

Companies House

The Elstree UTC

Annual Report and Financial Statements

31 August 2020

Company Limited by Guarantee
Registration Number
07906423 (England and Wales)



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Reference and administrative information

Members	U H Holdings Limited Elstree Film Studios Limited
Governors/Directors	Mr Roger Morris (Chair) Ms Dalia Smith Mr Brian Larholm Mr Dominic Bygate Mr Geoff Butler Ms Rosemary Allen Mr Phil Healey Mr Simon Evans Mr Andrew Barradell Ms Lauren Christy Mr David Zerafa Mr Chris Mitchell
Company Secretary	Mr Alex Hall
Senior Management Team	1 September 2019 to 31 August 2020
Principal	Chris Mitchell
Vice Principal	Desrae Le Roux (until 31 August 2020)
Assistant Principal	Adele Wallis
Assistant Principal	Nikki Ward
Registered address	The Elstree UTC Studio Way Borehamwood WD6 5NN
Company registration number	07906423 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank plc 67 Lower High Street Town Centre Watford WD17 2DU
Solicitors	Brownejacobson LLP Mowbray House Castle Meadow Road Nottingham NG2 1BJ

Governors' report Year to 31 August 2020

The governors of The Elstree UTC ('the UTC') present their annual report together with the financial statements and the auditor's and accountant's reports of the charitable company for the year to 31 August 2020. The annual report serves the purposes of both a governors' report and a directors' report under company law.

The financial statements have been prepared in accordance with the accounting policies set out on pages 35 to 39 of the attached financial statements and comply with the UTC's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Elstree UTC is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association and the UTC Funding Agreement dated 25 April 2013 made between the UTC and the Secretary of State for Education are the primary governing documents of the Elstree UTC. The governors of Elstree UTC are also the directors of the charitable company for the purposes of company law.

The University of Hertfordshire Higher Education Corporation and Elstree Film Studios Limited are sponsors of the UTC.

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 cease to be a member.

Principal activities

The principal activities of the UTC are in the field of education. Elstree UTC is a 14 - 19 secondary school with a specialism in the creative culture industries. The first cohort of students joined in September 2013.

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

The governors are directors of the charitable company for the purposes of the Companies Act 2006. The following governors were in office at 31 August 2020 and served throughout the year except where shown.

Governor	Appointed/Resigned	Appointing body
Mr Brian Larholm	Appointed 22 May 2014	Parent Governor - Members
Mr Chris Mitchell	Appointed 17 November 2016	Principal
Ms Dalia Smith	Appointed 17 November 2016	Parent Governor - Members
Mr Andrew Barradell	Appointed 18 March 2019	Parent Governor - Members
Mr Roger Morris (Chair)	Appointed 30 August 2012	Employer sponsor (Elstree Film Studios Limited)
Mr Dominic Bygate	Appointed 4th December 2017	University Sponsor
Mr Geoff Butler	Appointed 7th February 2018	Danes Co-opted Governor
Mr David Zerafa	Appointed 15th January 2018	Staff Governor - Members
Miss Lauren Christy	Appointed 18 March 2019	Staff Governor - Members
Mr Simon Evans	Appointed 23 September 2019	Industry Governor – Universal Production Services. Appointed by Employer Sponsor
Ms Rosemary Allen	Appointed 23 September 2019	University Sponsor
Mr Phil Healey	Appointed 23 September 2019	University Sponsor

Method of recruitment and appointment or election of governors***Mandatory categories***

- Up to nine Governors appointed by the Members under Article 50, of whom no less than:
 - ♦ two shall be appointed by UH Holdings Limited; and
 - ♦ two shall be appointed by the Employer Sponsor (Elstree Film Studios Limited).
- Two Parent Governors elected by parents of registered pupils of the UTC (Articles 53-58) through such process as the Board of Governors may determine from time-to-time.
- Principal (ex officio).

Discretionary categories

- Where appointed, up to two Staff Governors can be appointed by the Members (Article 50A) through such process as the Members may determine from time-to-time.
- Where appointed, up to three Co-opted Governors, who are not employees of the UTC, appointed by the Governors who have not themselves been co-opted (Article 59).

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Policies and procedures adopted for the induction and training of governors

Statutory training for governors is in place. The latest DFE Governor handbook was updated in March 2019 and re-circulated to governors. All governors have education training provided to them (CPD certified) including safeguarding, child protection and exclusions training. The EUTC Designated Safeguarding Lead (DSL) further provides in house training as necessary for all governors and those with designated responsibilities for Special Educational Needs and Disabilities (SEND) and Safeguarding.

Further regular training in the form of workshops is provided for governors and governors are invited to regularly visit the UTC so that they have a thorough understanding of the day to day activities and management imperatives for the UTC.

Organisational structure

The day-to-day operation of the UTC is overseen by the Principal who is accountable to the board of governors. The board of governors has oversight of the finances of the UTC and are provided with a monthly breakdown of income and expenditure as part of full monthly management accounts. There are processes and procedures in place for planned expenditure which includes ensuring that value for money is assured. The Elstree UTC has an agreed scheme of delegation in place which includes procurement and payment authorisation procedures. The Principal is the Accounting Officer of the Elstree UTC.

The Lead Sponsors of the Elstree UTC are The University of Hertfordshire and Elstree Film Studios Limited. The board of governors delegates certain responsibilities to two committees:

- ◆ Curriculum and Standards; and
- ◆ Finance, Personnel and Resources

These committees and the full board of governors met a total of 9 times during 2019-20. Each committee has its own terms of reference and an annual schedule of work which is set by the committee and agreed in full by the governing board.

The Senior Management Team meets weekly to ensure the UTC is run effectively from an operational point of view.

