Brighton). This enables specialist advice and support to be provided to the trusts' academies, facilitates the sharing of good practice and enables economies of scale to be achieved. Similarly, the two trusts have a single central services team, providing Finance, HR, ICT and estates support.

Hastings Academies Trust

Maximising links with the Trust's lead sponsor, the University of Brighton. This has included the provision of specialist financial and legal advice, as well as supporting a range of educational initiatives such as cross-Trust continuing professional development activities, including a year long mathematics development programme focusing on the teaching of mathematical reasoning.

Reviewing the Trust's school improvement strategy, in conjunction with the University of Brighton Academies Trust, to facilitate greater collaborative working and utilising internal expertise.

Replacing previous specialist services purchased through the Local Authority with alternate suppliers providing better value for money, for example, appointing legal advisors for HR, contract and other matters; bringing further services in house, for example, health and safety, personnel advisory and personnel administration to achieve savings.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievement of Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Hastings Academies Trust for the year to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Hastings Academies Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the year ending 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Regular reviews by the Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Board of Trustees has considered the need for a specific internal audit function and has appointed East Sussex County Council as internal auditor.

Hastings Academies Trust

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. In particular the checks carried out in the current period included:

- testing of payroll systems
- testing of purchase systems
- testing of control account/ bank reconciliations

The Audit Committee received reports on the operation of the systems of control from the Internal Auditors twice during the financial year, the auditors attending one of the meetings. The external auditor reported to the committee once during the financial year and attended one of the meetings

The internal auditor delivered the agreed schedule of work as planned. Key issues highlighted and agreed actions in relation to the Sage 200 system include:

- The review of system controls within Sage to ensure they fully reflect the Trust's financial regulations and prevent the person who raises and order form approving. The system will be amended to prevent this weakness in future;
- The review of Sage Administrator responsibilities to ensure segregation of duties
- The need to confirm and upload the closing balances from 2014/15 from the old financial system to the new. This was completed in August 2016.

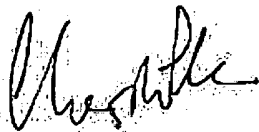
Review of Effectiveness

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

- The work of the internal auditor
- The work of the external auditor
- The work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Trustees 15 December 2016 and signed on its behalf by:



Professor C Pole
Trustee



P Griffiths
Accounting Officer

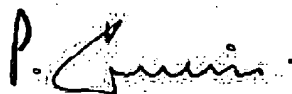
Hastings Academies Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Hastings Academies Trust I have considered my responsibility to notify the Board of Trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the Hastings Academies Trust and the Secretary Of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook.

I confirm that I and the 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.

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 EFA.



P Griffiths
Accounting Officer
15 December 2016

Hastings Academies Trust

Statement of Trustees' Responsibilities

The Trustees (who are also the directors of the Hastings Academies Trust for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education 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 incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:

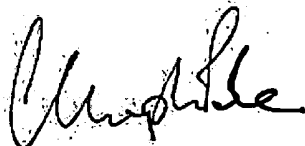
- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charitable Company will continue in business.

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

The Trustees are responsible for ensuring that in its conduct and operation the Trust applies financial and other controls, which conform to the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/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 Charitable Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report which consists of the Trustees' report and Strategic report and approved by order of the Board of Trustees 15 December 2016 and signed on its behalf by:



Professor C Pole
Trustee

Independent Auditor's Report on the Financial Statements to the Members of the Hastings Academies Trust

We have audited the financial statements of The Hastings Academies Trust for the year ended 31 August 2016 set out on pages 29 to 51. The financial reporting framework that has been applied in their preparation is applicable law, the Academies Accounts Direction 2015 to 2016, and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency ('EFA') on terms that have been agreed. 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 auditors' report and, in respect of the separate opinion in relation to compliance with the Academies Accounts Direction 2015 to 2016 issued by the EFA, those matters that we have agreed to state to them in our 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Directors and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 24, the Trustees (who act as Directors of the charitable company for the purposes of company law) are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those auditing standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs at 31 August 2016, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the Companies Act 2006;
- have been prepared in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information in the Trustees' Annual Report, which constitutes the Strategic Report and the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

