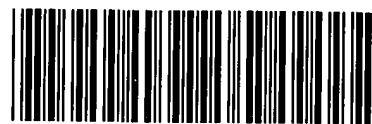


NORTHERN EDUCATION TRUST
(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

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NORTHERN EDUCATION TRUST
(A company limited by guarantee)

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NORTHERN EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS

Members	L Walton (resigned 15 July 2020) C Roberts M Sanders G Shearer (appointed 1 April 2020) C Harder (appointed 1 April 2020) N Saul (appointed 1 April 2020)
Trustees	L Walton, Chairman (resigned 15 July 2020) J Nolan, Staff Trustee ¹ R Tarn, Chief Executive ^{1,2,3} M Sanders, Chairman ³ S Duncan ² A Hodgson (resigned 10 April 2020) J Copping ^{1,3} T Grieveson, Deputy Chair ^{2,3} J Foster (resigned 10 April 2020) ¹ C Roberts, Vice Chair G Edmunds J Kelly (appointed 4 October 2019) ¹ J Heaton (appointed 27 February 2020) ² N Barker (appointed 1 April 2020) ¹ ¹ members of the Audit and Risk Committee ² members of the Achievement and Climate Committee ³ members of the Corporate Coordination Group
Company registered number	07189647
Company name	Northern Education Trust
Principal and Registered Office	Thorp Academy Main Road, Ryton Tyne and Wear NE40 3AH
Company Secretary	C Hopkins
Accounting Officer	R Tarn
Trust Corporate - Senior Management Team	R Tarn, Chief Executive and Accounting Officer J Wilson, Deputy Chief Executive Officer G Edmunds, Chief Operating and Financial Officer J Telford, Executive Director of Human Resources and Communications
Independent auditor	RSM UK AUDIT LLP, Statutory Auditor Chartered Accountants Central Square, 5th Floor, 29 Wellington Street, Leeds LS1 4DL
Bankers	Barclays Bank Teesdale Business Park Stockton on Tees TS17 6YG

NORTHERN EDUCATION TRUST
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REFERENCE AND ADMINISTRATIVE DETAILS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Solicitors

Ward Hadaway
102 Quayside
Newcastle Upon Tyne
NE1 3DX

NORTHERN EDUCATION TRUST
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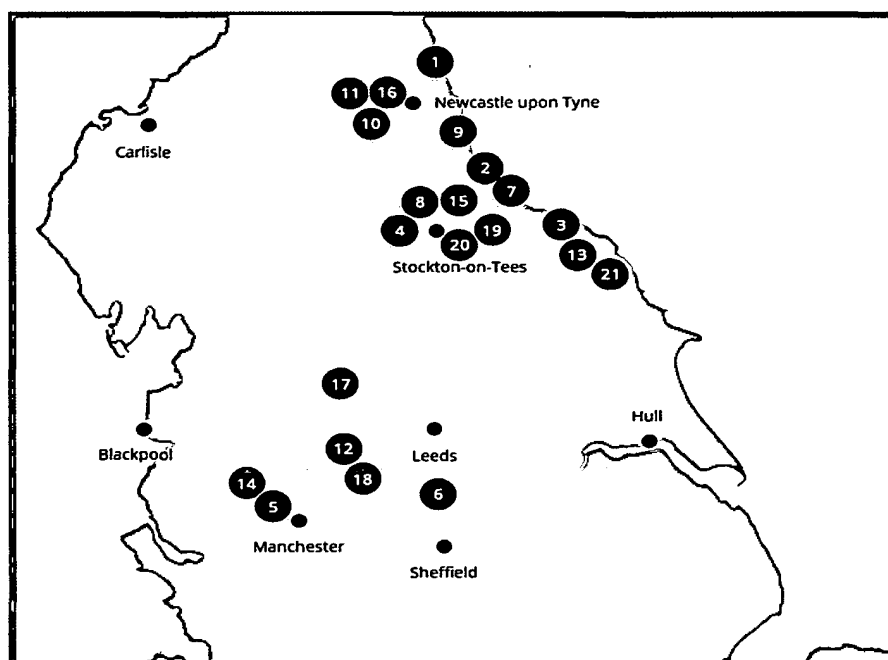
TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2020

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

Northern Education Trust (NET) was formed in 2012. In eight years it has grown from a single academy to ten primary academies and eleven secondary academies which are located in three hub areas:

1. North East England conurbations of Tyne-Wear and Tees Valley
2. Yorkshire conurbations of the Aire-Calder-Deame Valleys
3. Bolton-Manchester conurbation

The map below outlines the location of the trust's academies and also includes the addition of a new academy that transferred into the Trust as at 1st September 2020, this is Walbottle Academy. The map also shows the removal of Ryecroft Academy which transferred out of the Trust on the 1st September 2020.



Secondary Academies

- 1) The Blyth Academy
- 2) Dyke House Sports & Technology College
- 3) Freebrough Academy
- 4) The Grangefield Academy
- 5) Kearsley Academy
- 6) Kirk Balk Academy
- 7) Manor Community Academy
- 8) North Shore Academy
- 9) Red House Academy
- 10) Thorp Academy
- 11) Walbottle Academy

Primary Academies

- 12) Abbey Park Primary Academy
- 13) Badger Hill Primary Academy
- 14) The Ferns Primary Academy
- 15) Frederick Nattrass Primary Academy
- 16) Hilton Primary Academy
- 17) Merlin Top Primary Academy
- 18) Mount Pellon Primary Academy
- 19) Norton Primary Academy
- 20) The Oak Tree Academy
- 21) Whitecliffe Primary Academy

Going forward the trust wishes to work with schools and trusts who have a similar ethos of placing children at the forefront of all decision making. The trust will not sponsor schools where key stakeholders and the local community are not supportive of the trust's vision and potential sponsorship. Ideally, growth will only be considered in the North East of England to enable the Trust to make the most efficient and effective use of current resources and further improve the outcomes and life chances of children.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The geographical location of any new school would ideally be within a reasonable travel time of another Northern Education Trust academy. The school would need to be located within one of the current geographical clusters i.e.

1. Primary geographical clusters.
 - a. Primary Cluster 1 – Stockton (Frederick Nattrass, Norton, Oaktree), Redcar and Cleveland (Badger Hill and Whitecliffe), Newcastle (Hilton).
 - b. Primary Cluster 2 –Calderdale (Mount Pellon and Abbey Park), Bradford (Merlin Top and Ryecroft) and Bolton (The Ferns).
2. Secondary geographical clusters;
 - a. Secondary Cluster 1 – Stockton (Grangefield, North Shore Academy), Redcar and Cleveland (Freebrough).
 - b. Secondary Cluster 2 - Hartlepool (Manor and Dyke House), Sunderland (Red House), Gateshead (Thorp), Newcastle (Walbottle), Northumberland (Blyth).
 - c. Secondary Cluster 3 – Barnsley (Kirk Balk), Bolton (Kearsley).

The growth strategy aims to rationalise the geographical footprint of the trust, although this does not automatically mean the release of schools in the Trust. Given the geographical challenges of sharing resources across the Trust, in making a decision about growth at either phase, trustees will consider school improvement capacity on a case by case basis alongside the geographical cluster and detailed due diligence undertaken by directors, executive team members and trust advisors.

The Trust has a pupil capacity of 14,766 and 12,197 on roll at its primary and secondary academies in the school census dated October 2019.

Northern Education Trust introduced in 2017/18 a new vision, values and shortened tag-line of "Outcomes Focussed, Child Centred". Over the last two academic years, NET has continued to implement the NORTHERN model of school improvement and now has further capacity, skill and expertise to plan and deliver greater rapid school improvement in even the most challenging of contexts. Inclusivity is embedded in the NORTHERN model with mechanisms to support the most vulnerable child to succeed and overcome barriers to learning. The impact of the new vision and developments in school improvement is evidenced in the 2018, 2019 and 2020 results across both primary and secondary phases.

On the 15th July 2020, Les Walton stepped down from his role as Chair of Trustees and as a Member. Mark Sanders was appointed as his successor. A review of the trust governance structure and individual trustee assessments have been undertaken and changes made to sub-committees and a trustee training programme developed against DfE best practice guidance.

Structure, Governance and Management

Constitution

NET is a company limited by guarantee (incorporated in June 2012) and an exempt charity. The charitable company's memorandum and articles of association (1st April 2020) are the primary governing documents of the trust. The NET trustees are also the directors of the charitable company for the purposes of company law. The charitable company is known as Northern Education Trust.

Members' liability

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

Trustees indemnities

Subject to the provision of the Companies Act 2006, every trustee and officer is indemnified against any liability incurred by them in their capacity in defending any proceedings whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of Northern Education Trust. The insurance purchased for the Trust provides cover up to £5 million on an annual aggregate limit basis.

Method of recruitment and appointment or election of Trustees

The types of trustees and their recruitment, term and appointment is set out within the Articles of Association and Scheme of Delegation. The members of the Trust during the year were;

1. L Walton (resigned 15 July 2020)
2. C Roberts
3. M Sanders
4. Grant Shearer
5. Carole Harder
6. Neale Saul

The Members may appoint up to eleven trustees through such process as they may determine. The total number of staff trustees including the Chief Executive Officer who is a trust employee shall not exceed one third of the total number of Trustees.

Policies and procedures adopted for the induction and training of Trustees

During the year the trust has undertaken a comprehensive review of its governance structure, membership to the board (and sub-committees) and its recruitment and commitment to continuously develop Trustees. Using the DfE best practice documents (Governance Handbook 2019 and Competency Framework for Governance 2017) a self-assessment has been developed that all Trustees have completed and will form part of any new Trustee induction. A training programme is being developed with a proposed implementation for early 2021 to support and develop Trustees going forward.

NORTHERN EDUCATION TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Based on the feedback of current Trustees, all new Trustees will continue to receive training on charity, educational, governance, HR, legal and financial matters. All new Trustees will be offered a tour of the Trust's academies and have the opportunity to meet students, staff and Local Governors and receive copies of relevant policies, procedures, latest minutes, financial statements and other key documents they require to undertake their role effectively as trustees.

Organisational structure

The governance structure of the Trust is on three levels: The Trust Board, its subcommittees (including Local Academy Councils) and a working group. Subcommittees are outlined in more detail in the governance section.

The Trust Board is responsible for the strategic decision making of the Trust. The Trust Board of Directors is responsible for ensuring that high standards of educational outcomes for students and corporate governance are maintained. It exercises its powers and functions by addressing such matters as school improvement, safeguarding, governance, policy and strategy development, financial reporting and planning, monitoring and reviewing all areas of performance and making longer-term decisions about the direction of the Trust and senior staff appointments.

The Trust Board's responsibilities are:

1. Ensuring clarity of vision, ethos and strategic direction;
2. Holding executive leaders to account for the educational performance of the organisation and its pupils, and the effective and efficient performance management of staff; and
3. Overseeing the financial performance of the organisation and making sure its money is well spent in terms of regularity, probity and propriety
4. The board must be ambitious for all our children and young people, share a passion for education and strong commitment to continuous school improvement that enables the best possible outcomes. Regular internal scrutiny of controls, and making small but progressive improvements, is a powerful way to further progress and continue to meet our objectives.

Arrangements for setting pay and remuneration of key management personnel

The Trust has determined its key management personnel as the members of the Trust Executive Team (also known as the Senior Management Team) led by its Chief Executive. The Trust Executive Team have authority and responsibility for (directly or indirectly) planning, directing and controlling the day to day activities of the Trust. The members of this Team are shown below;

- R Tarn Chief Executive Officer and Accounting Officer
- J Wilson Deputy Chief Executive Officer
- G Edmunds Chief Operating and Financial Officer
- J Telford Executive Director of HR and Communications

Remuneration of key management personnel is considered and determined by the Trust Board. The Trust continues in part to manage the remuneration of key management personnel using salary benchmarking. This benchmarking considers trusts both locally and nationally based on their similar size, educational performance and/or financial performance. Trustees received at both audit and risk committee and Trust Board reports regarding remuneration including the ESFA letter re: Executive remuneration without any adverse opinion from Central Government with regards to NET. Trustees continue to seek assurance in the remuneration of key management personnel and are committed to a similar exercise once 2020/21 audited financial statements are published.

Trade union facility time

Under the provision of the trade union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include information included in schedule 2 of the Regulations. The Information to be published consists of four tables covering:

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
9	9

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	5
1% - 50%	4
51% - 99%	0
100%	0

Percentage of pay bill spent on facility time

Provide the total cost of facility time	£28,591.80
Provide the total pay bill	£52,807,000

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) x 100	0.05%
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Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) x 100	0%
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Related parties and other connected charities and organisations

NET was formed in June 2012 and sponsored by Northern Education Associates (NEA). The Trust is responsible and accountable for the performance of its academies and has a funding agreement with the ESFA with further supplemental funding agreements for each academy it then sponsors. With effect from the 31st August 2014 there continues to be no related party transactions between NET and NEA.

Related Party Transactions involving Trustees are set out in note 31.

Engagement with employees (including disabled persons)

Northern Education Trust recognises the importance of effective communication with all key stakeholders. The Trust Board has approved a communication strategy which identifies key stakeholders and shares the continually improving performance, successes and both trust vision and values. This strategy enables staff to focus on the core business of educating the children and young people we serve, thereby improving their life chances. The Chief Executive regularly sends newsletters to all staff informing them of developments within the trust and more widely. During Covid-19, these letters have been sent more frequently, and handbooks have been developed to include key guidance. A vacancy newsletter advertising all trust vacancies is regularly circulated electronically. At a strategic level, the Chief Executive holds executive team meetings with senior leaders. At an academy level, senior leadership team meetings, staff briefings and learning and performance sessions are held weekly. Academy network meetings are held regularly where senior leaders representing every academy and members of the corporate team meet to share best practice and update on developments in their area. Performance data on student outcomes is shared, discussed and challenged at these meetings.

The Trust works closely with recognised trade unions and the Joint Consultative Committee (JCC) meets at least termly. The Chief Executive chairs this meeting and changes to working practices are discussed and negotiated. A separate policy meeting is held with Human Resources to consult on new and revised HR policies. A recognition agreement, signed by unions and the trust, outlines the principles under which consultation and negotiation will take place.

NET recognises, respects and values diversity in the workforce and is committed to promoting and achieving equality of opportunity. How this is achieved is articulated in the Trust Equality Policy. In addition, the Recruitment and Selection Policy outlines how the Trust adheres to the Equality Act, ensuring all relevant equal opportunities legislation is adhered to and that all applicants and appointees are not discriminated against on the grounds of any protected characteristic. Reasonable adjustments are put in place to support potential candidates through the recruitment process and into employment. Support for employees who experience health concerns is available via the Employee Assist Programme and Occupational Health. Where an employee develops a disability during their employment, the Trust will ensure that there are no physical barriers, such as access to disabled toilets, which would make their life at work more difficult. Other barriers such as negative attitudes from other staff making assumptions that the disabled person is unable to carry out certain activities will be addressed via various Trust HR policies. Removing these barriers creates equality and offers disabled people more independence, choice and control. Training and career development of staff with a disability will be proactively managed via the appraisal process.

Engagement with supplier, customers and others in a business relationship with the Trust

The Trust continues to work and communicate with suppliers to ensure we build a strong and sustainable relationship. The Trust has engaged with suppliers throughout the year in the form of communications and letters outlining the trust stance on purchase orders, fraud awareness and modern Slavery, keeping suppliers informed of policy changes and changes in systems, processes and financial regulations.

In 2018, the Trust introduced the roll of a procurement and contracts manager and the implementation of E-Delta, a corporate system to manage procurement. The system allows for communication and transparency with suppliers throughout the tender processes. Further to this, the procurement and contract managers role is to engage with suppliers, deliver further VfM and contract manage where appropriate.

The Covid crisis and the subsequent government procurement policy note (PPN) has ensured that the Trust has worked with suppliers and where necessary supported them through what has been a very difficult period. To support suppliers the Trust has attempted to bring forward credit days with suppliers from 30 days to 5 days, without compromising any of the policies that the Trust has in place for checking and authorising invoices. This has been with the sole purpose of helping suppliers with cash flow issues that they have incurred during the Covid crisis. The average payment days across the academic year is 17 days against agreed terms of 30 days.

In most instances, the Trust defines its commercial customer base as those that use its lettings facilities. The Trust has implemented a school hire system that allows customers to book facilities online and pay for the hire all in one transaction, simplifying the management of the operation. The Trust can communicate to its customers through the system and there a links to this through the trust website. As well as this, the Trust has engaged with its

NORTHERN EDUCATION TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

customers through the Covid crisis to keep customers informed of school and lettings closures.