In 2019/20, there was a Principal, one Vice Principal and two assistant Principals. Leadership and management responsibilities are distributed through the senior team as follows:

The Principal line manages:

- ◆ the senior leadership team;
- ◆ the Director for Projects and Partnerships;
- ◆ the Finance Manager; and
- ◆ the IT and networks management team.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Organisational structure (continued)

The Principal line manages: (continued)

- ◆ the EA to SLT;
- ◆ the Communications Coordinator;
- ◆ the Admin Coordinator;
- ◆ staff development and performance management; and
- ◆ contracts including facilities management, cleaning and catering with the vice principal.

The Vice Principal line manages:

- ◆ EUTC operations;
- ◆ Facilities and premises;
- ◆ Head of Post 16 and head of KS4
- ◆ SENDCo; and
- ◆ The pastoral team and associated systems.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)**Deployment of teachers**

In 2019/20, the curriculum included the following subjects with the specified contact hours per week:

Teacher	Teaching Sessions
GCSE Maths	5
GCSE English	5
GCSE Science	5
GCSE Film Studies	3
GCSE Drama	3
GCSE Art	3
GCSE Photography	3
GCSE Geography	3
GCSE Computing	3
BTEC Production Technology Level 2	3
BTEC Creative media production Level 2	3
BTEC Production Arts Makeup Level 2	3
BTEC Music Performance Level 2	3
BTEC Music Technology Level 2	3
BTEC Tech Award in Performing Arts Dance Level 2	3
BTEC Level 2 in Business and Enterprise	3
PE at Key Stage 4	1
PSHE at Key Stage 4	1
PSHE at Key Stage 5	1
A Level Maths	5
A Level English Lit	5
A Level Film Studies	5
A Level Drama	5
A Level Art	5
A Level Photography	5
UAL Media Production Level 3 Double	10
UAL Production Arts, Set, Props, Light and Sound Double	10
UAL Art Level 3 Double	10
Tech Level Level 3 in Game Design	5
BTEC Production Arts Makeup Level 3	5
BTEC Dance Level 3	5
BTEC Music Performance Level 3	5
BTEC Music Technology Level 3	5
Extended Project Qualification	2

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Arrangements for setting pay and remuneration of key management personnel

University of Hertfordshire and the board of governors set the Principal's salary on appointment. Subsequent Senior Leadership remuneration was decided by the Principal and approved by the Chair of the governing board. Criteria was based on current salaries, experience and area of responsibilities allocated and bench marking against similar roles in comparable school settings. During the academic year, the Personnel, Premises and Resources Committee scrutinise and approve all salaries. The key management personnel are the senior leadership team.

Trade union facility time

As the UTC does not employ any trade union representatives, there is no cost to the UTC in respect of Facility time, and hence there is nothing to disclose in respect of Trade Union (Facility Time Publication Requirements) Regulations 2017.

Connected organisations, including related party relationships

UH Holdings Limited

UH Holdings Limited is a member of the Elstree UTC as defined in the Articles of Association. It is a wholly owned subsidiary company of the University of Hertfordshire Higher Education Corporation.

University of Hertfordshire Higher Education Corporation

The Elstree UTC works with the University of Hertfordshire, who is the University sponsor of the UTC, providing advice and guidance.

Elstree Film Studios Limited

Elstree Film Studios Limited is a member of the Elstree UTC as defined in the Articles of Association. Elstree Film Studios provides guidance and expertise in key technical areas which are at the core of the Elstree UTC.

Herts & Bucks Teaching School Alliance Limited

Herts & Bucks Teaching School Alliance is providing educational and governance support as part of a grant awarded by the Department of Education

Danes Educational Trust

Elstree UTC and Danes Educational Trust (DET) have had a Service Level Agreement in place for the academic year 2018-19 for finance and payroll support.

OBJECTIVES AND ACTIVITIES

Objects and aims

The UTC's objects are specifically restricted to the following: 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 a school offering a broad and balanced curriculum, which includes provision for technical education.

The purpose of the Elstree UTC is to educate 14-19 year olds with a focus on the specialist area of Multimedia, Production Arts and behind the scenes entertainments technologies alongside approved qualifications such as GCSE, A Level and equivalents. The UTC aims to prepare our 14-19 year old students for the world of work, Apprenticeships and Further/Higher Education via development of employability skills.

Our Vision

To create a learning environment which is inspiring and professional, where students' dreams are valued and young people develop the creative resilience and practical resourcefulness to achieve their aspirations.

Our Mission

To support and challenge each of our students to become culturally competent through inspiring academic study and technically capable through industry standard vocational learning enabling our students to be creative professionals and resilient lifelong learners.

Our Values

Be resilient and confident; respectful and professional.

Be curious and show a Passion for Learning.

Use the power in your dreams to achieve beyond the minimum.

The comprehensive College Development Plan includes the following:

♦ **Data for Progress (AWA)**

Using SIMS and 4Matrix to track and improve students so that a minimum of 70% meet or exceed their targets and 33% of students to achieve or surpass their challenge target grade.

♦ **Supporting the Core (AWA)**

To ensure that outcomes rise in core subjects and in academic subjects at post 16. To ensure that consistently excellent teaching raises students' outcomes by creating opportunities for higher order thinking (including DARTs and regular evaluative and analytical homework). Teaching right across the college, and especially in academic subjects, must engage learners so that passivity and 'coasting' are challenged. To see English and Maths above national averages in outcomes and an improved P8 score compared to last year.