Amanda Latham

Amanda Latham (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
15 Canada Square
London
E14 5GL

16th December 2016

Independent Reporting Accountant's Assurance Report on Regularity to Hastings Academies Trust and the Education Funding Agency

In accordance with the terms of our engagement letter dated 9 December 2013 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by during the period 1 September 2015 to 31 August 2016 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 Members of the Hastings Academy Trust (the Academy Trust) and EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Academy Trust and EFA 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 Academy Trust and EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 10 March 2010 and the Academies Financial Handbook, extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. 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 1 September 2015 to 31 August 2016 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 2015 to 2016 issued by EFA. 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.

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

The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Principal/Executive Principal on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2016
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Part 9 of the Academies Accounts Direction 2015 to 2016.

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 1 September 2015 to 31 August 2016 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Amanda Latham

Reporting Accountant
Amanda Latham (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL

16th December 2016

Hastings Academies Trust

Statement of Financial Activities for the year ended 31 August 2016 (Including Income and Expenditure Account)

	Notes	Unrestricted funds £000	Restricted general funds £000	Restricted fixed asset funds £000	Total 2016 £000	Total 2015 £000
Income and endowments from:						
Donations and capital grants	2	42	175	-	217	346
Transfer from local authority on conversion		-	-	-	-	13,720
Charitable activities:						
Funding for the academy trust's educational operations	3	715	26,449	-	27,164	27,137
Other trading activities	4	87	-	-	87	113
Investments	5	-	24	-	24	21
Total		844	26,648	-	27,492	41,337
Expenditure on						
Charitable activities:						
Academy trust educational operations	7	775	27,919	1,255	29,949	27,799
Total		775	27,919	1,255	29,949	27,799
Net Incoming / (expenditure)		69	(1,271)	(1,255)	(2,457)	13,538
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	16,23	-	(4,252)	-	(4,252)	(1,073)
Net movement in funds		69	(5,523)	(1,255)	(6,709)	12,465
Reconciliation of funds						
Total funds brought forward		3,543	(4,002)	68,207	67,748	55,283
Total funds carried forward		3,612	(9,525)	66,952	61,039	67,748

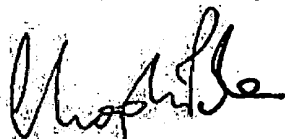
All of the trust's activities derive from continuing operations during the above two financial periods

Hastings Academies Trust
Balance sheet
as at 31 August 2016

Company Number: 7185046

	Notes	£000	2016 £000	£000	2015 £000
Fixed assets					
Tangible assets	12		66,952		68,207
Current assets					
Debtors	13	1,108		722	
Cash at bank and in hand		5,319		5,513	
		<u>6,427</u>		<u>6,235</u>	
Liabilities					
Creditors: amounts falling due within one year	14	(2,812)		(1,994)	
Net current assets			<u>3,615</u>		<u>4,241</u>
Total assets less current liabilities			<u>70,567</u>		<u>72,448</u>
Net assets excluding pension liability			<u>70,567</u>		<u>72,448</u>
Defined benefit pension scheme liability	23	(9,528)			(4,700)
Total assets			<u>61,039</u>		<u>67,748</u>
Funds of the academy trust:					
Restricted funds					
• Fixed asset fund	16	66,952		68,207	
• Restricted income fund	16	3		698	
• Pension reserve	16	(9,528)		(4,700)	
Total restricted funds			<u>57,427</u>		<u>64,205</u>
Total unrestricted funds	16		<u>3,612</u>		<u>3,543</u>
Total funds			<u>61,039</u>		<u>67,748</u>

The financial statements on pages 29 to 51 were approved by the trustees, and authorised for issue on 15 December 2016 and are signed on their behalf by:



Professor C Pole
Trustee

Hastings Academies Trust
Statement of Cash Flows
for the year ended 31 August 2016