Objectives and activities

Objectives and aims

The Articles of Association clearly define the primary objective and activity of the Trust as;

1. to advance for the public benefit education in the United Kingdom, in particular, but without prejudice, to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age
2. to promote for the benefit of the inhabitants of the communities served by the Academies and the surrounding areas the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the objects of improving the condition of life of the said inhabitants.

The Northern Education Trust vision and shortened tag-line is;

"We constantly focus on standards as we understand outcomes are paramount. Our decision making is driven entirely by what is best for children. By doing this we enhance the life chances of the children and young people in our care"

Outcomes Focused, Child Centred.

The 10 values which underpin our vision

1. We care passionately about the education and welfare of young people
2. We believe that all young people, irrespective of background or ability will be successful in our Trust
3. We are not and will never be selective. We believe that local schools are for local children
4. We are always inclusive. Our mechanisms to support the most vulnerable child to succeed and overcome barriers to learning are a key aspect of our work
5. Our approach to education recognises that outcomes are paramount and also allows children to gain experiences and values which prepare them fully for life in modern Britain. This includes workplace skills and appropriate advice for future progression
6. We have high expectations of behaviour
7. We adopt the local authority admissions protocol and work closely with them
8. We would always wish to act in such a way that has a positive effect on a neighbouring school or community. We care passionately about children in all schools, not just our own
9. That all employees act with integrity and embrace the value that 'we are the Trust'
10. We work regionally and nationally to develop approaches to MAT improvement that influence the wider school-led system

The Trust has an ambition to move towards being a 'world class' organisation and by this we wish to:

1. Outperform ourselves every year, not only in terms of examination results but in every service we offer
2. Commit ourselves to continuously improving towards excellence
3. Delight students and parents who will be life-long champions for our Trust
4. Work in collaboration with key stakeholders including the DfE, Local Government, businesses, Further and Higher Education and colleagues in schools outside our Trust, all of whom will be advocates for our Trust
5. Be innovative and develop new ways to improve the lives of our students and colleagues
6. Have outstanding leaders within our Trust who create more leaders
7. Have everyone feel that they 'own' the organisation, whether it be a student or a colleague
8. Ensure that our operations are flawless, including our planning systems so that scarce resources can be managed effectively
9. Ensure communications and feedback are transparent, easily understood and supportive to help everyone reach their full potential

Objectives, strategies and activities

Northern Education Trust (NET) is a Company Limited by Guarantee (Exempt Charity) created under the provisions of the Academies Act 2010, as amended by the Education Act 2011. Its structure of governance is constituted under the articles of association. NET is an exempt charity by virtue of the Charities Act 2011.

The funding agreement between the Education Funding Skills Agency (ESFA) and NET sets out the terms and conditions on which grant is made. The Trust Board is responsible for ensuring that conditions of grant are met. As part of this process the Trust is required to have in place sound financial systems and controls. These financial regulations form part of this overall system of accountability.

All academies in NET work closely with each other as a "family of schools". The strength of the Trust comes from each academy individually and collectively to form a Trust with one single vision and shared set of values. Together the Trust works continuously to ensure that all young people, irrespective of need and starting point, receive an excellent education and wider opportunities.

The Trust recognises the needs of all its pupils and students and its decision making is driven entirely by what is best for children. By doing this we enhance the life chances of the children and young people in our care. Meeting the needs of our most vulnerable and challenging children is a priority in all academies with close relationships with parents/carers developed and maintained as to raise attainment, resilience and high standards of behaviour.

NORTHERN EDUCATION TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

The table below shows the headline data for pupils / students:

Primary Academy	NOR R-6	Girls %	Boys %	Pupil Premium %	Minority Ethnic Groups %	English as an Additional Language %	SEN Support %	SEN EHC %	School Deprivation Indicator
Abbey Park Primary Academy	201	55%	45%	50%	8%	1%	11%	2.0%	0.29
Badger Hill Primary Academy	183	50%	50%	27%	4%	2%	20%	0.5%	0.15
Frederick Nattrass Primary Academy	214	44%	56%	65%	10%	6%	24%	1.9%	0.32
Hilton Primary Academy	397	54%	46%	64%	26%	5%	17%	1.5%	0.36
Merlin Top Primary Academy	292	46%	54%	61%	25%	15%	21%	0.3%	0.37
Mount Pellon Primary Academy	380	52%	48%	36%	96%	74%	21%	0.8%	0.31
Norton Primary Academy	323	44%	56%	51%	6%	3%	13%	0.9%	0.32
Ryecroft Primary Academy	258	49%	51%	63%	26%	14%	24%	0.8%	0.37
The Ferns Primary Academy	405	46%	54%	42%	38%	29%	11%	1.2%	0.32
The Oak Tree Primary Academy	301	49%	51%	65%	11%	3%	21%	1.0%	0.44
Whitecliffe Primary Academy	97	46%	54%	42%	3%	1%	25%	2.1%	0.34

Secondary Academy	NoR	Girls %	Boys %	Free School Meals %	Minority Ethnic Groups %	English as an Additional Language %	SEN Support %	SEN EHC %	School Deprivation Indicator
Blyth Academy	761	48.4%	51.6%	41.1%	3.4%	2.6%	9.9%	0.9%	0.32
Dyke House Academy	1249	51.2%	48.8%	39.6%	7.1%	5.2%	11.4%	0.5%	0.33
Freebrough Academy	829	51.2%	48.8%	27.2%	2.4%	0.4%	9.7%	4.3%	0.28
Grangefield Academy	848	45.1%	54.9%	37.8%	18.4%	10.8%	14.0%	2.1%	0.31
Kearsley Academy	638	48.6%	51.4%	24.5%	14.1%	12.5%	8.0%	1.7%	0.24
Kirk Balk Academy	1250	48.2%	51.8%	17.7%	3.5%	1.0%	7.5%	2.2%	0.19
Manor Academy	1045	50.5%	49.5%	40.6%	3.1%	1.7%	11.7%	3.3%	0.31
North Shore Academy	636	52.7%	47.3%	46.7%	9.0%	4.7%	13.8%	0.8%	0.34
Redhouse Academy	433	48.3%	51.7%	49.9%	2.1%	1.2%	18.0%	0.9%	0.39
Thorpe Academy	1055	48.6%	51.4%	15.5%	6.2%	1.7%	7.6%	2.3%	0.16

The Trust has developed and implemented through the scheme of delegation a number of consistent system led models and processes to provide a culture that is both tight and deep in terms of how academies and senior leaders operate throughout the Trust. Trustees recognise the actions that have been taken which include in summary:

- Continued development of the NORTHERN Model of school improvement:
 - No exceptions and no excuses
 - Outstanding leadership with integrity focused on outcomes, vision and values
 - Relentless focus on standards
 - Teaching and learning delivered and sustained to a high level in the classroom
 - High expectations in behaviour and staff performance
 - Enrichment in curriculum and beyond
 - Recruitment, Retention and Staff Development
 - Network development and system leadership
- A continued development of the delegations approved by the Scheme of Delegation in relation to statutory requirements, sector best practice and operational support to better meet the best needs of children and value for money.
- Further enhance the curriculum across all academies to better meet the needs of children with a strong link to financial planning using the parameters of a bonus of 8% and 0.79 contact ratio.
- Continued support from Trustees to drive school improvement and increase the number of Directors of Subject and Directors of Learning alongside other areas of school improvement.

Public benefit

The trustees confirm that they have referred to the guidance contained in the charity commissions general guidance on public benefit when reviewing the charitable company's objectives and aims and in planning future activities for the year. The trustees consider that the charitable company's aims are demonstrably to the public benefit.

NORTHERN EDUCATION TRUST
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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

Strategic report

Achievements and performance

Trustees at the Board meeting on the 16th October received the summer 2019 primary and secondary performance for all 21 academies across the Trust.

Secondary KS4

In the absence of examinations this year, students were awarded the higher of either the calculated grade or the centre assessment grade. In order to award the centre assessment grade, academies were asked to provide the following information to exam boards:

1. centre assessment grade for each student
2. rank order of students within each grade

The centre assessment grade was essentially the teacher's assessment of the grade a student would most likely have achieved if exams had gone ahead as planned. Decisions were based on a range of evidence of each student's performance up to the 'closure' of schools. This process was very robust, with teachers and subject directors undertaking extensive moderation of results across the trust. For each subject, academy staff and subject directors were then required to rank students within each grade for every subject with student 1 being the most secure, student 2 the next most secure etc.

Grades and rank orders were then signed off by principals with their executive principal before being sent to the exam board where a standardisation process took place. With the exception of a slight dip in the progress 8 measure at Blyth Academy, performance improved across all of the secondary academies from 2019 to 2020.

The four year trend (shown below) is particularly pleasing with an average grade increase of more than half a grade and a 24% increase in the percentage of students achieving a 'good' pass (Grade 5) in both English and maths 2020 KS4 performance outcomes are shown below and on page 15 in the section: Key Performance Indicators (KPI)

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TRUSTEES' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2020

KS4 Headlines 2017-2020

Progress 8	2017	2018	2019	2020	Change 2017-20
Blyth	-0.80	-0.89	-0.58	+0.15	+0.95
Dyke House	+0.37	-0.23	-0.08	+0.20	-0.17
Grangefield	+0.27	+0.57	+0.66	+0.92	+0.65
Kearsley	-0.83	-0.39	-0.35	+0.24	+1.07
Kirk Balk	-0.28	-0.10	0.00	+0.51	+0.79
Manor	-0.20	-0.78	-0.21	+0.11	+0.31
North Shore	-0.10	-0.05	-0.19	+0.74	+0.84
Red House	-1.24	-0.85	-0.53	-0.09	+1.15
Thorp	+0.16	-0.32	+0.33	+0.57	+0.41
Walbottle Campus	-1.11	-1.12	-1.36	-0.69	+1.26
Freebrough	-0.14	-0.94	-0.93	-0.02	+0.12
Trust (excl Walbottle)	-0.27	-0.39	-0.12	+0.32	+0.59
National	-0.03	-0.02	-0.03		

5+ English and maths	2017	2018	2019	2020	Change 2017-20
Blyth	18%	31%	48%	42%	+24%
Dyke House	42%	42%	42%	57%	+15%
Grangefield	35%	61%	54%	57%	+22%
Kearsley	29%	48%	53%	57%	+28%
Kirk Balk	43%	56%	57%	69%	+26%
Manor	32%	32%	41%	51%	+19%
North Shore	30%	35%	38%	59%	+29%
Red House	21%	23%	43%	58%	+37%
Thorp	38%	54%	54%	64%	+26%
Walbottle Campus	16%	25%	20%	46%	+30%
Freebrough	25%	27%	26%	50%	+25%
Trust (excl Walbottle)	33%	43%	47%	57%	+24%
National	43%	43%	43%		

4+ English and maths	2017	2018	2019	2020	Change 2017-20
Blyth	32%	49%	64%	65%	+33%
Dyke House	69%	64%	68%	73%	+4%
Grangefield	61%	76%	76%	74%	+13%
Kearsley	42%	63%	65%	77%	+35%
Kirk Balk	64%	73%	75%	81%	+17%
Manor	52%	53%	61%	64%	+12%
North Shore	50%	55%	63%	73%	+23%
Red House	33%	45%	58%	75%	+42%
Thorp	61%	71%	71%	83%	+22%
Walbottle Campus	37%	49%	42%	62%	+25%
Freebrough	48%	47%	50%	75%	+27%
Trust (excl Walbottle)	53%	61%	67%	74%	+21%
National	64%	64%	65%		

Sixth Form Results Summer 2020

The Blyth Academy sixth form closed at the end of the 2019-20 academic year reported its final set of results. Centre assessment grades or calculated grades were also used at KS5 depending on the qualification type. Most qualifications taken in trust academies are academic, of which A Levels are a subset. However, there were also some applied general and technical level qualifications taken last year.

All three academies reported improved results compared to 2019. In Blyth, the average A level grade improved from a grade D+ to a C this year. The applied general average also improved from a merit minus (M-) to a merit (M). In Dyke House, the A Level average grade improved from C+ last year, which matched the national average, to a B-, and in Thorp, the average A level grade remained unchanged at a C+. Average grades for vocational qualifications in Dyke House 39 remained in line with 2019 at distinction minus (D-), and in Thorp tech level average grades remained at distinction plus (D+) – the highest possible – although applied general fell slightly from distinction minus (D-) to merit plus (M+).

Below is the results for each of the headline indicators over four years:

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	Blyth				Dyke House				Thorp			
	2017 Results	2018 Results	2019 Results	2020 Results	2017 Results	2018 Results	2019 Results	2020 Results	2017 Results	2018 Results	2019 Results	2020 Results
A-Level average point score per entry	15.3	22.0	21.9	30.3	24.4	27.8	33.3	35.9	28.5	27.4	32.2	33.1
A-Level average grade per entry	D-	D+	D+	C	D+	C-	C+	B-	C	C-	C+	C+
Academic average point score per entry	15.4	22.2	17.7	28.7	24.6	28.2	33.1	35.6	28.6	27.7	32.4	33.1
Academic average grade per entry	D-	D+	D-	C	D+	C-	C+	B-	C	C-	C+	C+
Applied General average point score per entry	41.7	25.8	22.2	23.5	n/a	n/a	32.1	30.0	44.7	33.7	33.4	27.9
Applied General average grade per entry	D*	M	M-	M	n/a	n/a	D-	D-	D*	D	D-	M+
Tech Level average point score per entry	26.67	34.58	n/a	n/a	n/a	n/a	n/a	n/a	40.38	38.39	37	36.7
Tech Level average grade per entry	M+	D	n/a	n/a	n/a	n/a	n/a	n/a	D+	D+	D+	D+
% Achieving AAB or higher in 2+ facilitating subjects	0.0%	5.0%	27.0%	5.0%	14.0%	14.0%	36.0%	17.9%	13.0%	8.0%	13.0%	6.8%
Average grade for a student's best 3 A-Levels	C-	C-	C-	C-	C-	C-	B-	B-	C+	C+	C+	C+
Average points for a student's best 3 A-Levels	26.7	27.7	28.3	27.6	27.6	26.1	35.5	36.2	33.8	32.7	34.9	32.9

Primary Results Summer 2020

The last tests taken by Year 6 students took place in March 2020 (STEP3), just prior to lockdown.

The table below compares the results in March 2020 (STEP 3) with the same period for the previous year's cohort:

2018-19 COHORT (taken in Mar 19) 2018 - SATS TESTS				2019-20 COHORT (taken in Mar 20) 2018 - SATS TESTS				Difference
Academy	NOR	Number at EXS	%	Academy	NOR	Number at EXS	%	
APA	24	14	58.3%	APA	24	17	70.8%	12.5%
				BHA	18	17	94.4%	
FNA	23	20	87.0%	FNA	24	21	87.5%	0.5%
HA	53	24	45.3%	HA	56	30	53.6%	8.3%
MTA	43	12	27.9%	MTA	47	17	36.2%	8.3%
MPA	73	30	41.1%	MPA	70	37	52.9%	11.8%
NA	56	42	75.0%	NA	49	32	65.3%	-9.7%
OTA	44	32	72.7%	OTA	35	30	85.7%	13.0%
RA	32	13	40.6%	RA	33	14	42.4%	1.8%
TFA	60	42	70.0%	TFA	60	45	75.0%	5.0%
				WA	14	11	78.6%	
				TRUST (exc BHA & WA)	398	243	61.1%	4.9%
TRUST	408	229	56.1%	TRUST	430	271	63.0%	6.9%

At this stage, outcomes were roughly 5% (61.1%/56.1%) up on the previous year when comparing like with like, and 7% once Badger Hill and Whitecliffe were added to overall outcomes for. Improvements at Badger Hill and Whitecliffe were particularly impressive given results in 2019 when 68% of children achieved the expected standard in Badger Hill, and only 50% in Whitecliffe.

In order to ensure that our primaries were able to give some information to secondary colleagues following lockdown, STEP 3 assessments were used alongside a robust moderation process to determine whether children were likely to have passed the national tests in May.

With 71% expected to have achieved the expected standard, this would have represented a 6% increase on last year's results; in other words, maintaining the improvements seen at STEP 3. 2020 KS2 outcomes based on teacher assessment grades are available below in the section: Key Performance Indicators (KPI).

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Remote learning

In its reopening guidance, the DfE outlined an expectation that all schools would, by the end of September 2020, have the capacity to offer immediate remote learning in the event of a local lockdown or where a class, group or small number of pupils needed to self-isolate.

At the end of the September, the DfE strengthened its stance by publishing a temporary continuity direction under the coronavirus act 2020, stating that all state-funded school age children must be provided with "immediate access to remote education" should they miss school due to coronavirus.