OBJECTIVES AND ACTIVITIES (continued)

Our Values (continued)

- ♦ **Teaching, Learning, Questioning and Feedback** (NWA)
Embed our consistent approach to lesson planning and delivery including our EUTC 'fundamentals' and personalisation through high quality first teaching. Regular progress dialogue (dialogue logs and marking), questioning, home learning and DARTs - all shared through consistent use of Google Classroom.
- ♦ **Attendance Intervention** (DLE)
Sustain and improve student attendance especially at key stage 4 and among disadvantaged students to see attendance above 93.5%
- ♦ **Supporting our disadvantaged learners** (CMI and DLE)
To develop and implement an inclusion provision map which identifies disadvantaged learners (SEND, SEMH and PP) and intervenes to support them to make accelerated progress and to improve attendance including through quality first teaching, in class support, Accelerated Reader and counselling services and referrals. To see the achievement gap between progress of disadvantaged learners close when compared to other learners.

Public Benefit

The Elstree UTC governors, as trustees, have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties.

The activities undertaken to further the Elstree UTC's purposes for the public benefit include:

- ♦ Masterclass programme (known as EPICs - visiting speakers from industry teaching and inspiring our learners);
- ♦ Projects (industry links, media productions made in response to actual industry briefs, workshops and practical experience);
- ♦ High-quality work placements (including with our partners - BBC Elstree and Elstree Studios);
- ♦ Social enterprise (working with groups on community and charity projects);
- ♦ Personal, Social, Health Education through assembly programme, visiting speakers, learning materials, advice and counselling and tutor sessions; and
- ♦ Trips and visits (local, regional, national, European to support UTC based learning and curriculum).

STRATEGIC REPORT

Achievements and performance

Covid 19 and the subsequent lockdown led to the cancellation of formal examinations in 2019/20. Students' outcomes were calculated on the basis of centre assessed grade predictions submitted to exam boards. These 'centre grades' were then moderated nationally using algorithms. There was some controversy about the impact of this process on student outcomes nationally. Therefore, the results published in August 2020 do not formally count to any league tables or national records. Nonetheless, EUTC results rose again in line with our 3 year trajectory of improved KS4 results. EUTC is still showing improved progress and improved outcomes for our young people.

As a specialist educator in cultural arts and technology, we are especially pleased to report that for the 5th year in a row, our specialist subject outcomes continue to be outstanding.

At post 16 100% of students have achieved passes and above in level 3 qualifications and A Levels and over three quarters of all our students met or exceeded their targets.

In our Level 4 diploma for year 14 students, 100% of students achieved Distinction.

Overall KS4 Achievement and Progress Data - August 2020 GCSE and BTEC overall percentages

Whole Year Group	Boys	Girls	FSM	SEN
90	37	53	18	36

Students attaining a 5+ in English (strong pass)	47%
Students attaining a 5+ in Maths (strong pass)	39%
Students attaining 4+ in English (Standard Pass)	73%
Students attaining 4+ in Maths (strong pass)	67%
Students attaining 4+ grades in at least two GCSE sciences	50%

Inspection

Ofsted carried out a full section 5 inspection in September 2019. The school was judged to be GOOD in every category. The school improvement is evident over the last 3 years. The full inspection can be found here - <https://reports.ofsted.gov.uk/provider/23/139416>

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Post 16 Achievement and performance

Headlines -

- ◆ 77% of students have met or exceeded their targets across all subjects.
- ◆ 100% of students have passed level 3 qualifications.
- ◆ Specialist subjects such as Specialist Production Makeup, Production Arts

Technology, Film Studies, Art, Sociology & Culture, Games design and Music performance have seen impressive results with an average of 91% of students studying these specialist subjects achieving A* to C or equivalent.

Destinations

Students have attained places at prestigious creative universities to keep studying our specialist subjects including:

- ◆ Games Art & Design at Bournemouth University
- ◆ Film & Television Production at University of Bristol
- ◆ 3D Computer animation at University of Hertfordshire
- ◆ 3D Games Art and Design at University of Hertfordshire
- ◆ Hair, Makeup and Prosthetics for Performance at University Arts London
- ◆ (London College of Fashion)
- ◆ Fine Art at Goldsmiths
- ◆ Fine Art at University of Brighton
- ◆ Model Design and Creative Effects at University of Hertfordshire
- ◆ Music Performance at BIMM
- ◆ Sound engineering and installation at BIMM
- ◆ Music at Leeds Conservatoire

STRATEGIC REPORT (continued)

Achievements and performance (continued)

Destinations (continued)

Subject headlines -

- ♦ Sociology A Level - 100% A*-C
- ♦ Games Art and Design - 100% Distinction* - Merit
- ♦ Maths A Level - 85% A*-C
- ♦ Film Studies A Level - 71% A*-C
- ♦ Level 3 Creative Arts - 100% Distinction* - Merit
- ♦ Specialist Production Make Up - 94% Distinction-Distinction* and 100%
- ♦ Distinction* to Merit
- ♦ Level 3 Music Performance - 93% Distinction-Distinction* and 100%
- ♦ Distinction* - Merit
- ♦ Level 4 professional diploma in technical & production practice for the creative industries - 100% Distinction

Pupil attendance data:

	Cohort	Attendance target	Actual Attendance
Year 10	89	95%	87.92%
Year 11	93	95%	87.87%
Year 12	119	95%	93.43%
Year 13	92	95%	92.62%

Student attendance was clearly impacted by Covid19 and the subsequent lock down. This was true at EUTC and nationally. During lockdown, EUTC was highly innovative in the provision of 'virtual lessons' online providing students with face-to-face teaching and support via safe video conferencing. This meant that during lockdown all students were still able to 'virtually' attend school. EUTC remained open to the children of key workers and all vulnerable and / or 'at risk' children. We saw attendance drop during this period of lockdown but our overall attendance online was still 88%, which was evidence of good engagement levels. Schools Week reported that the national average for online attendance to school during lockdown was around 35% so our engagement levels were very good and well above national average.