	Notes	2016 £000	2015 £000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	19	(345)	1,729
Cash flows from Investing activities	20	151	1
Change in cash and cash equivalents in the reporting period		<u>(194)</u>	<u>1,730</u>
Cash and cash equivalents at 1 September 2015		5,513	3,783
Cash and cash equivalents at the 31 August 2016	21	<u>5,319</u>	<u>5,513</u>

Hastings Academies Trust

Notes to the Financial Statements for the year ended 31 August 2016

1 Statement of Accounting Policies

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

Basis of Preparation

These financial statements are the first financial statements of the Hastings Academies Trust prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)' and the Charities SORP (SORP 2015). The financial statements of the Hastings Academies Trust for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Periods ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 chapter 35 'Transition to this FRS'.

The Hastings Academies Trust meets the definition of a public entity under FRS 102.

Explanation of transition to FRS 102

Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income/expense. Under FRS 102 a net interest expense, based on the net defined benefit liability, is recognised in income/expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015.

Recognition of outstanding employee benefits

No provision for outstanding holiday pay was made under previous UK GAAP. Under FRS 102 the costs of short-term employee benefits are recognised as a liability and an expense. The cost of any unused entitlement is recognised in the period in which the employee's services are received. This amount is not material to the Hastings Academies Trust as the majority of employees are employed on a term time only basis and their pay is annualised over the reporting period.

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 company to continue as a going concern. 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 academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy 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.

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Statement of Accounting Policies (continued)

Income

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

- **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 and deferred income until the performance related conditions are met. Where entitlement occurs before income is received, the income is accrued.

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

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.

- **Sponsorship Income**

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

- **Donations**

Donations are recognised on a receivable basis (where there are not performance related conditions) where the receipt is probable and the amount can be reliably measured.

- **Other income**

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

- **Donated goods, facilities and services**

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the financial statements until they are sold. This income is recognised within 'Income from other trading activities'.

The value of donated services and gifts in kind provided to the academies trust are recognised at their open market value in one period to which they are receivable as income resources where the benefit to the trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the statement of financial activities, except where the gift in kind was a fixed asset, in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the trust's policies.

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Statement of Accounting Policies (continued)

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 time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

These are costs incurred in attracting voluntary income and those incurred in trading activities that raise funds.

- **Charitable activities**

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

- **Governance Costs**

These include the costs attributable to the Trust's compliance with constitutional and statutory requirements, including audit, strategic management and Directors' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable 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. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

	Years
• Fixtures, fittings and equipment	5
• ICT equipment	3 - 10
• Leasehold Buildings	125 (Shorter of 125 or length of lease)
• Land	Not depreciated

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Statement of Accounting Policies (continued)

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

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

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 academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

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

Leased Assets

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

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 23, 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.

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Statement of Accounting Policies (continued)

The LGPS is a funded scheme and the assets are held separately from those of the academy 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/asset 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.

Fund Accounting

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

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

Restricted general funds comprise all other restricted funds received and include grants from the Education Funding Agency / Department for Education.

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 23, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

Hastings Academies Trust
Notes to the Financial Statement for the year ended 31 August 2016 (continued)

2 Income and endowments from

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
Capital Grants	-	127	127	332
Donated fixed assets	-	-	-	13,720
Donations and Sponsorship	42	48	90	14
	<u>42</u>	<u>175</u>	<u>217</u>	<u>14,066</u>

3 Funding for the Trust's Educational Operations

	Unrestricted funds £000	Restricted funds £000	Total 2016 £000	Total 2015 £000
DfE / EFA grants				
General Annual Grant (GAG)	-	21,428	21,428	20,461
Start Up Grants	-	4	4	23
Other DfE/EFA grants	-	3,161	3,161	2,932
	<u>-</u>	<u>24,593</u>	<u>24,593</u>	<u>23,416</u>
Other Government grants				
Local authority grants	-	1,136	1,136	2,025
Special educational projects	-	-	-	-
	<u>-</u>	<u>1,136</u>	<u>1,136</u>	<u>2,025</u>
Other income from the academy trust's educational operations	715	720	1,435	1,696
	<u>715</u>	<u>26,449</u>	<u>27,164</u>	<u>27,137</u>