The DfE said the direction was "to provide legal certainty for all involved in the education sector" by making clear the legal duty of schools in this respect. This direction comes into force on October 22nd 2020 and will have effect until the end of the current school year, unless it is revoked by a further direction".

This duty effectively means that schools are now legally compelled to provide remote learning for individuals and groups of students missing education due to the virus, even when their teachers are still required to deliver lessons to students in school.

As a Trust, we have developed a 'blended remote learning offer' where teachers are able to teach their normal lessons in the academy (or from home) with students joining the lesson remotely from home. Significant upgrading of our IT infrastructure has taken place over the last few weeks with every classroom now equipped to deliver this offer. Learning and performance sessions have been focused on training staff to confidently deliver remote learning through Google Classrooms.

A significant number of laptops (455 with a further 300 on order) are now available across the Trust for students and staff to borrow if they don't have access to appropriate technology at home.

Blended remote learning sessions have been used in a number of academies already to support students learning at home. To date, our remote offer has been positively received by staff, parents, children and unions

Ofsted

As a result of the pandemic, a decision was taken to suspend routine inspections until January 2020. In the interim, Ofsted are conducting 1,200 visits to maintained schools and academies, and further education providers with the intention of finding out how the sector is managing the return to schooling.

Ofsted has stressed that visits are not inspections and that they will NOT result in a grade or progress judgement.

North Shore Academy was visited as part of these interim arrangements on 29/09/2020. Two inspectors visited and the discussion focused on the following broad areas:

1. identifying any barriers the academy faced/ were still facing in managing the return to full education for pupils;
2. understanding how leaders are ensuring pupils resume learning, the organisation and scope of the curriculum, including the blend of classroom teaching and, where necessary, remote education; and
3. how pupils are settling back into expected routines and behaviours; and
4. how any and specific health and well-being issues for particular pupils are being addressed and what may be needed at local and/or national level to support this; and
5. whether safeguarding arrangements are effective.

The visit was very positive. Various leaders attended the meeting throughout the day depending on the focus of discussion. Inspectors worked in one room all day; visits to lessons and discussion with students and staff did not take place other than those people invited into the meeting by academy leaders.

Covid 19 update

All academies returned to schooling as planned in September. Some phasing of returns took place for the youngest students in primary academies and for the return of year 7 and 11 students in secondary. This was to support social distancing measures as new students entered academies.

The return to school has unfortunately coincided with an increase in Covid-19 cases nationally, meaning that the numbers of confirmed cases in our academies has also increased. Measures undertaken to prevent the spread of the virus, particularly amongst staff, appear to have been successful, with no evidence of any transfer between adults taking place within an academy to date. There are some cases of possible transfer of the virus between students; however, in many cases it has been difficult to ascertain whether the transfer has definitely taken place within the academy or during social activities outside.

The table below 6 shows the latest attendance data for all academies. It is based on information extracted from academy management information systems (early October 2020). The information provided also includes comparative information for last year for the equivalent week, the cumulative figure for the same period and the full year:

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Primary

		2020/21 Attendance			2019/20 Attendance			20/21 PA	19/20 PA	
	Latest Data	Prev Week	Latest Week	YTD	Same Week	YTD	Full Yr	YTD	YTD	Full Yr
Abbey Park	Week 6, 06/10/2020	↑ 97.0%	↑ 96.4%	↑ 96.2%	97.0%	95.5%	94.2%	↑ 10.4%	14.3%	13.2%
Badger Hill	Week 7, 13/10/2020	↓ 96.5%	↑ 97.8%	↑ 97.4%	96.8%	97.3%	96.8%	↑ 7.7%	10.8%	11.9%
Frederick Nattrass	Week 7, 14/10/2020	↑ 96.7%	↑ 96.1%	↑ 96.2%	96.4%	96.1%	92.9%	↑ 12.5%	14.1%	14.9%
Hilton	Week 6, 14/10/2020	↑ 94.8%	↑ 95.3%	↑ 95.0%	93.5%	93.1%	82.8%	↑ 18.2%	27.9%	33.7%
Merlin Top	Week 6, 07/10/2020	↑ 96.8%	↓ 81.4%	93.8%	96.2%	96.6%	95.1%	↑ 10.4%	12.8%	14.0%
Mount Pellon	Week 7, 13/10/2020	↓ 90.6%	↓ 91.9%	92.2%	96.9%	96.0%	95.3%	↑ 27.4%	9.9%	11.2%
Norton	Week 7, 14/10/2020	↑ 96.5%	↑ 98.0%	↑ 96.1%	94.6%	95.6%	91.9%	↑ 13.4%	15.9%	22.1%
The Ferns	Week 6, 13/10/2020	↑ 96.9%	↑ 96.6%	↑ 96.3%	97.0%	95.5%	93.0%	↑ 9.2%	14.3%	13.5%
The Oak Tree	Week 7, 14/10/2020	↑ 96.7%	↑ 97.4%	↑ 96.4%	94.6%	95.8%	87.9%	↑ 13.4%	14.7%	21.8%
Whitecliffe	Week 7, 13/10/2020	↓ 90.6%	↓ 85.6%	93.9%	94.6%	95.3%	93.7%	↑ 24.2%	26.8%	24.6%

Secondary

		2020/21 Attendance			2019/20 Attendance			20/21 PA	19/20 PA	
	Latest Data	Prev Week	Latest Week	YTD	Same Week	YTD	Full Yr	YTD	YTD	Full Yr
Blyth	Week 7, 15/10/2020	↑ 92.1%	↑ 92.5%	92.7%	93.0%	93.7%	90.8%	↑ 23.8%	19.4%	23.9%
Dyke House	Week 7, 12/10/2020	↑ 94.8%	↑ 93.7%	↑ 94.1%	93.7%	93.4%	92.1%	↑ 18.9%	18.7%	21.1%
Freebrough	Week 7, 13/10/2020	↑ 94.5%	↑ 94.4%	↑ 94.2%	94.2%	93.9%	92.0%	↑ 16.6%	17.9%	20.6%
Grangefield	Week 7, 14/10/2020	↑ 92.4%	↑ 92.5%	93.1%	92.9%	93.8%	92.3%	↑ 21.9%	18.0%	21.8%
Kearsley	Week 6, 13/10/2020	↑ 94.9%	↑ 92.9%	↑ 94.3%	92.4%	93.4%	90.9%	↑ 19.8%	22.4%	24.7%
Kirk Balk	Week 6, 06/10/2020	↑ 93.5%	↑ 94.1%	93.9%	94.7%	95.0%	91.1%	↑ 18.2%	17.6%	20.1%
Manor	Week 7, 15/10/2020	↑ 94.4%	↑ 94.5%	↑ 94.7%	93.8%	94.2%	93.1%	↑ 15.5%	17.8%	19.7%
North Shore	Week 7, 12/10/2020	↑ 94.3%	↑ 94.5%	93.2%	92.9%	93.3%	92.9%	↑ 24.1%	21.2%	22.7%
Red House	Week 7, 13/10/2020	↓ 89.4%	↓ 88.8%	91.1%	92.1%	93.2%	90.4%	↑ 22.5%	19.1%	23.5%
Thorp	Week 7, 13/10/2020	↑ 94.5%	↑ 94.2%	↑ 94.1%	94.0%	95.0%	92.7%	↑ 19.3%	14.1%	17.2%
Walbottle	Week 6, 12/10/2020	↓ 84.6%	↓ 85.2%	84.6%	89.8%	91.4%	87.7%	↑ 33.5%	26.4%	30.0%

Notes:

Conditional cell shading compares value to last year's equivalent year to date figure

Conditional cell arrows compare value to last year's year end figure

Values for attendance are better when higher. Values for persistent absence (PA) are better when lower

In primary academies, attendance figures have been mostly positive. Eight of the ten primaries have recorded year to date attendance rates that are higher than the equivalent period last year, and nine of the ten have rates currently higher than last year's whole year figure. Persistent absence rates in primaries are also mostly positive, with eight from ten improved compared to the same period last year and seven currently lower than last year's overall figure.

In secondary academies, four of the 11 have cumulative rates below the equivalent period last year although ten currently report attendance above the full year rates for 2019-20. Four of the eleven have persistent absence rates that are lower than the same period last year, with seven currently reporting better rates than their most recent full year figures.

One key difference worth noting this year is the new rule for recording circumstances relating to Covid 19 in registers. Children who have symptoms but not yet a positive diagnosis, and those who are self-isolating or in quarantine, are discounted from attendance calculations while not in school. Children with a positive diagnosis are recorded as absent due to illness as normal. This practice was taken from the guidance issued by the DfE to further clarify unprecedented levels of attendance and ensure effective safeguarding in providing more detailed absence codes.

The table below shows the number of possible marks for each academy from 7 September to 2 October along with marks recorded as missing due to Covid 19 (code X) as described above, to give an illustration of the recent impact. Please note there are two statutory registration marks per day (morning and afternoon), and a child needing to self-isolate for 14 days would generally account for 20 X codes:

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07/9/2020 to 02/10/2020	Total X Codes	Total Marks	X Codes as % of Total Marks
Abbey Park	1006	8170	12.3%
Badger Hill	223	9360	2.4%
Frederick Nattrass	330	11336	2.9%
Hilton	828	21060	3.9%
Mount Pellon	770	17836	4.3%
Merlin Top	378	15236	2.5%
Norton	207	16796	1.2%
The Oak Tree	892	15652	5.7%
The Ferns	3490	21528	16.2%
Whitecliffe	239	5044	4.7%
Blyth	2063	39832	5.2%
Dyke House	2399	63908	3.8%
Freebrough	725	43316	1.7%
Grangefield	2109	50180	4.2%
Kearsley	3080	35516	8.7%
Kirk Balk	1701	67184	2.5%
Manor	1930	54704	3.5%
North Shore	1399	32552	4.3%
Red House	944	19916	4.7%
Thorp	1263	54080	2.3%
Walbottle	2641	74984	3.5%

Key Performance Indicators (KPI)

Academy Performance

The summary examination results for 2019/20 academic year are shown below for both primary and secondary academies (with previous years shown for comparative purposes):

	Reading				Writing				Maths				RW&M Combined			
	2019/20	2018/19	2017/18	2016/17	2019/20	2018/19	2017/18	2016/17	2019/20	2018/19	2017/18	2016/17	2019/20	2018/19	2017/18	2016/17
Primary Academy																
Abbey Park Primary Academy	75%	64%	83%	67%	67%	80%	73%	67%	83%	72%	93%	76%	67%	60%	73%	62%
Badger Hill Primary Academy	94%				89%				94%				89%			
Frederick Nattrass Primary Academy	92%	91%	85%	92%	92%	100%	78%	73%	96%	100%	85%	77%	92%	91%	78%	73%
Hilton Primary Academy	71%	56%	46%	67%	68%	63%	73%	80%	70%	62%	71%	72%	64%	48%	44%	59%
Merlin Top Primary Academy	70%	70%	73%	53%	66%	67%	71%	65%	60%	65%	76%	63%	57%	63%	67%	47%
Mount Pellon Primary Academy	66%	65%	66%	51%	70%	72%	65%	49%	64%	69%	72%	58%	57%	57%	54%	39%
Norton Primary Academy	86%	79%	84%	60%	84%	89%	86%	74%	84%	86%	86%	66%	78%	75%	81%	55%
Ryecroft Primary Academy	73%	53%	48%	56%	70%	63%	64%	67%	67%	70%	56%	67%	67%	50%	44%	48%
Southmere Primary Academy			54%	47%			65%	59%			58%	54%			47%	44%
The Ferns Primary Academy	88%	76%	77%	62%	83%	86%	88%	80%	87%	88%	82%	76%	78%	75%	70%	56%
The Oak Tree Primary Academy	89%	77%	81%	66%	86%	82%	81%	75%	89%	77%	76%	72%	86%	73%	76%	60%
Whitecliffe Primary Academy	86%				86%				86%				71%			

	English & Maths C+/4+				English & Maths C+/5+			
	2019/20	2018/19	2017/18	2016/17	2019/20	2018/19	2017/18	2016/17
Secondary Academy								
Blyth Academy	65%	64%	49%	92%	43%	48%	31%	18%
Dyke House Academy	73%	67%	65%	69%	57%	40%	41%	42%
Freebrough Academy	75%				50%			
Grangefield Academy	74%	76%	76%	61%	57%	53%	60%	35%
Kearsley Academy	77%	65%	64%	42%	57%	52%	48%	29%
Kirk Balk Academy	81%	75%	73%	64%	69%	56%	56%	43%
Manor Academy	64%	61%	53%	52%	51%	40%	31%	32%
North Shore Academy	73%	63%	55%	50%	59%	38%	33%	30%
Red House Academy	75%	58%	45%	33%	58%	43%	23%	21%
Thomas Hepburn Academy		69%	53%	33%		47%	42%	21%
Thorp Academy	83%	71%	71%	61%	64%	54%	53%	38%

Student Attendance Numbers

The student attendance at primary and secondary academies are shown below (with previous years shown for comparative purposes)

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Primary Academy	% Attendance					Unauthorised Absence				
	2019/20	2018/19	2017/18	2016/17	2015/16	2019/20	2018/19	2017/18	2016/17	2015/16
Abbey Park Primary Academy	95.5%	96.0%	95.6%	96.0%	95.6%	0.9%	0.9%	1.0%	0.6%	0.8%
Badger Hill Primary Academy	96.9%					1.0%				
Frederick Nattrass Primary Academy	95.5%	93.4%	94.5%	95.1%	95.5%	2.9%	4.0%	2.8%	2.5%	2.4%
Hilton Primary Academy	92.2%	92.8%	93.3%	93.8%	93.6%	3.4%	2.1%	3.2%	3.3%	2.5%
Merlin Top Primary Academy	95.5%	96.1%	95.9%	95.1%	94.8%	1.6%	0.9%	1.2%	1.4%	1.9%
Mount Pellon Primary Academy	95.7%	95.3%	96.0%	95.7%	96.1%	3.6%	2.9%	2.5%	2.9%	1.9%
Norton Primary Academy	94.4%	95.5%	95.4%	95.5%	95.4%	1.7%	1.4%	2.2%	2.2%	2.2%
Ryecroft Primary Academy	91.9%	93.4%	94.3%	93.9%	93.0%	2.7%	2.6%	2.4%	2.7%	3.6%
Southmere Primary Academy			93.3%	93.9%	94.6%			3.6%	2.8%	2.3%
The Ferns Primary Academy	94.5%	95.6%	94.1%	94.5%	94.6%	1.4%	1.4%	2.3%	1.9%	2.2%
The Oak Tree Primary Academy	94.9%	96.0%	95.3%	94.8%	94.7%	2.3%	1.8%	2.2%	2.6%	2.1%
Whitecliffe Primary Academy	96.2%					2.8%				

Secondary Academy	% Attendance					Unauthorised Absence				
	2019/20	2018/19	2017/18	2016/17	2015/16	2019/20	2018/19	2017/18	2016/17	2015/16
Blyth Academy	91.0%	91.4%	88.6%	93.7%	93.8%	3.8%	4.7%	3.7%	1.6%	1.8%
Dyke House Academy	92.1%	92.0%	91.0%	94.0%	94.8%	3.2%	3.6%	3.4%	2.4%	2.1%
Freebrough Academy	92.2%					4.6%				
Grangefield Academy	92.3%	92.9%	94.8%	94.6%	94.6%	3.9%	2.3%	3.0%	2.1%	2.4%
Kearsley Academy	91.8%	92.4%	94.0%	93.3%	93.0%	3.0%	3.5%	2.1%	2.6%	2.5%
Kirk Balk Academy	93.1%	93.7%	95.5%	94.6%	94.2%	5.7%	5.1%	3.5%	4.2%	3.8%
Manor Academy	93.1%	90.2%	90.5%	92.8%	93.3%	2.9%	4.0%	3.3%	2.0%	2.1%
North Shore Academy	92.9%	91.7%	89.7%	91.6%	91.4%	3.8%	4.1%	4.9%	3.5%	3.9%
Red House Academy	90.4%	90.8%	85.6%	92.7%	93.7%	5.4%	5.5%	8.1%	2.5%	2.7%
Thomas Hepburn Academy		80.9%	91.9%	89.5%	92.5%		11.5%	6.2%	3.7%	2.7%
Thorp Academy	92.6%	94.5%	95.0%	95.0%	95.1%	2.1%	1.5%	1.4%	1.6%	1.8%

Financial KPI's

	2019/20	2018/19
Staff Costs as a % of GAG		
Total staff costs (excluding supply and restructure costs)	80.5%	81.0%
Teachers	51.7%	52.4%
Support	15.3%	14.8%
Administration	13.5%	13.8%
Current Ratio	2.86	2.55
Reserves as a % of 2/12ths target	79.71%	63.17%
Creditor Days		
The average amount of time it takes to pay creditors	19	20

Going Concern

After making appropriate enquiries, the board of Trustees has a reasonable expectation that the Academy 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 Accounting Policies.