STRATEGIC REPORT (continued)

Students Virtual attendance during Lock Down [April 2020 to July 2020]

YEAR 10			YEAR 12		
	58	66%		62	52%
	20	23%		42	35%
	10	11%		15	13%
Total			Total		
89%			87%		

Going concern

After making appropriate enquiries, the Governors have a reasonable expectation that the UTC has adequate resources to continue in operational existence beyond the next financial year. In particular, the board of governors considers that a combination of the following factors should allow the UTC to deliver a sustainable financial model and to manage cash flow sufficiently:

- ◆ Our cash reserves at the balance sheet date meet the UTC's immediate needs, and cover the expected clawback of General Annual Grant caused by a temporary dip in student numbers;
- ◆ We are in negotiation with the ESFA regarding the timing of clawback and support, as well as the long-term plans for the sustainability of the UTC. As our primary funder and key stakeholder, they have proved flexible and supportive;
- ◆ The Government announced in January 2017 that UTCs would each receive an additional £200,000 per year for three years. Elstree UTC is in receipt of this funding, and have agreed to the terms of this transition funding;
- ◆ Elstree UTC is scheduled to join a Multi Academy trust in 2021 and the rebrokerage includes renegotiation of the PNA clawback.

Student numbers rose again in 2019/20. However Covid 19 may have some impact on the admissions process for 2020/21. We continue to take steps to maximise student recruitment, including by engaging with the local authority, the Baker Dearing Trust, parents and potential students to raise awareness and to demonstrate the uniqueness of what the UTC offers key stage 4 and post 16 students. Given our imminent transfer into a high performing MAT and the recent improvement in Ofsted judgement, we are conservatively forecasting an increase of 30 students in the current admissions process putting our student numbers above the MVN by September 2020. We also have developed our year 14 and are engaging in curriculum design and implementation for an employment training year partnered by industry. We expect this to pilot with 12 students in 2020/21 and grow to 30 to 50 students by 2021/22.

Given that EUTC remains in close communication with the ESFA regarding a negotiated repayment plan of the outstanding PNA and student numbers are growing again in line with MVN, governors are satisfied to continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

STRATEGIC REPORT (continued)

Financial review

Financial report for the year

The majority of the UTC's income is obtained from the ESFA in the form of a recurrent grant, the use of which is restricted to particular purposes. The grants received during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

Covid-19 has required that the school make some unplanned investments in mitigation requirements such as hand sanitiser stations, additional cleaning costs, signage, PPE and associated cover requirements. We have recorded these costs as Covid related expenditure.

The UTC's total income was £3,012,000 (2019: £2,796,000) and the total expenditure was £3,098,000 (2019: £2,770,000) for the year.

At the 31 August 2020 the net book value of the fixed assets was £11,324,000 (2019: £11,501,000) and movements in tangible fixed assets are shown in note 11 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the UTC. The operational surplus for the year ended 31 August 2020 was £185,000 (2019: surplus £288,000). In the current year this included £200,000 (2019: £200,000) of transitional funding and increased pupil number funding and £13,000 (2019: nil) of revenue reserves spent on fixed assets.

Reserves policy

The UTC is in year 7 of operation (2019-20). The building works are now complete with the exception of one area (still mothballed) and the need for an additional perimeter fence due to new domestic residences recently built adjacent to the college campus. The UTC was successful in their bid to the ESFA and Hertsmere County Council for capital works to begin in April 2020 to construct a new safeguarding perimeter, new pedestrian and vehicular access and associated landscaping. The works are due to be completed in Spring 2021. The 'mothballed' top floor has also received ESFA approval for refurbishment, as part of the re-brokerage into a multi academy trust, and this will be scheduled once EUTC joins the multi academy trust.

Now in its 7th year, the EUTC also requires some technology and IT refresh. Our current reserves are too low and the governors and the senior leadership team are reviewing the financial situation with the view to ensuring that in excess of two months operating costs will be accrued in reserves over the next few years in line with increased student numbers.

Restricted general fund – The ESFA provides regular guaranteed remittances to the UTC and therefore a large proportion of the income and expenditure for any academic year is predictable. This reduces the need to hold reserves for the current academic year in terms of working capital, cash flow and uncertainties. As at 31 August 2020, restricted general funds amounted to a surplus of £40,000 (2019: deficit £133,000).

STRATEGIC REPORT (continued)

Financial review (continued)

Reserves policy (continued)

Unrestricted funds (free reserves) – The governors aim to build up free reserves to meet the UTC's objectives and to meet any future liabilities as they fall due. The free reserves will also serve to meet the UTC's longer-term objectives and ensure that it is a going concern for the benefit of the students of the UTC and other schools and the local community. As at 31 August 2020 unrestricted general funds amounted to £70,000 (2019: £58,000).

Free reserves will be built by surpluses generated through unrestricted business activities of the UTC, currently lettings and investment income.

Restricted pension reserve – The UTC's employees belong to one of two defined benefit pension schemes, the Teachers' Pension Scheme and the Local Government Pension Scheme. The pension costs and liabilities are assessed by independent actuaries and the value of the deficit in the Local Government Pension Scheme is reported in the pension reserve in the UTC's financial statements annually.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of an academy trust closure, outstanding Local Government

Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Investment policy

The governors' investment powers are governed by the articles of association, which permit the UTC's funds, not immediately required, to be invested in furtherance of its objects after obtaining expert financial advice. The UTC did not engage in any investment of surplus funds during the year under review.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks continue to be around the need for increased student recruitment in order to finance technology refresh and build appropriate levels of financial reserves.