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Hire of facilities	87	-	87	113
	<u>87</u>	<u>-</u>	<u>87</u>	<u>113</u>

5 Investment Income

	Unrestricted Funds £000	Restricted Funds £000	Total 2016 £000	Total 2015 £000
Short term deposits	-	24	24	21
	<u>-</u>	<u>24</u>	<u>24</u>	<u>21</u>

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

6 Expenditure

	Staff costs £000	Non Pay Premises £000	Expenditure Other £000	Total 2016 £000	Total 2015 £000
Academy's educational operations:					
• Direct costs	17,801	499	2,923	21,223	21,304
• Allocated support costs	3,973	1,804	2,949	8,726	6,495
	21,774	2,303	5,872	29,949	27,799

Net income/(expenditure) for the period includes:

	2016 £000	2015 £000
Operating lease rentals	104	203
Depreciation	1,255	1,499
Fees payable to auditor for:		
- audit	38	40
- other services	-	-

7 Charitable Activities

	Total 2016 £000	Total 2015 £000
Direct costs – educational operations	21,223	21,304
Support costs – educational operations	8,726	6,495
	29,949	27,799

Analysis of support costs	Educational Operations £000	Total 2016 £000	Total 2015 £000
Support staff costs	3,973	3,973	3,059
Technology costs	714	714	70
Premises costs	1,804	1,804	1,613
Other support costs	2,125	2,125	1,554
Governance costs	110	110	199
Total support costs	8,726	8,726	6,495

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

8 Staff

a. staff costs

Staff costs during the period were:

	2016 £000	2015 £000
Wages and salaries	18,532	14,917
Social security costs	1,223	981
Operating costs of defined benefit pension schemes	2,687	2,603
	<u>20,442</u>	<u>18,501</u>
Supply / agency staff costs	988	725
Key Management staff (note 24)	289	259
Staff restructuring costs	59	34
	<u>21,778</u>	<u>19,519</u>
Staff restructuring costs comprise:		
Redundancy payments	-	2
Severance payments	59	32
	<u>59</u>	<u>34</u>

b. Non-contractual staff severance payments

Included in compensation payments are non-contractual severance payments totalling £59,467 (2015: £34,303). Individually, the payments were: £1,750, £13,000, £17,758 and £29,960.

c. Staff numbers

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

	2016 FTE	2016 No.	2015 FTE	2015 No.
Teachers	263	283	254	271
Administration and support	329	558	298	535
Management	16	17	9	10
	<u>608</u>	<u>858</u>	<u>561</u>	<u>816</u>

d. Higher paid staff

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

	31 August 2016 No.	31 August 2015 No.
£60,001 - £70,000	11	4
£70,001 - £80,000	3	3
£80,001 - £90,000	-	-
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 4. The total amount of employee benefits (including employer contributions) received by Key management personnel for their services to the Trust is paid via our sponsor (refer to note 24 related party transactions) was £288,750 (2015: £258,615)

9 Related Party Transactions – Trustees' Remuneration and Expenses

Trustees did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Trustees. During the period ended 31 August 2016, expenses totalling £827.45 (2015: £417.10) were reimbursed or paid directly to 2 trustees (2015: 2 trustees).

Other related party transactions involving trustees are set out in note 24.

10 Trustees' and Officers' insurance

The Trust has opted into the Department for Education's Risk Protection Assurance (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees' and officers' indemnity element from the overall cost of the RPA scheme.