The Trust has been able to accommodate additional costs in relation to the Covid-19 pandemic through sound and effective financial management, budget planning and utilising additional grant income provided through the DFE. The Trust expects similar budget pressures in relation to the Covid-19 pandemic going forward, it is expected that these additional costs will be met from DFE grants and internal resources.

Promoting the success of the company

General confirmation of Trustees and Executive' duties

The Northern Education Trust members, trustees and executive under the regulation of the ESFA and charity commission has a clear framework for determining the matters within its remit and has approved terms of reference for the matters delegated to its committees. The scheme of delegation establishes clear financial and strategic thresholds which determine delegation to the executive and identify matters requiring board consideration and approval. More information on trust policies and procedures can be found the website.

When making decisions, each trustee ensures that he/she acts in the way he/she considers, in good faith and most likely promote the trusts vision and values and achieve it's charitable purpose. Trustees have shown a commitment to the Nolan Principles and sector / trust requirements regarding probity, propriety and regularity in signing a role description and in doing so have regard (among other matters) to:

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The likely consequences of any decision in the long term

The trustees and executive understand the sector and local regions in which we operate, including the challenges of best supporting children and families with the greatest needs. Based on the trusts vision (Outcomes focussed, Child centred), the strategies set by the board have significantly improved the progress and outcomes of children in the north of England. The Trusts 4 year consecutive improvement in student outcomes has been recognised by the Department for Education and Regional Schools Commissioner with further schools being sponsored by the Trust and joining the "family of schools". Continued strength and progress is being made in the financial medium term plan with funding uncertainty and cost pressures in salaries and suppliers being managed to provide levels of reserves that offer new opportunities in school improvement.

Success within ICT was recognised with BETT Award celebrating our innovative work in implementing a Trust-wide digital monitoring system to help safeguard our students online. The Trust were one of the earliest adopters of the technology (Smoothwall Monitor) and have partnered closely with Smoothwall to develop the system to ensure all of the children in our Trust stay safe online.

The trustees and executive recognise our high performance can be viewed by different parts of society, the sector and wider stakeholders that some decisions they take today may not align with everyone's interests. Given the complexity of meeting the needs of every single child in our academies, the trustees and executive have taken the decisions they believe best supports our vision: Outcomes focussed, Child centred.

In the table below, we outline some of the strategic decisions made by the board over the year, explain how the trustees and executive have engaged with, or in relation to, the different key stakeholder groups and how stakeholder interests were considered over the course of decision-making:

- Rebrokerage of Ryecroft Primary Academy to a new sponsor in full support of the DfE/RSC. The new sponsor offered greater school improvement capacity and based on its geographical location could better support students and families
- Sponsorship of three new academies in East Cleveland. Results in all three of these academies have improved and letters of support have been received from students and parents.
- Sponsorship of Walbottle Academy in Newcastle where again performance has been improved and the support of the local community and City Council has been received.
- Continued partnerships and investment with local groups to deliver sporting activities e.g. football clubs, a rugby club and a cricket club
- Further collaboration with Local Authorities to better support children with needs e.g. development of new provisions and site investment at Blyth Academy, Freebrough Academy and Walbottle Academy

The interests of the company's employees

The trustees and executive recognise that our employees are fundamental and core to our delivery and achievement of our vision. The success of our trust depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the trustees and executive factor the implications of decisions on employees and the wider workforce, where relevant and feasible. The trustees and executive recognise that our pensioners, though no longer employees, also remain important stakeholders.

The trust piloted a staff survey in one of its academies September 2020. The plan is to roll out the survey across the trust later in the year. The pilot results were overwhelmingly positive with a high response rate of 89%. More information on this survey can be found in the October 2020 Board report published on the Trust website.

The need to foster the company's business relationships with suppliers, customers and others

Delivering our vision requires strong mutually beneficial relationships with parents/carers, local / central government, community leaders, suppliers, and partners. NET seeks the promotion and application of 10 key values in such relationships. The ability to promote these values effectively is an important factor in the decision to enter into or remain in such relationships. The Board delegates to its Audit and Risk Committee (ARC) the responsibility to review and approve major suppliers and contracts. ARC continuously assess the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, the decision to cut the time taken to make creditor payments from the agreed 30 days to 5 days during academy closures in the Covid-19 pandemic.

Moreover, the trustees and executive receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from procurement function (on contract performance, renewal and future planning) to information provided by the head of finance (on creditor payments, due diligence for future sponsorship and re-brokerage).

The impact of the company's operations on the community and the environment

This aspect is inherent in our strategic ambitions, most notably on our ambitions to improve the outcomes of students and have a relentless focus on children. As such, the board receives information on all phases in our academies and then specific groups of students (e.g. primary, secondary and post 16 split between sex, deprivation and English as an additional language etc.). The trust board moreover delegates close scrutiny in these areas to academy councils who hold local leaders to account playing a key role in the drive for continuous school improvement.

The desirability of the company maintaining a reputation for high standards of business conduct

NET aims to support children across the north of England and schools nationally in a way that at all times supports the requirements of regularity, probity and propriety. The board continuously reviews and approves clear frameworks, such as expectations for learning policy, remote learning policy, code of conduct, specific ESFA publications and letters, and its modern slavery statements, to ensure that its high standards are maintained both internally and wider. This, complemented by the ways the board is informed and monitors regularity, probity and propriety helps assure its decisions it makes and way its acts promotes high standards of business conduct.

The need to act fairly as between members of the company

After researching, discussing and often consultation the board weighs up all relevant factors. Trustees and the executive consider which course of action

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best enables delivery of our strategy through the long-term, taking into consideration at all times the impact on children. In doing so, our trustees and executive act fairly and promote the highest standards of integrity.

The board recognises that it has an important role in assessing and monitoring that our desired culture is embedded in the values, attitudes and behaviours we demonstrate, including in our activities and stakeholder relationships. The board has established the Nolan Principles for people as primarily NET's core values. The recent governance review and role descriptions for trustees, code of conduct, and job descriptions for every post help everyone at NET act in line and support fully these values and comply with relevant laws and regulations.

The board considers the proposed staff survey to be one of its principal tools to measure employee engagement, motivation, affiliation and commitment. It provides insights into employee views and the pilot had a high response rate.

Financial Review

The Trust's accounting period is from September 2019 to August 2020.

Most of the Trusts income is obtained from the Education Skills Funding Agency (ESFA) in the form of recurrent grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Academies also receive grants for their major assets from the ESFA and via the Local Authorities. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2015), such grants are shown in the Statement of Financial Activities (SOFA) as restricted income in the fixed asset fund. The Restricted Fixed Asset Fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2020, total expenditure of £83,773k (2019: £79,481k) (excluding the pension fund inherited on conversion) was met by recurrent grant funding from the ESFA, other incoming resources and funding carried forward from the previous year. The surplus of income over expenditure for the year was £1,868k. This is the total of the unrestricted and restricted funds movement in the year. This is shown on the SoFA less the transfers in and movement in pension fund and can also be found in note 19 on page 58. This surplus added to current reserves of £7,131k provides overall cumulative reserves for the year ended 31 August 2020 of £8,999k which is the total of unrestricted and restricted general reserves which can be found in note 19.

On the 1st September 2019 Freebrough Academy, Whitecliffe Academy and Badger Hill Academy transferred to the Trust from Teesside Learning Trust. The value of the fixed assets including land and buildings are shown as a donation of £21,815,000 in the financial statements.

During the year ended 31 August 2020, the Trust incurred costs totalling £1,352k relating to the response to the Covid-19 pandemic. £1,100k of the costs related to the provision of Free School Meal vouchers to eligible students during the closure of schools. The Trust also invested in upgrading IT systems to allow staff to work from home, security for the academies during the closure period and PPE equipment and additional wash facilities for the schools that remained open to the students whose parents were key workers. The Trust was able to manage the additional costs during this period through managing budgets and utilising additional income. Although the Trust did not participate, at first in the government backed national voucher scheme, the Trust switched to this facility during the summer holidays as a way of best supporting students during this time.

During the period of school closures, the Trust worked closely with a number of suppliers in response to the government Procurement Policy Notice (PPN) to agree a method for supporting those suppliers that are regarded as key suppliers, this included, but not limited to catering, supply agencies and coach companies.

At 31 August 2020 the net book value of tangible fixed assets was £148,267k (2019: £128,899k) and movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively for providing education and the associated support services to the pupils of the academies within the trust.

The trust continues to enhance its central team function by increasing resources in school improvement from;

1. The appointment of secondary and primary directors of subjects and learning
2. The appointment of posts in Estates and HR

The Trust has also continued to recruit and invest in business managers, creating a number of new roles to further support school improvement.

Expansion of the trust is planned for the forthcoming year, with Walbottle Campus converting to academy status and joining the trust from 1st September 2020, at the same time, Ryecroft Academy will be transferring out of the trust to Delta Academies Trust bringing the total number of academies in the Trust to 21.

During the forthcoming financial year, the trust will continue to invest in systems and new posts to further enhance the school improvement model and to provide the best outcomes for students.

Reserves policy

The level of reserves to be held by individual academies and then as a Trust overall has been considered using both Trustee knowledge and experience coupled with best practice from CIPFA Treasury Management (in public services) and NPC Charity Financial Analysis.

The Trust policy has been prepared to help satisfy five main purposes;

1. To support trustees in their statutory responsibilities and to manage effectively public funds in the provision of managing NET and

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- delivering its objectives and priorities.
2. To emphasise the overriding importance of effective risk management as the foundation for ensuring organisational going concern. The main risks being managed at present relate to funding adjustments, declining student numbers, excessive increases in student numbers, proposed changes in funding and operational activities both internally and externally.
 3. To provide transparency in decision making including providing clarity over the use of banking services and financial instruments that NET may plan to use for the prudent management/investment.
 4. To encourage the pursuit of value for money and to promote the reasoned use, development and appreciation of resources to improve school improvement.
 5. To assist those involved in the regulation and review of finance in the public services, particularly those charged with audit and governance.

Types of Reserves

Trust balances can be for "restricted" or "unrestricted" purposes depending on the source of the funding:

Unrestricted

Unrestricted reserves can be defined as income funds from grants or donations that can be spent at the discretion of Trustees.

Restricted

Restricted reserves are mainly derived from government funded grants, through the ESFA, but may also include other grants or donations provided for a specific purpose. Restricted reserves must be used in accordance with the limitations outlined in the original funding agreement.

Key Principles

The key principles that underpin the Trust's approach to reserve management are:

- Budget setting, the principles are in line with those outlined in the Trust policy under "Budget Preparation"
 - o Academy Principals should ensure the Medium Term Financial Plan (MTFP) supports fully Trust Financial Regulations, is shared with their Leadership Team members and presented to the Academy Council for their consideration (but not approval as this is undertaken by the Trust).
 - o The Academy MTFP drafted by the Principal and submitted to the COFO will then be presented to ARC who will review academy budgets and either make recommendations or give approval for the current year's budget and the indicative following years.
- All reserves are Trust reserves
- The Trust's general reserve balance may be comprised of restricted or unrestricted reserves
- The Trust's reserves balance should only decrease due to capital investment and/or other organisational needs which shall at all times be approved by Trustees

Trust general reserves balance

Academies are to build reserves over the medium-term equivalent to two twelfths of the gross expenditure (i.e. two months revenue spending). This is in line with current ESFA thinking around prudence in relation to budgeting and best practice guidance. The current reserves target was based on 2014/15 gross expenditure and the target should be achieved over the medium term and/or at Trustees discretion. This may be updated as the MTFP is prepared each year but Trustees reserve the right to amend the policy in the interests of the Trust or specific academies. The target set is £11,289k.

Individual academy balances

For the purposes of monitoring, records of individual academy balances will be kept, however, at the year-end, any academy balances being carried forward will be considered as part of the policies and guidance in relation to reserves and budget setting. All funds remain that of the Trust and will be consolidated into the annual Financial Statements. However, individual academy reserve balances of £15,000 will be reported in the annual financial statements.

Each academy will report a £15,000 surplus, with any other surplus or deficit identified in the annual financial statements being consolidated into the Central Team reserves. The Trust's general reserves balance may be comprised of restricted or unrestricted reserves. Any balance in relation to restricted funding being consolidated into reserves will be reported to Trustees in a separate report.

Academies leaving or joining the Trust

Should any academy not be part of the Trust in future periods the level of reserves and cash transferred with that academy will be equivalent to that which is shown in the annual financial statements of £15,000 under the analysis of Academies by Fund Balance section.

Should the academy have any restricted funds (which would be reported to Trustees at the time of the external audit being reported) would also be considered by Trustees as part of the academies funding.

An academy that joins the trust will be given the medium term to build its reserves to the level required, i.e. 2/12ths, based on 2/12ths of its first year gross expenditure budget. Trustees will assess each academy on its own merits and make amends to this target or offer financial support and investment from reserves held.

Sinking funds

Sinking funds for specific regeneration projects (for example the replacement of an all-weather pitch) shall also be consolidated into the Trust's general reserve balance, however, separate records must be maintained and be identifiable by academies for future uses. Any sinking funds must be agreed annually by Trustees.

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The unrestricted reserves held as at 31st August 2020 were £7,614k and the restricted general reserves for the same period were £1,385k. Although the Trust reserve target has not been achieved, the Trust continues to work towards this target by ensuring school budgets and associated staffing levels and resources are being planned and managed effectively over the medium term. Trustees however may decide to redirect financial resource to areas of priority and this has been the case during 2019/20 and going forward where reserves will be used to further support school improvement.

The Restricted Pension Fund is in deficit to the value of £47,792k (2019: £32,499k) as at the year end. However, this has been inherited upon conversion to Academy status and Trustees will continue to monitor this situation closely. It should be noted that this deficit does not present the Trust with a current liquidity problem or threat.

Investment policy

The Trust Audit and Risk Committee (ARC) is responsible for approving the Investment Policy and has on-going responsibility to ensure monitoring and review of any investment. All borrowing shall be authorised by ARC, undertaken in the name of NET and conform to any relevant funding body requirements. Investments should be made to further the trusts charitable aims, but must ensure that investment risk is properly managed. The investment objectives based on prudence are;

1. To achieve best financial return available whilst ensuring that security of deposits takes precedence over revenue maximization.
2. Only invest funds surplus to operational need based on all financial commitments being met without the Trust bank account becoming overdrawn.
3. By complying with this policy, all investment decisions should be exercised with care and skill and consequently be in the best interests of the Academy, commanding broad public support.

Principal risks and uncertainties

The Trust has undertaken a fundamental review to managing the risks and uncertainties it faces. A new risk management system and reporting has been developed and implemented during the year which has then been intrinsically linked directly to the development of the internal scrutiny plan to be undertaken by internal audit.

Whilst levels of risk and uncertainty continues to exist with regards future changes in levels of funding other risks around safeguarding/Covid-19 are being effectively managed and mitigations in place.

More detailed and specific financial risks that are managed throughout the year are;

1. Liquidity risk: the Trust manages its resources, including sufficient working capital, so all its operating needs are met without the need for any external borrowing. A single bank account for academies has been developed and this has proven to be a significant factor in managing this risk. Surplus cash is invested through appropriate financial instruments as to maximise interest income without incurring excessive risks.
2. Interest rate risk: in the absence of borrowing and with low levels of current and expected interest rates, the Trust is not exposed to significant interest rate risk
3. Credit risk: the Trust is subject to price inflation, but is funded by government alongside all other academies and schools, and credit risk is therefore considered to be negligible.
4. Brexit: the Trust continues and monitor the risks and uncertainty around Brexit and uses the guidance from central Government to understand the possible changing landscape of the sector and wider.

Risk Management

The Trust has recently been through a process to assess its current and future risks and to identify and implement strategies for addressing risks. This process allowed risks to be scored, prioritised and re-assessed once controls had been established and finally their likelihood of occurrence assessed and means of mitigation identified. The Trust Board has reviewed the risks to which the Trust is exposed, and considered in particular those relating to the strategic development of the Trust and its academies on-going performance, as well as its operational activities, and its finances.

The significant positive shift in the approach to considering the risk and uncertainties faced is further strengthened by the risk register now being linked to the work of internal audit. This work will be considered during 2020/21 but the Board recognises now the value to a more cohesive approach to risk management and internal scrutiny and its benefits when considering current levels of performance and setting the direction of the Trust going forward.