Financial and risk management objectives and policies

During this period, the risks were as follows:

♦ **Pupil Numbers**

Elstree UTC has now achieved its PAN in year 10 and 11. This is an important milestone in sustainable student recruitment. However, EUTC continues to be slightly undersubscribed (by 20 to 30 students in post 16). It is difficult to predict increased numbers next year due to the disruption of Covid 19 on our admission process. However, the overall trajectory of our student numbers continues to be up and we expect the development of our 'industry year14' to be an effective recruitment strategy. Although unlikely, were student numbers to fall, Elstree UTC could face cash flow problems, which would constitute a financial risk.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Financial and risk management objectives and policies (continued)

♦ **Lagged Funding**

EUTC is expanding. However, the college is funded on the number of students on role in the previous academic year. Therefore, while we have 423 students currently on role, we are funded on 413. This means that EUTC is not receiving all the money within the academic year for the number of students on role, meaning costs can be higher than income.

FUNDRAISING

The UTC currently has no fundraising activities other than the Parents Association any donations received are entirely voluntary.

FUTURE PLANS

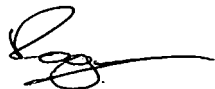
Join Danes Educational Trust in 2021

AUDITOR

In so far as the governors are aware:

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

Governors' report, incorporating a strategic report, approved by order of the board of governors on 7 December 2020 and signed on their behalf by:



Mr R Morris
Chair of Governors

Scope of responsibility

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

The board of governors have delegated the day-to-day responsibility to the Principal, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between the UTC and the Secretary of State for Education. The Principal is also responsible for reporting to the board of governors any material weaknesses or breakdowns in internal control.

Governance

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

The information on governance included here supplements that described in the governors' report and in the statement of governors' responsibilities. The full board of governors has formally met 3 times during the year. Attendance during the year at meetings of the board of governors was as follows:

Governor	Meetings attended	Out of a possible
Brian Larholm	3	3
Roger Morris	2	3
Chris Mitchell	3	3
Dalia Smith	3	3
Andrew Barradell	0	3
Alex Hall	2	3
Dominic Bygate	3	3
David Zerafa	2	3
Lauren Christy	2	3
Phil Healey	1	3
Rosemary Allen	2	3
Simon Evans	2	3
Geoff Butler	3	3

Governance (continued)

Governance reviews

Attendance at joint Finance, Personnel and Resources meetings in the year was as follows:

Governor	Meetings attended	Out of a possible
Brian Larholm (Chair)	1	2
Chris Mitchell	2	2
Dalia Smith	2	2
Dominic Bygate	1	1
David Zerafa	2	2
Lauren Christy	1	2

Review of value for money

As Accounting Officer, the Principal has responsibility for ensuring that the UTC 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 UTC's use of its resources has provided good value for money during the academic year, and reports to the governors where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the UTC has delivered and improved value for money during the year by:

- ♦ The Elstree UTC is committed to raising student attainment and therefore reputation to increase word of mouth and improve student recruitment. The UTC has in place rigorous tracking of student progress and achievement, with underachievement identified early and focused interventions and individualised care packages put in place as appropriate. The UTC sets itself high targets. The Improvement Plan has set out very clear targets for student achievement with a clear focus on working towards achieving outstanding outcomes. The UTC also tracks attendance and behaviour of all students. The UTC applies a range of strategies to ensure that attendance is in line with the national average.
- ♦ The UTC has an effective targeted continued professional development programme. This programme is delivered centrally by appropriately skilled trained staff. This programme focuses on developing and enhancing management and leadership skills. The programme is cost efficient and enables staff to share good practice and work together. This programme has raised motivation and morale and thus has been crucial in aiding retention and thereby reducing the need to recruit. The programme has had a positive impact on the quality of lessons and departmental resources. Staff have attended these twilight sessions and therefore have still been able to deliver the scheduled timetabled lessons.

Review of value for money (continued)

- ♦ The UTC benchmarks financial performance and procurement against other academies and UTCs to demonstrate that the UTC provides good value for money and efficient use of resources to support the continued progress of our students.

Governance statement 31 August 2020

- ◆ The UTC secured the assurance services of an independent finance consultant and chartered accountant to conduct in year quality assurance checks and reports.
- ◆ The Principal has conducted reviews of pay and benchmarking against national pay scales to ensure fair and reasonable rates of pay and progression for staff.
- ◆ The Elstree UTC promotes fair competition through tendering procedures which are in accordance with its Financial Regulations. Goods and services are secured in the most economic, efficient and effective way. The Governing Body regularly reviews the functions of the UTC, challenging how and why services are provided and setting targets and performance indicators for improvement.
- ◆ The UTC explores every opportunity to generate income through the hire of the college facilities and associated services, and providing support to other schools and academies. In 2019-20, the UTC has continued to use the services of 'Schools Plus' to manage the hires of the facilities and services and to secure additional clients. The number of regular hire clients has increased from four to nine.
- ◆ The Principal and Assistant Principal for curriculum have reviewed and reduced the curriculum model to maximise class sizes and staff deployment and to increase appropriate courses for students.
- ◆ The links that the UTC has with business and charities has enabled group of students to benefit from a wide range of learning activities and morale raising events. To that end, students have benefited from work experience opportunities, events at the House of Commons, Merchant Taylors Hall and at the University of Hertfordshire. These opportunities have enabled students to display and develop skills.
- ◆ The work of the Elstree UTC has been guided at all times by the principles of best value, namely:
 - ◆ The allocation of resources to best promote the aims and values of the UTC.
 - ◆ The targeting of resources to best improve standards and the quality of provision.
 - ◆ The use of resources to support the various educational needs of all students.
 - ◆ Clearly defined purchasing guidelines including regular appraisal and renegotiation of services and contracts.
 - ◆ Delegation of authority and segregation of duties.
 - ◆ Identification and management of risks.