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

11 Central Services

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

- Human Resources
- Financial Services
- Estates Management
- Educational Support Service
- Leadership and Governance

The Academy Trust charges for these services on the following basis:

6.15% of General Annual Grant (GAG)

The Actual amounts charged during the year were as follows:

	2016 £000	2015 £000
The Baird Primary Academy	89	71
Churchwood Primary Academy	44	55
Dudley Infant Academy	56	36
Hollington Primary Academy	96	82
Robsack Wood Primary Academy	91	91
Silverdale Primary Academy	130	54
West St Leonards Primary Academy	88	83
The Hastings Academy	384	347
The St Leonards Academy	585	533
Total	1,563	1,352

12 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and equipment £000	Computer Hardware £000	Total £000
Cost				
At 1 September 2015	67,480	1,416	2,940	71,836
At 31 August 2016	67,480	1,416	2,940	71,836
Depreciation				
At 1 September 2015	933	636	2,060	3,629
Charged in year	499	283	473	1,255
At 31 August 2016	1,432	919	2,533	4,884
Net book values				
At 31 August 2015	66,547	780	880	68,207
At 31 August 2016	66,048	497	407	66,952

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

13 Debtors

	2016	2015
	£000	£000
Trade debtors	69	32
VAT recoverable	306	292
Other Debtors	584	278
Pre-payments and accrued income	149	120
	<u>1,108</u>	<u>722</u>

14 Creditors: Amounts Falling due within one year

	2016	2015
	£000	£000
Trade creditors	303	60
Taxation and social security	369	315
Other creditors	408	369
Accruals and deferred income	1,732	1,250
	<u>2,812</u>	<u>1,994</u>

Deferred Income

	2016	2015
	£000	£000
Deferred income at 1 September 2015	348	336
Resources deferred in the year	(348)	(336)
Amount released from previous years	976	348
Deferred income at 31 August 2016	<u>976</u>	<u>348</u>

At the Balance sheet date the Trust was holding funds received in advance for UIFSM (£197k), EYEE (£15k), MAT CIF (£467k), Rate Relief (£37k), Teaching Schools Core Grant (£60k), Income from parents for Trips, Nursery, Extended Schools and clubs (£78k), Health Improvement Grant (£114k) and other Grants (£8k) for 2016-17 academic year.

15 Creditors: Amounts Falling due in greater than one year

	2016	2015
	£000	£000
Other creditors	<u>3</u>	<u>3</u>
	3	3

Included within other creditors is a Salix loan of £25,026.80 which was inherited from the local authority predecessor school on conversion. The loan is from East Sussex County Council which started in 2013 and ends in 2020 the annual repayments are £3,129.12 and the balance remaining is £12,510.32.

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

16 Funds

	Balance at 1 September 2015 £000	Income £000	Expenditure £000	Gains Losses and Transfers £000	Balance at 31 August 2016 £000
Restricted general funds					
General Annual Grant (GAG)	-	21,428	(21,428)	-	-
Start Up grant	-	4	(4)	-	-
Other DfE/EFA grants	-	127	(127)	-	-
Other grants / Income	698	5,089	(5,784)	-	3
Pension reserve	(4,700)	-	(578)	(4,252)	(9,528)
	(4,002)	26,648	(27,919)	(4,252)	(9,525)
Restricted fixed asset funds					
Transfer on conversion	66,508	-	(499)	-	66,009
DfE/EFA capital grants	138	-	-	-	138
Capital expenditure from GAG	1,561	-	(756)	-	805
	68,207	-	(1,255)	-	66,952
Total restricted funds	64,205	26,648	(29,174)	(4,252)	57,427
Unrestricted funds	3,543	844	(775)	-	3,612
Total funds	67,748	27,492	(29,949)	(4,252)	61,039

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

Restricted General Funds:

General Annual Grant - Income from the EFA which is to be used for the normal running costs of the Academy, including education and support costs.

Other DfE/EFA grants - includes grants from LEA mainly for Early Years Education Entitlement (EYEE) for Nursey and High needs funding to fund further support for students with additional needs.