Trustees recognise and support fully the need for informed and effective systems of internal control and risk management. In summary the key risks identified and being monitored and managed are;

- The impact of student progress and outcomes as a result of student attendance from Covid-19, remote learning and other school improvement interventions
- As a result of staffing absence due to Covid-19 and continued difficulties to recruit/retain staff.
- Continued effective safeguarding of students as a result of academy risk assessments, IT monitoring whilst using remote learning and academy Designated Safeguarding Lead(s) interventions.

Fundraising

The Trust encourages wider student opportunities across all of its academies with the Trust approach to funding some of these trips and events coming from fundraising activities.

The Trust does not work with or use any commercial participators or professional fundraisers. All funds from fundraising are recorded in the financial ledger and any activities and funds received are monitored by the academy principal. Any complaints regarding fundraising should be referred to the Trusts complaints policy. The trust does not promote any intrusive or persistent fundraising approaches and wishes to ensure the safeguarding and

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TRUSTEES' REPORT (CONTINUED)
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protection of the public, including vulnerable people.

Streamlined energy and carbon reporting

UK Greenhouse gas emissions and energy use data for the period 1 September 2019 to 31 August 2020	
Energy consumption used to calculate emissions (kWh)	18,371,965
Energy consumption break down (kWh)	
• Gas	12,182,419
• Electricity	5,749,459
• Owned transport – Mini-buses	15,768
• Mileage claims	424,318
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	2,240.0
Owned transport – Mini-buses	4.0
<u>Total Scope 1</u>	<u>2,244.0</u>
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased UK Electricity	1,340.4
<u>Scope 3 emissions in metric tonnes CO2e</u>	
WTT – Fuels	292.3
T&D Losses – UK Electricity	115.3
WTT – UK Electricity	200.9
Business travel in employee owned vehicles	132.3
<u>Total Scope 3</u>	<u>740.7</u>
Total gross emissions in metric tonnes CO2e	4,325.1
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.366

Quantification and Reporting Methodology:-

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

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

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

For the year ahead, the Trust plans to install car electric charge points in each academy to complement the growing number of electric cars that we have in our fleet. As at the 31st August 2020 the percentage of cars in the trusts fleet that are electric are 36.4%.

Plans for future periods

The current focus of the Trust is firmly fixed on our vision: outcomes focusses, child centred. The areas in summary to note for future periods would be;

1. Planned and significant continued investment in ICT, greater progress in school improvement, recruitment / retention of teachers and a staff college to support continuous professional development.
2. Changes in the current Trust portfolio of academies would be after close consideration by Trustees in relation to geography, current capacity and other due diligence and risks to be evaluated as academies are brokered. This is the case with the Rycroft Primary Academy (who in partnership with the Regional School Commissioner (RSC) and new MAT themselves) are now sponsored by Delta MAT. Similarly, with the full support of the RSC and Newcastle City Council the Trust now sponsor from the 1st September 2020 Walbottle Academy.

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Auditor

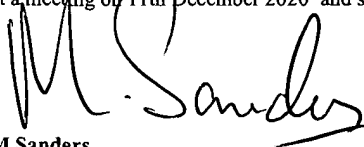
RSM UK Audit LLP has been considered by Trustees and approved at the Audit and Risk Committee held on 06th March 2019 and has indicated it's willingness to continue in office.

Disclosure of information to the auditor

The Trustees have confirmed that;

- as far as they are aware, there is no relevant audit information of which the auditor is unaware.
- the trustees have confirmed that they have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

The Trustees' report incorporating the Strategic Report (included therein), is approved by the Board of Trustees in their capacity as the company directors at a meeting on 11th December 2020 and signed on its behalf by:



M Sanders
Chair of Trustees

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GOVERNANCE STATEMENT

Scope of responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Northern Education 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.

As Trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the Chief Executive, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Northern Education Trust and the Secretary of State for Education. They are 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 Trustees' Report and in the Statement of Trustees' Responsibilities. The board of Trustees has formally met 6 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
L Walton, Chairman	6	6
C Roberts, Vice Chair	6	6
M Sanders, Chairman	6	6
T Grieveson, Deputy Chair	5	6
S Duncan	4	6
J Copping	4	6
J Foster	2	4
J Nolan, Staff Trustee	3	6
A Hodgson	1	4
J Kelly	5	5
J Heaton	2	3
N Barker	3	3
R Tarn, Chief Executive	6	6
G Edmunds, Chief Executive and Accounting Officer	6	6

Key changes

On the 15th July 2020, Les Walton stepped down from his role as Chair of Trustees and as a Member. Mark Sanders was appointed as his successor. The Trust Board has seen other changes during the year with Andrew Hodgson and June Foster both stepping down from their respective roles and Julie Kelly, Jo Heaton and Neil Barker all being appointed.

The coverage of the boards work

The Trust Board is ultimately responsible for overall control and direction, including the monitoring of performance and resources. The Board ensures that the trust operates effectively and within the agreed terms of our internal governance and upholds the approved vision and values. Trustees are accountable to external government agencies including the Department for Education (DfE) and Charity Commission (CC) for the quality of the education they provide and have systems in place through which they can assure themselves of quality, safety and good practice.

The Board delegates other matters to its sub-committees (set out below) and executive powers which are recorded in the Scheme of Delegation. The development and implementation of new consistent and standardised school improvement models and processes under the leadership of the new Chief Executive has provided Trustees with further oversight and offered greater scrutiny into outcomes and the use of resources. The Trust continues to review its governance structure and Trustees against DfE, CC and Education and Skills Funding Agency (ESFA) guidance. The assessment and review of governance is done promoting integrity and openness in accordance with the seven principles of public life (Nolan Principles).

The boards performance

During the year the Trust has undertaken a comprehensive review of its governance structure, membership to the Board (and sub-committees) and its recruitment and commitment to continuously develop Trustees. Using the DfE best practice documents (Governance Handbook 2019 and Competency Framework for Governance 2017) a self-assessment has been developed that all Trustees have completed and will form part of any new Trustee induction. A training programme is being developed with a proposed implementation for early 2021 to support and develop Trustees going forward. The Trust Board are continuing to review against sector requirements and best practice the roles, responsibilities and frequency of meetings.

The Board acknowledge that it has been a difficult year and in particular have faced a challenging period during the Covid Pandemic. The Board have continued to meet, through the use of information technology, to ensure that the necessary challenges and scrutiny are still applied.

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

During the year the Trust Board met six times.

The **Corporate Coordination Group** is a sub-committee of the main Board of Trustees. Its purpose is as follows:

Strategic role

- Co-ordination between the Achievement and Climate Committee and the Audit and Risk Committee on items of significant overlap between them in order that an aligned view taken on all issues of organisational significance prior to final consideration and sign off of issues by the board.
- Consider matters of urgency where a corporate view is required in between Board meetings.
- Consider impact of changes in policy by government, DFE, EFA and Ofsted and formulate the Trusts responses to the same.
- Formulate outline strategies, policies and plans for the Trust overall i.e. consider draft Business plan prior to submission to the Board.
- Agree which requests for academies to join the Trust should be agreed in outline and then receive and approve detailed business cases / due diligence information prior to formal agreement for new academies to join the Trust once received by the Audit and Risk Committee.
- Agree major restructures of academies / groups of academies within the Trust to ensure the strategic impacts of these are fully considered prior to implementation.
- Agree all matters in relation to the remuneration of Trustees and Officers that are not delegated to the Chief Executive by the Board / Scheme of Delegation.
- Agree the communications and recruitment strategies for the Trust.

Finance Role

- Consider/approve Trust/Academy annual budgets and three year plans making recommendations where necessary.
- Consider/approve Trust/Academy capital funding.
- Hold Academy Principals and Chairs of Governing Boards to account for financial planning and performance.
- Recommend to the Trust, the adoption of a three-year business plan and annual budgets.
- Review arrangements for securing value for money, solvency and safeguarding of assets.
- Investigate, or commission investigations into, variations in financial performance from budgeted targets.
- Consider in detail reports from the Chief Executive on issues related to assets, liabilities and capital.

Scrutiny role

- Maintain an overview of the Trust's performance management arrangements.
- Review selected aspects (both policy development and operation) of the Trust's programmes of improvement.
- Review selected aspects of the Trust's systems and organisational effectiveness.
- Consider the progress in implementing the Trust 3 year business plan against the measures of success.
- Make recommendations to the Trust Board and/or the Executive as appropriate.
- Review progress on recommendations made.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
L Walton	5	5
C Roberts	1	1
M Sanders	6	6
T Grieveson	6	6
J Copping	2	5
R Tam	6	6

The **Audit and Risk Committee** is also a sub-committee of the main Board of Trustees. Its purpose is as follows:

Overall

- Maintain an oversight of the Trust's governance, risk management, internal control and value for money (VfM) framework. It will report its findings annually to the board and the Chief Executive as a critical element of the Trust's annual reporting requirements.
- The Audit Committee has no executive powers or operational responsibilities/duties

Internal Control

- The Committee shall ensure that the internal control systems, including audit activities, of the Trust and any of its subsidiaries is monitored actively, independently and objectively in order to:
 - Improve the effectiveness of the Trust's internal controls.
 - Reinforce the independence and effectiveness of the internal audit function.
 - Provide a sounding board for Trust management on issues of concern in connection with the Trust's internal control systems.
 - Advise on the reliability of the Trust's information systems and processes.
 - Review Trust financial statements and budgets (Revenue & Capital).
 - Advise the Trust Board and CCSG on the appointment of internal and external auditors and providers of key financial systems i.e. Bank

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GOVERNANCE STATEMENT (CONTINUED)

Governance (continued)

- and General Ledger.
- Approve /consider procurement recommendations in line with Financial Regulations.
- Underpin the objectivity and independence of the external auditors.
- Increase stakeholder confidence in the objectivity and fairness of the Trust's financial reports and in the quality of the Trust's corporate governance.
- To provide a medium of communication from the Trust's auditors to the Trust which is seen to be independent of Trust management.
- To ensure that financial transactions are undertaken in accordance with the Trust's financial regulations.

Risk Management and Value for Money Framework

- To act as the Trust's Risk Management Group.
- Report on value for money of the Trust on a regular basis taking into account relevant comparator review the timeliness of, and reports on, the effectiveness of corrective action taken by the Trust's management.
- Review and approve the statements to be included in the annual report concerning internal controls and risk management, prior to consideration by the board.
- Receive reports from external bodies for example the Education and Skills Funding Agency and National Audit Office, and consider any issues raised along with management responses and action plans.
- Review the Trust's codes of conduct, ethics and related corporate responsibility policies and how these are communicated and monitored; and
- To review staff pension arrangements.

Whistleblowing

- Review the adequacy and security of the Trust's arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
J Copping - Chair	4	4
J Nolan	4	4
J Kelly	2	3
N Barker	2	2
R Tarn	3	4

The Achievement and Climate Committee is also a sub-committee of the main Trust Board. Its purpose as follows:

- Consideration of the evidence in meeting the Key Performance Indicators set by the Trust and to hold the Leadership Team, whether Group or Academy, to account.
- Consideration of evidence about the academic attainment and progress of students over time.
- Consideration of the evidence about attendance and behaviour of students.
- Consideration of evidence about the quality of teaching and learning provided to students.
- Consideration of the evidence about the range and quality of extra-curricular provision experienced by students.
- Consideration of the quality of provision for staff development and its impact upon the quality of provision.
- To consider the views of parents and students about the quality of provision
- To consider on behalf of the Trust Board the overall human resources strategy.
- To agree key personnel and staff development policies which form part of that strategy.
- To monitor the effectiveness of the Trust's human resources strategy.
- Consideration and approval of the curriculum and extra curriculum provision and the teaching and support staff resources required to deliver the entitlement curriculum in the academies.
- Consideration and approval of the Academies Improvement Plans – short and medium term.
- The consideration of the general view of the condition and suitability for learning of the academies buildings and sites and consideration of the quality of premises and the learning environment.
- To review the procedures for risk assessment of health and safety matters in academies and to ensure that Health and Safety issues are appropriately prioritised for action.
- To establish and review a Performance Management policy for all staff.
- Consideration and approval of the plans to develop and support the professional development of all staff, alongside the resources required.

Attendance during the year at meetings was as follows:

Trustee	Meetings attended	Out of a possible
T Grieveson - Chair	3	3
J Foster	2	3
S Duncan	3	3
R Tarn	3	3

NORTHERN EDUCATION TRUST

(A company limited by guarantee)

GOVERNANCE STATEMENT (CONTINUED)

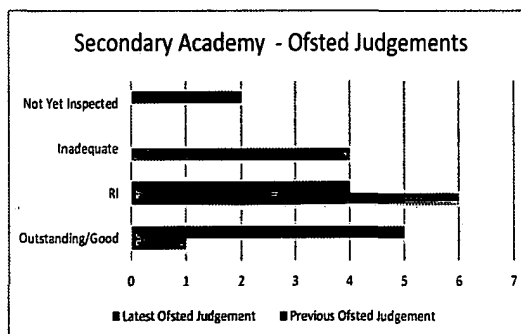
Review of value for money

As accounting officer, the Chief Executive has responsibility for ensuring that the Academy Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

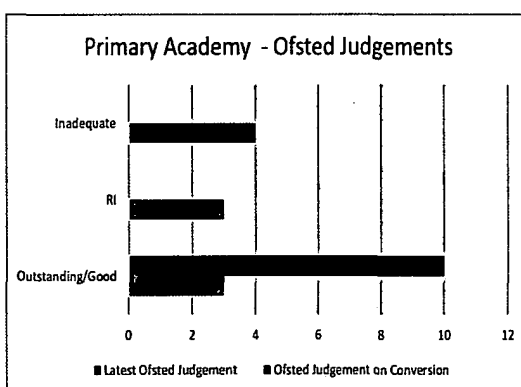
The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Chief Executive as Accounting Officer is personally responsible for the regularity and propriety of public funds and ensuring they are consistent with the purposes for which parliament intended. The continuous focus on improved value for money can be sought from the following examples below (which can be considered in detail from the narrative within the Trustees Report):

1. The Trust in both Primary and Secondary performance has improved on results in 2020 from the previous 4 years. The Trustees Report shares many of these successes and improved outcomes for children, which in summary are:
 - Significant improvements in secondary performance with Progress 8 scores rising from -0.27 (2017) to +0.32 (2020), 4+ Maths and English from 53% (2017) to 74% (2020) and 4+ Maths and English from 33% (2017) to 57% (2020)
 - The continued strong performance in primary demonstrated by improving performance of all academies but specifically Frederick Nattrass in the outcomes achieved of 91.7% combined expected + and 29.2% combined greater depth.
 - Ofsted results again highlight the improving position of the trust with the graph below:

	Previous Ofsted Judgement	Latest Ofsted Judgement
Outstanding/Good	1	5
RI	6	4
Inadequate	4	
Not Yet Inspected		2
	11	11



	Ofsted Judgement on Conversion	Latest Ofsted Judgement
Outstanding/Good	3	10
RI	3	0
Inadequate	4	0
	10	10



- The continued strong corporate performance in ensuring Value for Money (VFM), probity and propriety continues. This is evidenced from the sustained internal audit scores of 2019/20 (87%) from 2018/19 (89%), renewed and new contracts in key areas that have delivered Vfm, savings and greater quality in goods / services and recognition from external providers ie BETT award for ICT.
2. Curriculum Led Financial Planning has driven the budget setting and medium term financial planning of academies. The introduction or application of a contact ratio of 0.79 and in secondary academies a bonus of 8% ensures financial viability and sustainability with curriculum breadth and student pathways across subjects.
 3. During the Covid Pandemic, PPN 02/20, and its supporting guidance notes, were issued in March and April 2020 by the Cabinet Office. The note was then updated and built upon by PPN 04/20, issued in June 2020. The note has been applied in the following cases:
 - Catering, with the Trusts suppliers Chartwells, Bradford Council and Creative Management

NORTHERN EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

Review of value for money (continued)

- Coaches, with the Trusts suppliers Delta Coaches

In the case of Delta Coaches, Chartwells, Bradford Council and Creative Management, discussions have been ongoing as to how to best apply the PPN 02/20 note. These discussions have carried on in to the financial year 2020/21.

The purpose of the system of internal control

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

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy 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 ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the year 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The Academy 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 Audit and Risks 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
- identification and management of risks

The board of Trustees has considered the need for a specific internal audit function and has decided:

- To appoint Beevers and Struthers as internal auditor.