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 ongoing process designed to identify and prioritise the risks to the achievement of the UTC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The UTC secured the assurance services of an independent finance consultant and chartered accountant to conduct in year quality assurance checks and reports. This system of internal control has been in place at the UTC for the year ended 31 August 2020 and up to the date of approval of the annual report. Please see the further comments below.

Capacity to handle risk

The board of governors has reviewed the key risks to which the UTC is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of governors is of the view that there is a formal ongoing process for identifying, evaluating and managing the UTC's significant risks that has been in place for the year ended 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 governors.

The risk and control framework

The UTC'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. EUTC operates a monthly cycle of management accounts review shared with the Finance committee every period.

The governors are satisfied that EUTC follows robust processes and controls which ensures compliance with the standards expected under the Academies Financial Handbook. The UTC receives financial direction from the Danes Educational Trust as part of an SLA prior to associate membership from September 2020.

The framework for risk and control will include the following going forward:

- ◆ HCSS budgeting system with an annual budget and periodic financial reports which are reviewed and agreed by the board of governors;
- ◆ regular reviews by the Personnel, Premises and Resources Committee of reports which indicate financial performance against the forecasts;
- ◆ setting targets to measure financial and other performance;
- ◆ clearly defined purchasing guidelines;
- ◆ delegation of authority and segregation of duties;
- ◆ identification and management of risks.

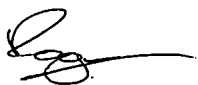
Review of effectiveness

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

- ♦ the outcomes from the internal assurance review;
- ♦ the work of the external auditor;
- ♦ the financial management and governance self-assessment process;
- ♦ the work of the Senior Management Team within the UTC who have responsibility for the development and maintenance of the internal control framework.
- ♦ The consultancy, support and oversight of the Financial Services Director at Danes Educational Trust.

The Accounting Officer has advised the Finance Personnel, and Resources Committee of the implications of her review of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the board of governors on 7 December 2020 and signed on their behalf by:



Mr R Morris
Chair of Governors



Mr C Mitchell
Accounting Officer

Statement on regularity, propriety and compliance 31 August 2020

As Accounting Officer of Elstree UTC, I have considered my responsibility to notify the UTC board of governors and the Education and Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the UTC and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the UTC board of governors are able to identify any material irregular or improper use of funds by the UTC, or material non-compliance with the terms and conditions of funding under the UTC's funding agreement and the Academies Financial Handbook 2016.

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 governors and the ESFA.



Mr C Mitchell
Accounting Officer
Date: 7 December 2020

Statement of governors' responsibilities 31 August 2020

The governors (who are also the directors of the UTC for the purposes of company law) are responsible for preparing the governors' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the governors to prepare financial statements for each financial year. Under company law, the governors 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 UTC and of its income and expenditure for that period. In preparing these financial statements, the governors are required to:


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

The governors are responsible for keeping adequate accounting records that are sufficient to show and explain the UTC's transactions and disclose with reasonable accuracy at any time the financial position of the UTC 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 UTC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The governors are responsible for the maintenance and integrity of the corporate and financial information included on the UTC'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 board of governors on 7 December 2020 and signed on their behalf by:



Mr R Morris
Chair of Governors

Independent auditor's report to the members of The Elstree UTC

Opinion

We have audited the financial statements of The Elstree UTC (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 and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP FRS 102) and the Academies Accounts Direction 2019 to 2020.

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information (covers the reference and administrative details, the report of the governors and strategic report, and the governance statement)

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of governors

As explained more fully in the governors' responsibilities statement, the governors (who are also the directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the governors 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 governors are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless governors 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 the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 17 December 2020

Independent reporting accountant's assurance report on regularity to Elstree UTC and the Education and Skills Funding Agency

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

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

Respective responsibilities of Elstree UTC's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Elstree UTC's funding agreement with the Secretary of State for Education dated 27 April 2013 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2019 to 31 August 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

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



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 17 December 2020

Statement of financial activities Year to 31 August 2020
(including income and expenditure account)

	Notes	Unrestricted general fund £'000	Restricted funds		2020 Total funds £'000	2019 Total funds £'000
			General £'000	Fixed assets fund £'000		
Income from:						
Donations and capital grants	1	3	—	12	15	7
Charitable activities						
· Funding for the UTC's educational operations	3	—	2,904	—	2,904	2,665
Other trading activities	2	93	—	—	93	124
Total income		96	2,904	12	3,012	2,796
Expenditure on:						
Charitable activities						
· UTC's educational operations	5	84	2,794	220	3,098	2,770
Total expenditure		84	2,794	220	3,098	2,770
Net income (expenditure)		12	110	(208)	(86)	26
Transfers between funds	14	—	(13)	13	—	—
Other recognised gains or losses						
Actuarial gain (loss) on defined benefit pension scheme	18	—	8	—	8	(45)
Net movement in funds		12	105	(195)	(78)	(19)
Reconciliation of funds						
Total fund balances brought forward at 1 September 2019		58	(247)	11,519	11,330	11,349
Total fund balances carried forward at 31 August 2020		70	(142)	11,324	11,252	11,330

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

Balance sheet 31 August 2020

	Notes	2020 £'000	2020 £'000	2019 £'000	2019 £'000
Fixed assets					
Tangible fixed assets	10		11,323		11,501
Current assets					
Debtors	11	53		48	
Cash at bank and in hand		402		467	
		455		515	
Liabilities					
Creditors: amounts falling due within one year	12	(344)		(405)	
Net current assets			111		110
Total assets less current liabilities			11,434		11,611
Creditors: amounts falling due after more than one year	13		—		(167)
Net assets excluding pension scheme liability			11,434		11,444
Pension liabilities	18		(182)		(114)
Total net assets			11,252		11,330
Restricted funds					
Fixed assets fund	14		11,324		11,519
Restricted income fund	14		40		(133)
Pension reserve	14		(182)		(114)
Total restricted funds			11,182		11,272
Unrestricted income funds					
General fund	14		70		58
Total funds			11,252		11,330