Restricted Fixed Asset Funds:

DfE / EFA capital grants - The represents amounts received from the EFA including Devolved formula capital (DFC) grant and MAT School Condition Allocation (SCA). DFC funding can be used for improvements and repairs to buildings and other facilities, including ICT, or repairs/refurbishment and minor works in accordance with priorities set by the academies. SCA is specifically to ensure that our academy buildings are kept in good condition and that all children can learn in a safe and effective environment. Some of the funds remained unspent at the year end these have been carried forward under deferred income (see note 14).

Donated Tangible assets - this represents the buildings and equipment donated to the academies from the Local Authority on conversion to an academy.

Other Information:

Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Funds (continued)

Total funds analysis by academies

Fund balances at 31 August 2016 were allocated as follows:

	Total 2016 £000	Total 2015 £000
The Baird Primary Academy	231	187
Churchwood Primary Academy	53	161
Dudley Infant Academy	44	3
Hollington Primary Academy	325	233
Robsack Wood Primary Academy	515	512
Silverdale Primary Academy	348	325
West St Leonards Primary Academy	281	314
The Hastings Academy	(89)	222
The St Leonards Academy	1,597	2,067
Central services	310	217
Total before fixed assets and pension reserve	3,615	4,241
Restricted fixed asset fund	66,952	68,207
Pension reserve	(9,528)	(4,700)
Total	61,039	67,748

The Hastings Academy is carrying a deficit of £89k on these funds. This situation has arisen as a result of a number of factors including, a high level of staff turnover and sickness and maternity absence, resulting in higher reliance on agency staff than budgeted; a larger leadership structure than required by the academy; and historically low pupil numbers which have increased in recent years but for which lagged income has been received.

The Trust is taking the following action to support the academy and return it to a surplus position: The Trust Board have insisted that The Hastings Academy develop and implement a Recovery Plan in order to return the Academy to a surplus position in 2018/19. It has been agreed that reserves from elsewhere in the Trust be used to support the Academy during the intervening period but on the understanding that these reserves be repaid.

The Academy has already reviewed and implemented: a revised leadership structure which will produce savings over three years; a revised curriculum and related staffing structures; an improved sickness absence and maternity insurance has been purchased; A review of non-pay expenditure is also being undertaken and tighter expenditure controls have been implemented. The Recovery Plan is planned to be finalised in January 2017.

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Funds (continued)

Total Cost Analysis by academy

Expenditure incurred by academy during the year was as follows:

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2016 £000	Total 2015 £000
The Baird Primary Academy	1,183	193	128	309	1,813	1,865
Churchwood Primary Academy	861	210	82	246	1,399	1,345
Dudley Infant Academy	562	76	29	221	888	922
Hollington Primary Academy	1,355	170	81	374	1,980	1,900
Robsack Wood Primary Academy	1,311	417	96	282	2,106	2,072
Silverdale Primary Academy	1,681	248	245	369	2,543	1,399
West St Leonards Primary Academy	1,331	201	132	294	1,958	1,927
The Hastings Academy	3,697	628	383	737	5,445	5,425
The St Leonards Academy	5,313	848	644	1,066	7,871	7,675
Central services	2	1,569	-	1,120	2,691	1,771
Academy Trust	17,296	4,560	1,820	5,018	28,694	26,301

17 Analysis of Net Assets between Funds

Fund balances at 31 August 2016 are represented by:

	Unrestricted funds £000	Restricted General funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	66,952	66,952
Current assets	5,516	911	-	6,427
Current liabilities	(1,904)	(908)	-	(2,812)
Pension scheme liability	-	(9,528)	-	(9,528)
Total net assets	3,612	(9,525)	66,952	61,039

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

18 Commitments under operating leases

Operating leases

At 31 August 2016 the total the academies' future minimum lease payments under non-cancellable operating leases was:

	2016 £000	2015 £000
Other		
Amounts due within one year	27	10
Amounts due between two and five years inclusive	156	108
Amounts due after five years	-	-
	<u>183</u>	<u>118</u>