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

- testing of payroll and HR systems
- testing of Education and Skills Funding Agency, Academy Financial Handbook "musts"
- testing of Financial Management, Financial Administration and Procurement
- testing of Business Continuity, Risk Management, ICT, GDPR and Health and Safety

On a quarterly basis, the internal auditor reports to the board of Trustees through the Audit and Risk committee on the operation of the systems of control and on the discharge of the Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

The Academy Trust can confirm that the internal auditor delivered their schedule of work as planned.

NORTHERN EDUCATION TRUST
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GOVERNANCE STATEMENT (CONTINUED)

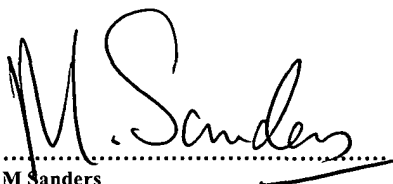
Review of effectiveness

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 Academy 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 and Risk Committee and a plan to address auditor recommendations and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 11th December 2020 and signed on their behalf by:



M Sanders
Chair of Trustees



R Tarn
Accounting Officer

NORTHERN EDUCATION TRUST
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As accounting officer of Northern Education Trust I have considered my responsibility to notify the Academy Trust board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

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

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



R Tarn

Accounting Officer

Date: 11 Dec 20

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2020

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

Company law requires the Trustees to prepare financial statements for each financial year. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company 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:

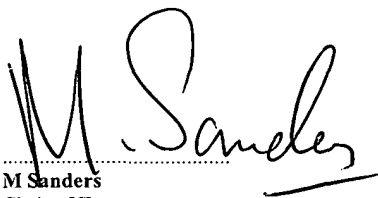
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company 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 charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from ESFA/DfE have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on 11th December 2020 and signed on its behalf by:



M Sanders
Chair of Trustees

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN EDUCATION TRUST

Opinion

We have audited the financial statements of Northern Education Trust (the 'charitable company') for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTHERN EDUCATION TRUST
(CONTINUED)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 29, the Trustees (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

RSM UK Audit LLP

Claire Leece (Senior statutory auditor)
for and on behalf of
RSM UK AUDIT LLP statutory auditor
Chartered Accountants

Central Square, 5th Floor,
29 Wellington Street, Leeds
LS1 4DL

Date: *14 December 20*

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NORTHERN
EDUCATION TRUST AND THE EDUCATION AND SKILLS FUNDING AGENCY**

Conclusion

We have carried out an engagement in accordance with the terms of our engagement letter dated 22 July 2019 and further to the requirements of the Education and Skills Funding Agency ('ESFA') as included in the Academies Accounts Direction 2019 to 2020, to obtain limited assurance about whether the expenditure disbursed and income received by Northern Education Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Basis for conclusion

The framework that has been applied is set out in the Academies Accounts Direction 2019 to 2020 Annex B: Regularity Reporting. We are independent of Northern Education Trust in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion.

Responsibilities of Northern Education Trust's accounting officer and trustees

The accounting officer is responsible, under the requirements of Northern Education Trust's funding agreement with the Secretary of State for Education dated 4 July 2012 and the Academies Financial Handbook extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The accounting officer is also responsible for preparing the Statement of Regularity, Propriety and Compliance. The trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the proper conduct and financial operation of Northern Education Trust and appointment of the accounting officer.

Reporting Accountant's responsibilities for reporting on regularity

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2019 to 2020.

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 the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement 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.

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 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the funding agreement with the Secretary of State for Education, the Academies Financial Handbook 2019 published by the Education and Skills Funding Agency and high level financial control areas where we identified a material risk of irregularity is likely to arise. It also included areas assessed as presenting a higher risk of impropriety. We undertook detailed testing, on a sample basis, based on the identified areas where a material irregularity is likely to arise, or potential impropriety where such areas are in respect of controls, policies and procedures that apply to classes of transactions. Our work was undertaken with due regard to the 'Evidence to support conclusion on regularity' guidance in Academies Accounts Direction 2019 to 2020.

This work was integrated with our audit on the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO NORTHERN
EDUCATION TRUST AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)**

Use of our report

This report is made solely to Northern Education Trust and the ESFA in accordance with the terms of our engagement letter dated 22 July 2019. Our work has been undertaken so that we might state to the Northern Education Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Northern Education Trust and the ESFA, for our work, for this report, or for the conclusion we have formed

RSM UK Audit LLP

RSM UK AUDIT LLP statutory auditor
Chartered Accountants
Central Square, 5th Floor,
29 Wellington Street, Leeds
LS1 4DL

Date: *14 June 20*

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 AUGUST 2020**

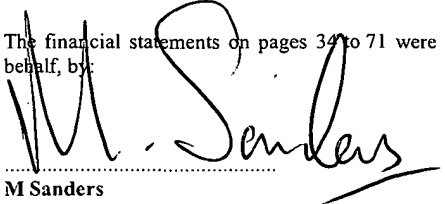
	Note	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Endowment funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Income and endowments from:							
Donations and capital grants:	2						
Donations and capital grants		184	225	1,782	-	2,191	2,741
Transfer in Academy Trust		-	(1,976)	21,815	-	19,839	-
Charitable activities:	5						
Funding for the academy trust's educational operations		1,274	75,585	-	-	76,859	68,877
Other trading activities	3	647	-	-	-	647	888
Investments	4	9	-	-	-	9	6
Total income and endowments		2,114	73,834	23,597	-	99,545	72,512
Expenditure on:							
Charitable activities:							
Academy trust educational operations		1,354	77,571	4,848	-	83,773	77,011
School transfer out		-	-	-	-	-	2,470
Total expenditure	6	1,354	77,571	4,848	-	83,773	79,481
Net income / (expenditure)		760	(3,737)	18,749	-	15,772	(6,969)
Transfers between funds	19	-	(804)	804	-	-	-
Total transfers		-	(804)	804	-	-	-
Net movement in funds before other recognised gains/(losses)		760	(4,541)	19,553	-	15,772	(6,969)
Other recognised gains/(losses):							
Actuarial (losses)/gains on defined benefit pension schemes	28	-	(9,644)	-	-	(9,644)	(12,318)
Net movement in funds		760	(14,185)	19,553	-	6,128	(19,287)
Reconciliation of funds:							
Total funds brought forward		6,854	(32,222)	130,514	1,438	106,584	125,871
Net movement in funds		760	(14,185)	19,553	-	6,128	(19,287)
Total funds carried forward		7,614	(46,407)	150,067	1,438	112,712	106,584

NORTHERN EDUCATION TRUST
(A company limited by guarantee)
REGISTERED NUMBER: 07189647

BALANCE SHEET
AS AT 31 AUGUST 2020

	Note	2020 £000	2019 £000
Fixed assets			
Intangible assets	13	113	84
Tangible assets	14	148,267	128,899
		<u>148,380</u>	<u>128,983</u>
Current assets			
Debtors	15	4,439	3,599
Cash at bank and in hand		14,259	13,101
		<u>18,698</u>	<u>16,700</u>
Creditors: amounts falling due within one year	16	(6,530)	(6,539)
Net current assets		<u>12,168</u>	<u>10,161</u>
Total assets less current liabilities		<u>160,548</u>	<u>139,144</u>
Creditors: amounts falling due after more than one year	17	(44)	(61)
Net assets excluding pension liability		<u>160,504</u>	<u>139,083</u>
Defined benefit pension scheme liability	28	(47,792)	(32,499)
Total net assets		<u>112,712</u>	<u>106,584</u>
Funds of the Academy Trust			
Endowment funds	19	1,438	1,438
Restricted funds:			
Fixed asset funds	19	150,067	130,514
Restricted income funds	19	1,385	277
		<u>151,452</u>	<u>130,791</u>
Restricted funds excluding pension asset	19	151,452	130,791
Pension reserve	19	(47,792)	(32,499)
Total restricted funds	19	<u>103,660</u>	<u>98,292</u>
Unrestricted income funds	19	<u>7,614</u>	<u>6,854</u>
Total funds		<u>112,712</u>	<u>106,584</u>

The financial statements on pages 34 to 71 were approved by the Trustees, and authorised for issue on 11th December 2020 and are signed on their behalf, by:


M Sanders
Chair of Trustees

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 £000	2019 £000
Cash flows from operating activities			
Net cash provided by operating activities	21	1,590	256
Cash flows from investing activities	23	(415)	(423)
Cash flows from financing activities	22	(17)	(18)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		1,158	(185)
Cash and cash equivalents at the beginning of the year		13,101	13,286
Cash and cash equivalents at the end of the year	24, 25	<hr/> 14,259 <hr/>	<hr/> 13,101 <hr/>

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies

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

1.1 Company status

Northern Education Trust is a charitable company (the 'Academy Trust'). The address of the trust's principal place of business is given on page 1. The nature of the trust's operations are set out in the Trustees' Report.

1.2 Basis of preparation of financial statements

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

The financial statements are presented in sterling which is also the functional currency of the Academy Trust.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

The principal accounting policies adopted are set out below.

1.3 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 Academy Trust 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.

The Trust has been able to accommodate additional costs in relation to the Covid-19 pandemic through sound and effective financial management, budget planning and utilising additional grant income provided through the DFE. The Trust expects similar budget pressures in relation to the Covid-19 pandemic going forward, it is expected that these additional costs will be met from DFE grants and internal resources.

1.4 Income

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

1.5 Grants receivable

Grant income is included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of meeting any performance-related conditions there is not unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised when there is entitlement, when performance-related conditions have been met, 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 sheet in the restricted fixed asset fund.

NORTHERN EDUCATION TRUST
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.6 Donations

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

1.7 Other income

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

1.8 Interest receivable

Interest receivable is included in the Statement of Financial Activities on a receivable basis.

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

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

All expenditure is inclusive of irrecoverable VAT.

1.10 Intangible assets

Intangible assets costing £5,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset over their expected useful lives on the following basis:

Computer software	-	20 %	to 33.3% straight line basis
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NORTHERN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.11 Tangible fixed assets

Assets costing more than £5,000 are capitalised and are carried at cost, net of depreciation and any provision for impairment. Subsequent costs are capitalised only when it is probable that such costs will generate future economic benefits. All other costs of repairs and maintenance are charged to the Statement of Financial Activities as incurred.

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 at rates calculated to write off the cost of these assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	- 2% to 15% straight line basis
Furniture and fixtures	- 25% straight line basis
Computer equipment	- 25% straight line basis
Motor vehicles	- 25% straight line basis

Residual value is calculated on prices prevailing at the reporting date, after estimated costs of disposal, for the asset as if it were at the age and in the condition expected at the end of its useful life.

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 (incorporating income and expenditure account).

1.12 Leasehold property

Leasehold properties are recognised in the balance sheet at their depreciated replacement cost as specialised properties (in accordance with FRS 102 section 17). It is deemed appropriate to capitalise leasehold properties as the organisation will have full use of the asset for its useful economic life.

Where leasehold properties represent donated assets they are recognised in the Balance Sheet at fair value.

The fair value is determined through calculation by an independent expert; or historic cost transferred from previous Local Education Authority body; or internal valuation.

In accordance with FRS 102 section 27 where an event or circumstance arises that may indicate that the carrying value of the asset is not recoverable an impairment is recognised. This risk is assessed on annual basis by those charged with governance.

Where independent valuations for ESFA reporting requirements have been obtained, these are considered to represent such an event or circumstance. Due to the cost outweighing the benefit it is not the organisation's policy to obtain an independent valuation for every property recognised in the balance sheet.

Leasehold property is depreciated over its estimated useful economic life. Estimated useful economic life is determined by industry experience driven by information provided by independent experts.

NORTHERN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.13 Leases

Rentals under operating leases are charged to the Statement of Financial Activities on a straight line basis over the lease term. Where the properties occupied by acquired academies are the subject of PFI contracts, consideration is given to the detailed items of the relevant contract and to whether or not the PFI contract transfers the risks and rewards of ownership to the Academy Trust. If there is such a transfer of risk and rewards such assets are accounted for under the policies for leasehold property set out above. If such risks and rewards are not transferred, the payments under the PFI contract are treated as operating lease payments.

1.14 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance Sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Net Gains/(losses) on investments' in the Statement of Financial Activities (incorporating income and expenditure account).

1.15 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.16 Cash and cash equivalents

Cash and cash equivalents includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.17 Liabilities and provisions

Liabilities and provisions are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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 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.

NORTHERN EDUCATION TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.18 Financial instruments

The Academy Trust has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

Financial assets and liabilities

Financial assets and financial liabilities are recognised when the Academy Trust becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. A financial asset or liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risk and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

1.19 Taxation

The Academy 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 Academy 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 and Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.20 Short-term employment benefits

Short-term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the Academy Trust. The cost of any unused holiday entitlement the Academy Trust expects to pay in future periods is recognised in the period the employees' services are rendered.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.21 Pension benefits

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ("TPS") and the Local Governments Pension Scheme ("LGPS") which are multi-employer defined benefit schemes.

Teachers' Pension Scheme

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 projected unit credit method. As stated in note 28, 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. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

The Local Government Pension Scheme

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 net income 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 comprehensive income.

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

1.22 Fund accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy 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 acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder/donor and include grants from the Department for Education Group.

Endowment funds are resources to be held on Trust to be retained for the benefit of the Academy Trust as a capital fund.

1.23 Agency arrangements

The Academy Trust acts as an agent in the administering of 16-19 Bursary Funds from the ESFA. Related payments received from the ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities to the extent that the trust does not have a beneficial interest in the individual transactions. Where funds have not been fully applied in the year then an amount will be included as amounts due to the ESFA. The funds received and paid and any balances held with the ESFA are disclosed in note 33.

1.24 Employee termination benefits

The best estimate of the expenditure required to settle an obligation for termination benefits is recognised immediately as an expense when the Academy Trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

1. Accounting policies (continued)

1.25 School transfers

The net assets transferred from Badger Hill, Whitecliffe and Freebrough Academy have been valued at their fair values. The fair value has been derived based on that of equivalent items. The amount has been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in charitable activities - transfer from the academy trust in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

1.26 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions:

The Academy Trust 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.

Defined benefit pension scheme

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 28, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Useful economic lives of tangible assets

The annual depreciation charge for the tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property plant and equipment and note 1.12 for the depreciation accounting policy.

Property valuations

When new schools join the Academy Trust, the new school land and buildings are included at a valuation at the date of transfer. This valuation is then treated as deemed cost. During the year 3 new school buildings were gifted to the Academy Trust.

Management have taken advice from professional valuers in determining the amounts at which those buildings are included in the financial statements.

PFI

Management are required to make a judgement as to the appropriate accounting treatment and presentation of properties subject to PFI. They do this on a case by case basis with reference to specific contracts in place. The considerations include;

- right to access/restrictions of use
- risks of ownership
- rewards of ownership
- substance of transaction
- any obligation to make capital contributions.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

2. Income from donations and capital grants

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Donations	184	(1,976)	21,815	20,023	200
Devolved Formula Capital	-	-	267	267	777
Other capital grants	-	225	1,515	1,740	1,764
	184	(1,751)	23,597	22,030	2,741
<i>Total 2019</i>	182	467	2,092	2,741	

Included within donations are donated fixed assets of £21,815k and defined benefit pension liability of £1,976k transferred into the Trust from Teesside Learning Trust for Freebrough Academy, Badger Hill Academy and Whitecliffe Academy. Further details on the transfers in are shown in note 34.