The financial statements on pages 31 to 53 were approved by the governors, and authorised for issue on 7 December 2020 and are signed on their behalf by:



Mr R Morris
Chair of Governors
Elstree UTC
Company Limited by Guarantee
Registration Number: 07906423 (England and Wales)

Statement of cash flows Year to 31 August 2020

		2020 £'000	2019 £'000
Net cash flows from operating activities			
Net cash (used in) provided by operating activities	A	(35)	29
Cash flows from investing activities			
	B	(30)	7
Change in cash and cash equivalents in the year		(65)	36
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2019		467	431
Cash and cash equivalents at 31 August 2020	C	402	467

A Reconciliation of net (expenditure)income to net cash flow from operating activities

	2020 £'000	2019 £'000
Net (expenditure)/income for the year (as per the statement of financial activities)	(86)	26
Adjusted for:		
Depreciation (note 10)	220	234
Capital grants from DfE	(12)	(7)
Defined benefit pension scheme finance cost	3	1
Defined benefit pension scheme cost less contributions payable (note 18)	73	34
(Increase) decrease in debtors	(5)	13
Decrease in creditors	(228)	(272)
Net cash provided by (used in) operating activities	(35)	29

B Cash flows from investing activities

	2020 £'000	2019 £'000
Purchase of tangible fixed assets	(42)	—
Capital grant from DfE/ESFA	12	7
Net cash (used in) provided by investing activities	(30)	7

C Analysis of cash and cash equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	402	467
Total cash and cash equivalents	402	467

Statement of cash flows Year to 31 August 2020

D Analysis of changes in net debt

	At 1 September 2019 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 August 2020 £'000
Cash at bank	467	(65)	—	402
Total	467	(65)	—	402

Principal accounting policies Year to 31 August 2020

Statement of accounting policies

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

Basis of preparation

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

The Elstree UTC meets the definition of a public benefit entity under FRS 102.

Going concern

The governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The governors 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 UTC has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the UTC's ability to continue as a going concern.

Governors continue to engage with the ESFA regarding support, including timing of funding and clawback.

Income

All income is recognised when the UTC has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Grants

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

Principal accounting policies Year to 31 August 2020

Income (continued)

Grants (continued)

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

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

Donations

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

Other income

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

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.

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the statement of financial activities and carried forward in the balance sheet. Depreciation on such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the UTC's depreciation policy.

Principal accounting policies Year to 31 August 2020

Tangible fixed assets (continued)

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

♦ Freehold buildings	2% per annum
♦ Fixtures, fittings and equipment	20% per annum
♦ IT equipment	20% per annum

Depreciation is charged from the month of acquisition.

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

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

Liabilities

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 11. Prepayments are not financial instruments.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 12. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Taxation

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

Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the UTC in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 18, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

Fund accounting

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

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

Principal accounting policies Year to 31 August 2020

Fund accounting (continued)

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 18, 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.

Notes to the Financial Statements Year to 31 August 2020

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020					
Capital grants	—	—	12	12	7
Other donations	3	—	—	3	—
	3	—	12	15	7

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed asset funds £'000	2019 Total funds £'000
2019				
Capital grants	—	—	7	7
	—	—	7	7

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020				
Hire of facilities/lettings income	10	—	10	19
Trip income	11	—	11	15
Catering income	61	—	61	75
Miscellaneous income	11	—	11	15
	93	—	93	124

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
2019			
Hire of facilities/lettings income	19	—	19
Trip income	15	—	15
Catering income	75	—	75
Miscellaneous income	15	—	15
	124	—	124

Notes to the Financial Statements Year to 31 August 2020

3 Funding for UTC's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2020 Total funds £'000	2019 Total funds £'000
2020				
DfE / ESFA revenue grants				
. General Annual Grant (GAG)	—	2,627	2,627	2,498
. Other DfE/ESFA grants	—	242	242	135
	—	2,869	2,869	2,613
Other Government grants				
. Local authority grants	—	33	33	52
Exceptional government funding				
Coronavirus exceptional support	—	2	2	—
2020 Total funds	—	2,904	2,904	2,665

The UTC has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding" and covered £2,000 of catering costs.

	Unrestricted funds £'000	Restricted funds £'000	2019 Total funds £'000
2019			
DfE / ESFA revenue grants			
. General Annual Grant (GAG)	—	2,478	2,498
. Other DfE/ESFA grants	—	135	135
	—	2,613	2,613
Other Government grants			
. Local authority grants	—	52	52
2019 Total funds	—	2,665	2,665

Notes to the Financial Statements Year to 31 August 2020

4 Expenditure

	Non pay expenditure			2020 Total funds £'000	2019 Total funds £'000
	Staff costs (note 7) £'000	Premises £'000	Other costs £'000		
2020					
UTC's educational operations					
. Direct costs	1,629	220	212	2,061	1,845
. Allocated support costs	479	293	265	1,037	925
	2,108	513	477	3,098	2,770

	Non pay expenditure			2019 Total funds £'000
	Staff costs (note 7) £'000	Premises £'000	Other costs £'000	
2019				
UTC's educational operations				
. Direct costs	1,434	234	177	1,845
. Allocated support costs	351	302	272	925
	1,785	536	449	2,770

	2020 Total funds £'000	2019 Total funds £'000
Net income (expenditure) for the year includes:		
Depreciation	220	234
Fees payable to auditor for:		
Audit of financial statements		
. Current year	10	9
Other services	8	9