19 Reconciliation of net income to net cash inflow from operating activities

	Notes	2016 £000	2015 £000
Net income / (expenditure) for the reporting period (as per the statement of financial activities)		(2,457)	(182)
Adjusted for:			
Depreciation charges	12	1,255	1,499
Capital grants from DfE and other capital income		(127)	-
Interest receivable	5	(24)	(21)
Defined benefit pension scheme obligation inherited		-	-
Defined benefit pension scheme cost less contributions payable	23	391	407
Defined benefit pension scheme finance cost	23	185	(2)
(Increase)/decrease in debtors		(386)	(107)
Increase/(decrease) in creditors		818	135
Net cash provided by / (used in) Operating Activities		<u>(345)</u>	<u>1,729</u>

20 Cash Flows from Investing Activities

	2016 £000	2015 £000
Dividends, interest and rents from investments	24	21
Purchase of tangible fixed assets	-	(20)
Capital grants from DfE/EFA	127	-
Net cash provided by / (used in) investing activities	<u>151</u>	<u>1</u>

21 Analysis cash and cash equivalents

	At 31 August 2016 £000	2 At 31 August 2015 £000
Cash in hand and at bank	5,319	5,513
Total cash and cash equivalents	<u>5,319</u>	<u>5,513</u>

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

22 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.

23 Pension and Similar Obligations

The academy 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 East Sussex County Council. Both are multi-employer defined benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £398,928 were payable to the schemes at 31 August 2016 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years 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. 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 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- Employer contribution rates set at 16.48% of pensionable pay (including a 0.08% employer administration charge (2014/15 14.1%))
- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.
- Total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million, giving a notional past service deficit of £14,900 million
- An employer cost cap of 10.9% of pensionable pay will be applied to future valuations

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Pension and Similar Obligations (continued)

- The assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4% from September 2015, which will be payable during the implementation period until the next valuation as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £1,597,695.

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

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

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds.

The total contribution made for the year ended 31 August 2016 was £1,448,123 (2015: £1,212,988), of which employer's contributions totalled £1,103,662 (2015: £924,483) and employees' contributions totalled £51,000 (2015: £49,000). The agreed contribution rates for future years are 19.6 per cent for employers and between 5.5% and 9.9% per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of 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.

Principal actuarial assumptions

	At 31 August 2016	At 31 August 2014
Rate of increase in salaries	4.10%	4.60%
Rate of increase for pensions in payment/inflation	2.10%	2.70%
Discount rate for scheme liabilities	2.10%	3.80%
Inflation assumption (CPI)	2.10%	-0.90%
Commutation of pensions to lump sums		
Pre April 2008 service	50.00%	
Post April 2008 service	75.00%	

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Pension and Similar Obligations (continued)

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 2016	At 31 August 2015
<i>Retiring today</i>		
Males	22.2	22.2
Females	24.4	24.4
<i>Retiring in 20 years</i>		
Males	24.2	24.2
Females	26.7	26.7

The Trust's share of the assets and liabilities in the scheme and the expected rates of return were:

	Fair value at 31 August 2016 £000	Fair value at 31 August 2015 £000
Equities	8,714	6,394
Bonds	1,992	1,441
Property	1,245	990
Cash	498	180
Total market value of assets	12,449	9,005

The actual return on scheme assets was £100,000 (2014: £100,000)

Amounts recognised in the statement of financial activities

	2016 £000	2015 £000
Current service cost (net of employee contributions)	(1,487)	(1,334)
Net interest cost	(554)	-
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Total operating charge	(2,041)	(1,334)

Changes in the present value of defined benefit obligations were as follows:

	2016 £000	2014 £000
At 1 September	13,705	8,809
Upon conversion	-	3,087
Current service cost	1,487	1,334
Interest cost	554	452
Employee contributions	339	291
Actuarial (gain)/loss	5,928	(221)
Benefits paid	(36)	(47)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	21,977	13,705

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Pension and Similar Obligations (continued)

Changes in the fair value of Trust's share of scheme assets were as follows:

	2016	2014
	£000	£000
At 1 September	9,005	5,587
Upon conversion	-	1,983
Interest income	369	-
Return on plan assets (excluding net interest on the net defined pension liability)	1,676	454
Actuarial gain (loss)		(190)
Employer contributions	1,096	927
Employee contributions	339	291
Benefits paid	(36)	(47)
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August	12,449	9,005

24 Related Party Transactions

Owing to the nature of the Trust's operations and the composition of the Board of Directors 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 Directors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Trust's financial regulations. Since incorporation the Trust has had three sponsors; the University of Brighton, East Sussex County Council and British Telecom. As of 22 July 2016, however, East Sussex County Council formally withdrew as a sponsor.