3. Income from other trading activities

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Charity trading income			
School lettings	185	185	304
Utilities	9	9	22
Consultancy	9	9	25
Insurance claims	74	74	83
Other income	370	370	454
	647	647	888
<i>Total 2019</i>	888	888	

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

4. Investment income

	Unrestricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Bank Interest	9	9	6
	<u>9</u>	<u>9</u>	<u>6</u>
<i>Total 2019</i>	<u>6</u>	<u>6</u>	

5. Funding for the Academy Trust's trust's educational operations

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Total funds 2020 £000	Total funds 2019 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	62,289	62,289	57,460
Pupil Premium	-	5,821	5,821	5,565
Other DfE/ESFA grants	-	4,576	4,576	1,975
Local Authority grants	-	621	621	358
SEN from LA	-	780	780	692
Local Authority grants	-	327	327	43
SEN from LA	-	1,171	1,171	1,116
Other Government Grants	1,092	-	1,092	1,260
Nursery Grants and EYSPF	182	-	182	408
	<u>1,274</u>	<u>75,585</u>	<u>76,859</u>	<u>68,877</u>
<i>Total 2019</i>	<u>1,668</u>	<u>67,209</u>	<u>68,877</u>	

NORTHERN EDUCATION TRUST
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

6. Expenditure

	Staff Costs 2020 £000	Premises 2020 £000	Other 2020 £000	Total 2020 £000	Total 2019 £000
Trust's educational operations:					
Direct costs	49,421	-	5,752	55,173	51,632
Support costs	9,437	8,079	11,084	28,600	27,849
	<u>58,858</u>	<u>8,079</u>	<u>16,836</u>	<u>83,773</u>	<u>79,481</u>
<i>Total 2019</i>	<u>53,901</u>	<u>10,360</u>	<u>15,220</u>	<u>79,481</u>	

7. Analysis of expenditure by activities

	Activities undertaken directly 2020 £000	Support costs 2020 £000	Total funds 2020 £000	Total funds 2019 £000
Trust's educational operations	55,173	28,600	83,773	79,481
<i>Total 2019</i>	<u>51,632</u>	<u>27,849</u>	<u>79,481</u>	

Included in direct costs above are PFI costs of £534k (2019: £522k) in relation to Kirk Balk Academy.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

7. Analysis of expenditure by activities (continued)

Analysis of support costs

	Support costs 2020 £000	Total costs 2020 £000	Total costs 2019 £000
Staff costs	9,437	9,437	8,639
Depreciation, amortisation and impairment and loss on disposal	4,848	4,848	7,305
Technology costs	916	916	908
Recruitment and support	107	107	112
Maintenance of premises and equipment	2,026	2,026	2,142
Administration	1,490	1,490	917
Cleaning	561	561	520
Energy costs	1,285	1,285	1,173
Rent, Rates and other occupancy costs	802	802	709
Insurance	403	403	468
Security and transport	540	540	538
Catering supplies	4,014	4,014	3,086
Other support costs	950	950	355
Governance costs	498	498	480
Defined benefit pension costs	627	627	461
Legal costs	96	96	36
	<u>28,600</u>	<u>28,600</u>	<u>27,849</u>
<i>Total 2019</i>	<u>27,849</u>	<u>27,849</u>	

Expenditure on charitable activities was £83,773k (2019 - £79,481k) of which £1,354k (2019 - £2,920k) was unrestricted, £4,848k (2019 - £7,305k) was restricted fixed asset fund and £77,571k (2019 - £69,256k) was restricted general funds.

Included in depreciation above are the costs of transferring Land and Buildings in relation to Southmere Academy of £nil (2019 - £2,929k).

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**NOTES TO THE FINANCIAL STATEMENTS
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8. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2020 £000	2019 £000
Depreciation of tangible fixed assets - owned by the charity	4,788	4,372
Amortisation of intangible assets	15	10
Loss/(Gain) on disposal of fixed assets	45	(5)
Fees paid to RSM UK Audit LLP and its associates for:		
- audit services - statutory audit	66	59
- other services - audit	7	3
Operating lease charge	1,158	1,131
Net interest on defined benefit pension liability	623	458
	<u>623</u>	<u>458</u>

Fees payable for internal audit services

Fees payable for internal audit services during the year were £37k (2019 - £38k).

9. Staff

a. Staff costs

Staff costs during the year were as follows:

	2020 £000	2019 £000
Wages and salaries	42,405	37,819
Social security costs	4,115	3,731
Pension costs	9,769	8,665
	<u>56,289</u>	<u>50,215</u>
Agency staff costs	2,242	2,756
Staff restructuring costs	327	930
	<u>58,858</u>	<u>53,901</u>

Staff restructuring costs comprise:

	2020 £000	2019 £000
Redundancy payments	239	727
Severance payments	88	203
	<u>327</u>	<u>930</u>

b. Non-statutory/non-contractual staff severance payments

Staff severance payments

Included in staff costs are non-statutory/non-contractual severance payments totalling £11,061 (2019 - £22,349). Individually, the payments

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

9. Staff (continued)

b. Non-statutory/non-contractual staff severance payments (continued)

were £11,061.

c. Staff numbers

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

	2020 No.	2019 No.
Teachers	828	585
Administration and support	993	974
Management	115	99
	<u>1,936</u>	<u>1,658</u>

The average headcount expressed as full-time equivalents was:

	2020 No.	2019 No.
Teachers	568	552
Administration and support	593	557
Management	110	97
	<u>1,271</u>	<u>1,206</u>

d. Higher paid staff

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

	2020 No.	2019 No.
In the band £60,001 - £70,000	31	29
In the band £70,001 - £80,000	12	6
In the band £80,001 - £90,000	4	7
In the band £90,001 - £100,000	8	3
In the band £100,001 - £110,000	1	2
In the band £110,001 - £120,000	2	2
In the band £120,001 - £130,000	3	1
In the band £130,001 - £140,000	1	2
In the band £180,001 - £190,000	-	1
In the band £190,001 - £200,000	1	-
	<u>1</u>	<u>-</u>

e. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020

9. Staff (continued)

e. Key management personnel (continued)

The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £695,944 (2019 - £650,341).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

10. Central services

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

- School improvement
- Financial management
- Audit service
- HR and legal advice
- Estates management
- Curriculum design
- Staff deployment and recruitment
- Data support
- Business services
- Health and safety
- Compliance and communications
- Marketing and media
- IT support
- Web design
- Procurement

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

A flat 5% of income received excluding targeted grants.

The actual amounts charged during the year were as follows:

	2020 £000	2019 £000
The Blyth Academy	228	231
Dyke House Sports & Technology College	343	337
Freebrough Academy	210	-
The Grangefield Academy	205	175
Kearsley Academy	180	174
Kirk Balk Academy	288	261
Manor Academy	300	309
North Shore Academy	202	200
Red House Academy	137	148
Thomas Hepburn Community Academy	-	87
Thorp Academy	238	230
Abbey Park Primary Academy	41	42
Badger Hill Academy	40	-
The Ferns Primary Academy	80	77
Frederick Nattrass Primary Academy	51	53
Hilton Primary Academy	90	84
Merlin Top Primary Academy	72	74
Mount Pellon Infants & Junior Primary Academy	95	96
Norton Primary Academy	69	72
The Oak Tree Academy	75	82
Ryecroft Primary Academy	68	69
Southmere Primary Academy	-	29
Whitecliffe Academy	30	-
Total	3,042	2,830

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

11. Trustees' remuneration and expenses

One or more trustees has been paid remuneration or has received other benefits from employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

The value of trustees' remuneration and other benefits was as follows:

Rob Tarn (Chief Executive and Trustee): Remuneration £197,111 (2019: £187,775) Employer's pension contributions paid £18,185 (2019: £6,983)

Gareth Edmunds (Director and Chief Operating and Finance Officer): Remuneration £119,399 (2019: £116,515) Employer's pension contributions paid £18,591 (2019: £17,797)

Jo Nolan (Executive Principal and Trustee): Remuneration £136,232 (2019: 132,585) Employer's pension contributions paid £8,064 (2019: £3,641)

During the period ended 31 August 2020, travel and subsistence expenses totalling £922 were reimbursed or paid directly to 6 trustees (2019: £2,195 to 5 trustees).

Other related party transactions involving the trustees are set out in note 31.

12. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2020 was £5,213 (2019 - £7,848). The cost of this insurance is included in the total insurance cost.

13. Intangible assets

	Computer software £000
Cost	
At 1 September 2019	96
Additions	45
At 31 August 2020	<u>141</u>
Amortisation	
At 1 September 2019	12
Charge for the year	15
At 31 August 2020	<u>28</u>
Net book value	
At 31 August 2020	<u><u>113</u></u>
At 31 August 2019	<u><u>84</u></u>

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14. Tangible fixed assets

	Leasehold property £000	Furniture and fixtures £000	Computer equipment £000	Motor vehicles £000	Total £000
Cost or valuation					
At 1 September 2019	149,700	2,734	5,042	47	157,523
Additions	2,022	62	302	-	2,386
Transfers in	21,815	-	-	-	21,815
Disposals	(6,665)	(545)	(884)	(7)	(8,101)
At 31 August 2020	166,872	2,251	4,460	40	173,623
Depreciation					
At 1 September 2019	22,843	2,059	3,685	37	28,624
Charge for the year	3,800	385	596	7	4,788
On disposals	(6,665)	(526)	(858)	(7)	(8,056)
At 31 August 2020	19,978	1,918	3,423	37	25,356
Net book value					
At 31 August 2020	146,894	333	1,037	3	148,267
At 31 August 2019	126,857	675	1,357	10	128,899

On the 1st September 2019 Badger Hill Primary Academy, Whitecliffe Primary Academy and Freebrough Academy transferred into the Trust from Teesside Learning Trust. The fair value of the assets transferred were £21,815k (note 34).

The disposal of the leasehold property with a cost of £6,665k outlined above relates to the closure Thomas Helpburn Community Academy.

15. Debtors

	2020 £000	2019 £000
Due within one year		
Trade debtors	164	131
Other debtors	25	30
Prepayments and accrued income	3,667	2,598
VAT recoverable	583	840
	4,439	3,599

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16. Creditors: Amounts falling due within one year

	2020 £000	2019 £000
Trade creditors	1,273	2,055
Other taxation and social security	976	900
Other creditors	1,064	862
Accruals and deferred income	3,217	2,722
	<u>6,530</u>	<u>6,539</u>

Included in other creditors due within one year is a loan of £17k from Salix which is provided on the following terms; repayment of £8,750 every 6 months, no interest is payable on the loan.

	2020 £000	2019 £000
Deferred income		
Deferred income at 1 September 2019	202	276
Resources deferred during the year	120	202
Amounts released from previous periods	(202)	(276)
Deferred income carried forward	<u>120</u>	<u>202</u>

Deferred income held at 31 August 2020 includes unspent trip income carried forward of £9k (2019 - £17k) and £111k (2019 - £185k) income from a catering provider, deferred over the life of the contract.

17. Creditors: Amounts falling due after more than one year

	2020 £000	2019 £000
Other loans	<u>44</u>	<u>61</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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18. Financial instruments

	2020 £000	2019 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	2,643	1,971
	<u>2,643</u>	<u>1,971</u>
	2020 £000	2019 £000
Financial liabilities		
Financial liabilities measured at amortised cost	4,371	(4,574)
	<u>4,371</u>	<u>(4,574)</u>

Financial assets measured at amortised cost comprise trade debtors and accrued income

Financial liabilities measured at amortised cost comprise trade creditors and accruals.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2020 £000
Unrestricted funds						
Unrestricted funds	6,854	2,114	(1,354)	-	-	7,614
Endowment funds						
Endowment fund	1,438	-	-	-	-	1,438
Restricted general funds						
General Annual Grant (GAG)	277	62,514	(60,602)	(804)	-	1,385
Pupil premium	-	5,821	(5,821)	-	-	-
Other DfE/ESFA grants	-	4,576	(4,576)	-	-	-
Local Authority grants	-	621	(621)	-	-	-
SEN from Local Authority	-	780	(780)	-	-	-
Other government grants	-	327	(327)	-	-	-
Nursery grants and EYSFF	-	1,171	(1,171)	-	-	-
Pension reserve	(32,499)	(1,976)	(3,673)	-	(9,644)	(47,792)
	(32,222)	73,834	(77,571)	(804)	(9,644)	(46,407)
Restricted fixed asset funds						
DfE/ESFA grants	1,202	267	(26)	-	-	1,443
Other DfE capital grant	(22)	1,515	(1,160)	-	-	333
Sponsorship capital contribution	1,271	-	(172)	-	-	1,099
Assets inherited on conversion	114,975	-	(2,155)	-	-	112,820
Assets inherited on transfer	11,764	21,815	(710)	-	-	32,869
Capital expenditure from GAG	1,324	-	(625)	804	-	1,503
	130,514	23,597	(4,848)	804	-	150,067
Total Restricted funds	98,292	97,431	(82,419)	-	(9,644)	103,660
Total funds	106,584	99,545	(83,773)	-	(9,644)	112,712

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19. Statement of funds (continued)

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

- (i) GAG balance carry forward is to be used for recurrent expenditure in the forthcoming period. Under the Trust's Funding Agreement with the Secretary of State the Trust was not subject to a limit of GAG which could be carried forward as at 31 August 2020.
- (ii) Restricted Fixed Asset Funds relate to income received from the DfE, other government grants, transfers from GAG income and income from sponsors of individual companies prior to the merger of the Trust. The funds balance includes donated capital, being academy buildings, contents and ICT assets. The depreciation relating to the assets procured is charged against these funds over the life of the assets.
- (iii) Unrestricted Funds relate to funds brought forward upon individual schools integrating with the Trust and self-generated income by the Trust's Academies.
- (iv) Restricted Pension Fund is in deficit to the value of £47,792k (2019 - £32,499k) at the year end. However, this has been inherited upon conversion to Academy status. The Trustees will continue to monitor the situation closely.
- (v) A total of £804k (2018 - £818k) has been transferred from unrestricted funds to restricted fixed asset funds to take account of the capital items that have been purchased using GAG funds.
- (vi) Endowment funds were inherited on conversion. The balance remains unchanged from previous years at £1,438k.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2020 £000	2019 £000
The Ferns Primary Academy	15	15
Hilton Academy	15	15
Merlin Top Primary Academy	15	15
Mount Pellon Infants & Junior Academy	15	15
Ryecroft Primary Academy	15	15
Kearsley Academy	15	15
North Shore Academy	15	15
Dyke House Sports & Technology College	15	15
Abbey Park Primary Academy	15	15
Thomas Hepburn Community Academy	-	15
The Grangefield Academy	15	15
The Blyth Academy	15	15
Frederick Nattrass Primary Academy	15	15
The Oak Tree Academy	15	15
Norton Primary Academy	15	15
Kirk Balk Academy	15	15
Manor Academy	15	15
Red House Academy	15	15
Thorp Academy	15	15
Badger Hill Primary Academy	15	-
Whitecliffe Primary Academy	15	-
Freebrough Academy	15	-
The Centre	8,684	6,846
Total before fixed asset funds and pension reserve	8,999	7,131
Restricted fixed asset fund	150,067	130,514
Endowment fund	1,438	1,438
Pension reserve	(47,792)	(32,499)
Total	112,712	106,584

Trustees take seriously their responsibility to ensure the Trust continues as a going concern over the medium term. Given the current overall economic climate, pressure on government spending, changes in establishing national oversight of academies and MAT's and funding of Local Government Pension Schemes (LGPS), medium term financial planning is a high priority for Trustees.

The Trust continues to successfully evidence an effective and progressive approach to Financial Planning and Management with a seamless link to both school improvement and continuous student welfare. Overall Trust Reserves have risen incrementally (2012/13: £2m to £8.9m in 2019/20) providing financial stability. Having this solid foundation, the Trust has been able to invest substantially in school improvement and IT throughout the year.

As per the reserves policy outlined in the Trustees' Report, Trustees have considered individual academy reserves within the Academy Trust with the plan going forward to manage funds (at £15k per academy) at a Trust level. These funds will better support a new, consistent and student focussed approach to school improvement across all academies.