The University of Brighton is the lead sponsor of the Trust and provides managerial and administrative support to enable the Trust to achieve its objectives. Several members of the Trust's Senior Management Team (Chief Executive, Director of Policy and Governance, Director of Operational Services and Director of School Improvement) and two members of administrative staff supporting the Trust's work have contracts of employment with the University of Brighton, a proportion of their salary costs are re-charged to the Trust £331,645 (2015: £293,770).

The Chief Executive only receives remuneration in respect of services they provide undertaking the role of Chief Executive under their contract of employment and not in respect of their role as trustee. The value of trustees' remuneration was as follows:

P Griffiths (Chief Executive and trustee):

Remuneration : £90,000 - £95,000 (2015: £105,000 - £110,000)

Employers pension contributions: £15,000 - £20,000 (2015: £10,000-£15,000)

Other key management personnel also employed through the University are the Director of Policy and Governance, Director of Operational Services and Director of School Improvement. The total amount of employee benefits (including employer pensions contributions) received for service to the academy trust was £181,828 (2015: £134,744).

The Trust rented University managed accommodation for student teachers (£9,419). Payments have also been made for training and development (£3,598). Total payments made to the

Hastings Academies Trust

Notes to the Financial Statement for the year ended 31 August 2016 (continued)

Related Party Transactions (continued)

University during the year amounted to £344,662 (2015 £332,080). £55,036 was outstanding at 31 August 2016.

In addition £11,915 income has been received from the University of Brighton during the year for student Teachers/ mentorship fees.

Until 22 July 2016 East Sussex County Council (ESCC) was a co-sponsor of the Trust. ESCC provides a variety of services to schools and academies within East Sussex. The academies within the Trust purchase a variety of these services from ESCC at cost. Prior to the start of the academic year negotiations are held with ESCC on behalf of the whole Trust to agree a price for each service purchased.

In relation to 2015/16 services purchased include: facilities management, human resources (payroll, occupational health, union and staff counselling), catering, internal audit, ICT system support (SIMS) and educational support including standards and learning effectiveness services.

Payments made to East Sussex County Council during the year amounted to £1,018,848 (2015 £1,221,218) for the provision of support services; £165,180 related to the secondary academies (2015 £483,464) and £854,668 related to the primary academies (2015 £733,062) within the Trust. There was £226,863 outstanding at the year end (2015 £300,725): £43,212 related to the secondary academies and £183,651 to the primary academies and central trust. Like all academies in East Sussex the Trust commissioned pension valuation reports from the pension actuary via ESCC, at a cost of £1,865.

Additional Income amounting to £82,937 (excluding specific grants which all academies and school receive from the Dedicated Schools Grant) has been received during the year as follows:

	£
Growth Funding (relates to additional class)	55,000
Looked After Children (LAC) funds received on a bid basis for LAC	1,575
Teacher Training	22,528
Reimbursement for IT resource used on Capital & Maintenance Project	1,350
Reimbursement for Nursery IT	2,134
Training Cover	350
Total income received	82,937

The Trust purchase telephony services from British Telecom. Total expenditure for 2015/16 is £4,788 (2014/15 £4,963). No payments were outstanding at the end of the year.

Director Steve Manwaring is also a Trustee of the Education Futures Trust, of which all the Trust academies are members. As such they receive advice, training, and access to educationally enhancing programmes. Total payments to the Education Futures Trust for 2015/16 was £99,040, of which £1,600 was outstanding at the end of the year.