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**NOTES TO THE FINANCIAL STATEMENTS
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19. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2020 £000	Total 2019 £000
The Ferns Primary Academy	1,395	219	73	482	2,169	2,006
Hilton Academy	1,366	250	57	547	2,220	2,705
Merlin Top Primary Academy	1,368	107	87	607	2,169	1,982
Mount Pellon Infants & Junior Academy	1,682	355	67	428	2,532	2,345
Ryecroft Primary Academy	1,020	159	58	614	1,851	1,890
Kearsley Academy	2,502	433	185	803	3,923	3,541
North Shore Academy	2,899	451	187	1,150	4,687	4,840
Dyke House Sports & Technology College	5,309	716	333	1,701	8,059	8,301
Abbey Park Primary Academy	835	226	31	265	1,357	1,215
Thomas Hepburn	(11)	-	-	(25)	(36)	2,119
The Grangefield Academy	3,378	476	175	947	4,976	4,187
The Blyth Academy	3,596	555	184	1,199	5,534	4,985
Frederick Nattrass Primary Academy	824	253	43	340	1,460	1,395
The Oak Tree Academy	1,361	280	55	466	2,162	2,410
Norton Primary Academy	1,306	257	45	422	2,030	2,046
Southmere Primary Academy	-	-	-	-	-	905
Kirk Balk Academy	4,205	442	252	1,891	6,790	6,655
Manor Academy	4,430	529	239	1,382	6,580	6,327
Red House Academy	2,096	430	128	822	3,476	3,686
Thorp Academy	4,419	457	225	1,138	6,239	5,856
Badger Hill Primary Academy	759	67	46	257	1,129	-
Whitecliffe Primary Academy	533	72	31	179	815	-
Freebrough Academy	3,415	571	259	1,111	5,356	-
The Centre	734	2,132	-	581	3,447	3,239
Academy Trust	49,421	9,437	2,760	17,307	78,925	72,635

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

19. Statement of funds (continued)

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

	<i>Balance at 1 September 2018 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2019 £000</i>
Unrestricted funds						
Unrestricted funds	7,030	2,744	(2,920)	-	-	6,854
Endowment funds						
Endowment fund	1,438	-	-	-	-	1,438
Restricted general funds						
General Annual Grant (GAG)	-	57,909	(56,814)	(818)	-	277
Pupil premium	-	5,565	(5,565)	-	-	-
Other DfE/ESFA grants	-	1,975	(1,975)	-	-	-
Local Authority grants	-	358	(358)	-	-	-
SEN from Local Authority	-	692	(692)	-	-	-
Other government grants	-	43	(43)	-	-	-
Nursery grants and EYSFF	-	1,116	(1,116)	-	-	-
Donations	-	18	(18)	-	-	-
Pension reserve	(17,506)	-	(2,675)	-	(12,318)	(32,499)
	(17,506)	67,676	(69,256)	(818)	(12,318)	(32,222)
Restricted fixed asset funds						
DfE/ESFA grants	439	777	(14)	-	-	1,202
Other DfE capital grant	677	605	(1,304)	-	-	(22)
Sponsorship capital contribution	604	710	(43)	-	-	1,271
Assets inherited on conversion	120,192	-	(5,217)	-	-	114,975
Assets inherited on transfer	12,102	-	(338)	-	-	11,764
Capital expenditure from GAG	895	-	(389)	818	-	1,324
	134,909	2,092	(7,305)	818	-	130,514
Total Restricted funds	117,403	69,768	(76,561)	-	(12,318)	98,292
Total funds	125,871	72,512	(79,481)	-	(12,318)	106,584

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

20. Analysis of net assets between funds

Analysis of net assets between funds - current period

	Unrestricted funds 2020 £000	Restricted funds 2020 £000	Restricted fixed asset funds 2020 £000	Endowment funds 2020 £000	Total funds 2020 £000
Tangible fixed assets	-	-	148,267	-	148,267
Intangible fixed assets	-	-	113	-	113
Current assets	7,614	7,959	1,687	1,438	18,698
Creditors due within one year	-	(6,530)	-	-	(6,530)
Creditors due in more than one year	-	(44)	-	-	(44)
Provisions for liabilities and charges	-	(47,792)	-	-	(47,792)
Total	7,614	(46,407)	150,067	1,438	112,712

Analysis of net assets between funds - prior period

	Unrestricted funds 2019 £000	Restricted funds 2019 £000	Restricted fixed asset funds 2019 £000	Endowment funds 2019 £000	Total funds 2019 £000
Tangible fixed assets	-	-	128,899	-	128,899
Intangible fixed assets	-	-	84	-	84
Current assets	6,854	6,877	1,531	1,438	16,700
Creditors due within one year	-	(6,539)	-	-	(6,539)
Creditors due in more than one year	-	(61)	-	-	(61)
Provisions for liabilities and charges	-	(32,499)	-	-	(32,499)
Total	6,854	(32,222)	130,514	1,438	106,584

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2020**

21. Reconciliation of net income/(expenditure) to net cash flow from operating activities

	2020 £000	2019 £000
Net income/(expenditure) for the period (as per Statement of financial activities)	15,772	(6,969)
Adjustments for:		
Amortisation	15	10
Depreciation	4,788	4,372
Loss on disposal of fixed assets	44	-
Interest receivable	(9)	(6)
Defined benefit pension scheme cost less contributions payable	3,050	2,720
Defined benefit pension scheme finance cost	623	458
Increase in debtors	(839)	(680)
(Decrease)/increase in creditors	(8)	422
Capital grants from DfE and other capital income	(2,007)	(2,541)
Transfer of fixed assets out	-	2,929
Transfer of cash out	-	44
Transfer of pension liability	1,976	(503)
Transfer of fixed assets in	(21,815)	-
Net cash provided by operating activities	1,590	256

22. Cash flows from financing activities

	2020 £000	2019 £000
Cash outflow to Salix loan	(17)	(18)
Net cash used in financing activities	(17)	(18)

23. Cash flows from investing activities

	2020 £000	2019 £000
Investment income	9	6
Purchase of intangible assets	(45)	(59)
Purchase of tangible fixed assets	(2,386)	(2,911)
Capital grants from DfE Group	2,007	2,541
Net cash used in investing activities	(415)	(423)

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**NOTES TO THE FINANCIAL STATEMENTS
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24. Analysis of cash and cash equivalents

	2020 £000	2019 £000
Cash in hand	14,259	13,101
Total cash and cash equivalents	14,259	13,101

25. Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash at bank and in hand	13,101	1,158	14,259
Debt due after 1 year	(61)	17	(44)
	13,040	1,175	14,215

26. Contingent liabilities

During the period of the Funding Agreement, in the event of the sale or disposal by other means of any asset for which a Government capital grant was received, the trust is required either to re-invest the proceeds or to repay to the ESFA the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the trust serving notice, the trust shall repay to the Secretary of State sums determined by reference to:

- (a) the value at that time of the trust's assets held for the purpose of the trust; and
- (b) the extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

27. Capital commitments

	2020 £000	2019 £000
Contracted for but not provided in these financial statements	66	503

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NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments

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. Both are multi-employer defined benefit schemes.

The geographical location of the the Trust's 21 academies mean that the Trust is part of six different local government pension schemes. These are;

- Greater Manchester Pension Scheme
- Northumberland Pension Scheme
- Teesside Pension Scheme
- West Yorkshire Pension Scheme
- South Yorkshire Pension Scheme
- Tyne & Wear Pension Scheme

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

Contributions amounting to £949k were payable to the schemes at 31 August 2020 (2019 - £715k) 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 to which both the member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy) from September 2019 onwards compared to 16.48% during 2018/19)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million
- the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return including earnings growth is 4.45%.

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

The employer's pension costs paid to TPS in the year amounted to £4,098k (2019 - £3,722k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

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

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NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

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 2020 was £3,383k (2019 - £2,943k), of which employer's contributions totalled £2,621k (2019 - £2,223k) and employees' contributions totalled £762k (2019 - £720k). The agreed contribution rates for future years are between 14.9-20.7% for employers and 5.5-12.5% for employees.

During the year Badger Hill Academy, Whitecliffe Academy and Freebrough Academy transferred into the Academy Trust. The obligation in respect of employees who transferred with Badger Hill Academy, Whitecliffe Academy and Freebrough Academy to the Academy Trust representing their cumulative service to the predecessor employer was recognised in the SoFA as part of the gain on transfer as set out in note 34.

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.

The current valuation does not reflect the expected increase in benefits and therefore liability as a result of Guaranteed Minimum Pension ('GMP') Equalisation between men and women which is required as a result of the removal of the Additional State Pension. Methodologies for a long-term solution are still being investigated by the Government as set out in the published (January 2018) outcome of the Government Consultation 'Indexation and Equalisation of GMP in Public Sector Pension Schemes' and therefore the expected impact cannot be reliably estimated and consequently no provision/liability has been recognised.

McCloud Judgement

In December 2018 the Court of Appeal ruled in the 'McCloud / Sargeant' judgement that the transitional protection arrangements put in place when the Firefighters' and Judges' pension schemes were reformed were age discriminatory. The Government applied to the Supreme Court for permission to appeal this judgement, however the Supreme Court rejected the Government's request on 27 June 2019. The next stage is for the case to be referred to the Employment Tribunal to agree the remedy, following appropriate consultation. In a Ministerial Statement dated 15 July 2019 Government committed to extending a remedy across all public sector schemes which included similar transitional protection arrangements, which includes the LGPS.

Provision has been made for a constructive obligation of £nil (2019 - £1,197k), included in Past Service Costs.

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**NOTES TO THE FINANCIAL STATEMENTS
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28. Pension commitments (continued)

Principal actuarial assumptions

	Rate of increase on salaries		Rate of increase for pensions in payment/inflation		Discount rate for scheme liabilities	
	2020	2019	2020	2019	2020	2019
	%	%	%	%	%	%
Ferns	3.0	3.1	2.2	2.3	1.7	1.8
Hilton	3.7	3.5	2.2	2.0	1.7	1.9
Merlin Top	3.6	3.4	2.3	2.1	1.7	1.9
Mount Pellon	3.6	3.4	2.3	2.1	1.7	1.9
Ryecroft	3.6	3.4	2.3	2.1	1.7	1.9
Kearsley	3.0	3.1	2.2	2.3	1.7	1.8
North Shore	3.2	3.0	2.2	2.0	1.7	1.9
Dyke House	3.2	3.0	2.2	2.0	1.7	1.9
Abbey Park	3.6	3.4	2.3	2.1	1.7	1.9
Thomas Hepburn	-	3.5	-	2.0	-	1.9
Grangefield	3.2	3.0	2.2	2.0	1.7	1.9
Blyth	3.8	3.6	2.3	2.1	1.7	1.8
Frederick Natrass	3.2	3.0	2.2	2.0	1.7	1.9
Oak Tree	3.2	3.0	2.2	2.0	1.7	1.9
Norton	3.2	3.0	2.2	2.0	1.7	1.9
Southmere	-	3.4	-	2.1	-	1.9
Kirk Balk	3.7	3.4	2.4	2.1	1.8	1.8
Manor	3.2	3.0	2.2	2.0	1.7	1.9
Red House	3.7	3.5	2.2	2.0	1.7	1.9
Thorp	3.7	3.5	2.2	2.0	1.7	1.9
Badger Hill	3.2	3.0	2.2	2.0	1.7	1.9
Whitecliffe	3.2	3.0	2.2	2.0	1.7	1.9
Freebrough	3.2	3.0	2.2	2.0	1.7	1.9
NET	3.7	3.5	2.2	2.0	1.7	1.9

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28. Pension commitments (continued)

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

	Males		Females	
	Retiring today	Retiring in 20 years	Retiring today	Retiring in 20 years
Mortality				
Ferns	20.5	22.0	23.1	25.0
Hilton	21.8	23.5	25.0	26.8
Merlin Top	21.8	22.5	24.6	25.7
Mount Pellon	21.8	22.5	24.6	25.7
Ryecroft	21.8	22.5	24.6	25.7
Kearsley	20.5	22.0	23.1	25.0
North Shore	21.8	23.2	23.5	25.7
Dyke House	21.8	23.2	23.5	25.7
Abbey Park	21.8	22.5	24.6	25.7
Grangefield	21.8	23.2	23.5	25.7
Blyth	21.8	23.5	25.0	26.8
Frederick Natrass	21.8	23.2	23.5	25.7
Oak Tree	21.8	23.2	23.5	25.7
Norton	21.8	23.2	23.5	25.7
Kirk Balk	22.4	23.9	25.2	27.1
Manor	21.8	23.2	23.5	25.7
Red House	21.8	23.5	25.0	26.8
Thorp	21.8	23.5	25.0	26.8
Badger Hill	21.8	23.2	23.5	25.7
Whitecliffe	21.8	23.2	23.5	25.7
Freebrough	21.8	23.2	23.5	25.7
NET	21.8	23.5	25.0	26.8

Share of scheme assets

The Academy Trust's share of the assets in the scheme was:

	2020	2019
	£000	£000
Equities	38,826	37,338
Corporate bonds	2,224	3,000
Property	4,727	4,110
Cash and other liquid assets	3,800	3,465
Other	3,905	2,788
Other bonds	5,492	2,637
Total market value of assets	58,974	53,338

The actual return on scheme assets was £(214k) (2019 - £2,643k).

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28. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2020 £000	2019 £000
Current service cost	(5,382)	(3,362)
Past service cost	(285)	(1,578)
Net interest cost	(623)	(458)
Administrative expenses	(4)	(3)
Transfer of liabilities out	-	503
Transfer of liabilities in	(1,976)	-
Total amount recognised in the Statement of financial activities	(8,270)	(4,898)

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

	2020 £000	2019 £000
At 1 September	85,837	67,639
Current service cost	5,382	3,362
Transferred in on existing academies joining the trust	5,544	-
Transferred out on existing academies leaving the trust	-	(1,356)
Interest cost	1,716	1,866
Employee contributions	762	720
Actuarial losses	8,337	13,553
Benefits paid	(1,098)	(1,525)
Past service costs	285	1,578
At 31 August	106,765	85,837

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

	2020 £000	2019 £000
At 1 September	53,338	50,133
Transferred in on existing academies joining the trust	3,568	-
Transferred out on existing academies leaving the trust	-	(853)
Expected return on assets	1,093	1,408
Actuarial (losses)/gains	(1,307)	1,235
Employer contributions	2,621	2,223
Employee contributions	762	720
Benefits paid	(1,098)	(1,525)
Administration charges	(4)	(3)
At 31 August	58,973	53,338

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29. Operating lease commitments

At 31 August 2020 the Academy Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2020 £000	2019 £000
Land and Buildings		
Within 1 year	1,003	975
Between 1 and 5 years	4,013	3,820
After more than 5 years	11,035	11,704
	<u>16,051</u>	<u>16,499</u>
	2020 £000	2019 £000
Other		
Within 1 year	137	157
Between 1 and 5 years	173	332
	<u>173</u>	<u>332</u>

Included in the above is an annual charge of £534k (2019 - £522k) which relates to the commitment for the building which is part of a PFI arrangement.

30. 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.

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31. Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Expenditure Related Party Transaction

East Durham College – a company in which Ms Suzanne Duncan (a trustee) is the Chief Executive Officer:

- East Durham College have delivered alternative education for a number of vulnerable students meeting their specific need and tailored to the student's wellbeing and outcomes. The total value of the transactions were £37,500 (2019: £19,550) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil)
- The academy trust sought various provisions to best meet students' needs and specifically chose East Durham College, because of its tailored facilities to support these students.
- In entering into the transaction, the academy trust has complied with the requirements of the Academies Financial Handbook.
- The element above £2,500 has been provided 'at no more than cost' and East Durham College has provided a statement of assurance confirming this.

Apollo Schools Trust – a company in which Ms Suzanne Duncan (a Trustee) is a Trustee:

- Apollo Schools Trust have delivered alternative education for a number of vulnerable students meeting their specific need and tailored to the student's wellbeing and outcomes. The total value of the transactions were £1,700 (2019: £21,439) during the period. There were no amounts outstanding at 31 August 2020 (2019: £nil)
- The academy trust sought various provisions to best meet students' needs and specifically chose Apollo Schools Trust, because of its tailored facilities to support these students.
- In entering into the transaction, the academy trust has complied with the requirements of the Academies Financial Handbook.
- The element above £2,500 has been provided 'at no more than cost' and East Durham College has provided a statement of assurance confirming this.

32. Post balance sheet events

On 1st September 2020, Ryecroft Primary Academy transferred out of the Trust.

Walbottle converted to an academy and joined the Trust on 1st September 2020.

33. Agency arrangements

The trust administers the disbursement of the new discretionary support for learners, 16-19 Bursary Funds, on behalf of the ESFA. In the year it received £29k (2019 - £39k) and disbursed £29k (2019 - £62k) from the fund. An amount of £52k (2019 - £52k) is included in other creditors relating to undistributed funds that is repayable to ESFA. The trust retained a beneficial interest in individual transactions such that less than £1k has been recognised in income and expenditure in the statement of financial activities.

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34. Transfer of existing academies into the academy trust

On 1st September 2019, all activities and operations of Freebrough Academy, Badger Hill Primary Academy and Whitecliffe Primary Academy transferred from Teesside Learning Trust to Northern Education Trust. All assets and liabilities transferred to Northern Education Trust at their net realisable value at the date of transfer. Net realisable value is considered to represent their fair value.

The following tables set out the fair values of the identifiable assets and liabilities at the year end:

Freebrough Academy

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long-term leasehold property	13,655	3,595	17,250
Computer equipment	60	-	60
Pensions			
Pensions - pension scheme liabilities	(1,037)	-	(1,037)
Net assets	<u>12,678</u>	<u>3,595</u>	<u>16,273</u>

Badger Hill Primary Academy

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long-term leasehold property	3,001	(161)	2,840
Pensions			
Pensions - pension scheme liabilities	(420)	-	(420)
Net assets	<u>2,581</u>	<u>(161)</u>	<u>2,420</u>

Whitecliffe Primary Academy

	Value reported by transferring trust £000	Fair value adjustments £000	Transfer in recognised £000
Tangible fixed assets			
Long-term leasehold property	2,385	(720)	1,665
Pensions			
Pensions - pension scheme liabilities	(519)	-	(519)
Net assets	<u>1,866</u>	<u>(720)</u>	<u>1,146</u>