5 Charitable activities

	2020 Total funds £'000	2019 Total funds £'000
Direct costs	2,061	1,845
Support costs	1,037	925
	3,098	2,770

Notes to the Financial Statements Year to 31 August 2020

5 Charitable activities (continued)

	2020 Total funds £'000	2019 Total funds £'000
Analysis of support costs		
Support staff costs	479	351
Technology costs	32	54
Premises costs	293	302
Legal costs	—	—
Other support costs	223	175
Governance costs	10	43
Total support costs	1,037	925

6 Comparative information

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

	Unrestricted general fund £'000	Restricted funds		2019 Total funds £'000
		General £'000	Fixed assets fund £'000	
Income from:				
Donations and capital grants	—	—	7	7
Charitable activities				
· Funding for the UTC's educational operations	—	2,665	—	2,665
Other trading activities	124	—	—	124
Total income	124	2,665	7	2,796
Expenditure on:				
Charitable activities				
· UTC's educational operations	123	2,413	234	2,770
Total expenditure	123	2,413	234	2,770
Net income (expenditure)	1	252	(227)	26
Other recognised gains or losses				
Actuarial (loss) on defined benefit pension scheme	—	(45)	—	(45)
Net movement in funds	1	207	(227)	(19)
Reconciliation of funds				
Total fund balances brought forward at 1 September 2018	57	(454)	11,746	11,349
Total fund balances carried forward at 31 August 2019	58	(247)	11,519	11,330

7 Staff

(a) Staff costs

Staff costs during the year were:

	2020 £'000	2019 £'000
Wages and salaries	1,544	1,341
Social security costs	147	139
Pension costs*	315	243
	2,006	1,723
Supply staff costs	99	62
Staff restructuring costs	3	—
	2,108	1,785

Staff restructuring costs comprise	2020 £'000	2019 £'000
Severance payments	3	—
	3	—

One (2019: nil) non contractual severance payment of £3,000 was paid to one member of staff in 2019/20 (2019: nil)

(a) Staff numbers

The average number of persons (including the senior management team) employed by the charitable company during the year ended 31 August 2020 expressed on an average headcount basis was as follows:

Charitable activities	Headcount 2020 No.	Headcount 2019 No.
Teachers	31	27
Administration and support	13	11
Management	4	4
	48	42

(b) Higher paid staff

The number of employees whose emoluments (excluding employers' pension liabilities) fell within the following bands was:

Charitable activities	2020 No.	2019 No.
£60,001 - £70,000	—	2
£70,001 - £80,000	1	—
£90,001 - £100,000	—	1
£100,001 - £110,000	1	—

7 Staff (continued)

(c) Key management personnel

The key management personnel of the UTC comprise the governors and the senior management team as listed on page 1. The total amount of employee benefits (including employee pension contributions) received by key management personnel for their services to the UTC was £388,000 (2019: £346,000).

8 Governors' remuneration and expenses

The Principal and staff Governors only receives remuneration in respect of services they provide undertaking the role of employees and not in respect of their services as governors. Other governors did not receive any payments, other than expenses, from the UTC in respect of their role as governors. The value of governors' remuneration and other benefits was as follows:

	2020 £'000	2019 £'000
Chris Mitchell, Headteacher and trustee		
· Remuneration	100 – 105	90 – 95
· Employer's pension contributions	20 – 25	10 – 15
D Zerafa, Staff governor and trustee		
· Remuneration	30 – 35	25 – 30
· Employer's pension contributions	5 – 10	0 – 5
L Christie, Staff governor and trustee		
· Remuneration	45 – 50	40 – 45
· Employer's pension contributions	10 – 15	0 – 5

Other related party transactions involving the governors are set out in note 20.

9 Governors' and Officers' insurance

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

Notes to the Financial Statements Year to 31 August 2020

10 Tangible fixed assets

	Freehold land and buildings £'000	Furniture and equipment £'000	Computer equipment £'000	Total £'000
Cost				
At 1 September 2019	12,628	1,686	721	15,035
Additions	—	—	43	43
At 31 August 2020	12,628	1,686	764	15,078
Depreciation				
At 1 September 2019	1,172	1,681	681	3,534
Charge in year	206	2	12	220
At 31 August 2020	1,378	1,683	693	3,754
Net book value				
At 31 August 2020	11,250	3	71	11,324
At 31 August 2019	11,456	5	40	11,501

11 Debtors

	2020 £'000	2019 £'000
Trade debtors	2	10
VAT recoverable	12	20
Other debtors	—	7
Prepayments and accrued income	39	11
	53	48

12 Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Trade creditors	37	24
Taxation and social security	46	38
ESFA: abatement of GAG	227	260
Other creditors	10	14
Accruals	24	69
	344	405
Deferred income		
Deferred income at 1 September 2019	40	40
Released during the year	(40)	(40)
Resources deferred in the year	—	40
Deferred income at 31 August 2020	—	40

Deferred income relates to rates relief received for the year ended 31 August 2019.

Notes to the Financial Statements Year to 31 August 2020

13 Creditors: amounts falling due in greater than one year

	2020 £'000	2019 £'000
ESFA creditors: abatement of GAG	—	167
	—	167

14 Funds

	Balance at 1 September 2019 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2020 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	(220)	2,627	(2,441)	(13)	(47)
. Pupil premium	—	65	(65)	—	—
. Other restricted funds	87	212	(212)	—	87
. Pension reserve	(114)	—	(76)	8	(182)
	(247)	2,904	(2,794)	(5)	(142)
Restricted fixed asset funds					
. DfE/ESFA capital grants	11,256	12	(220)	—	11,048
. Capital expenditure from GAG	261	—	—	13	274
. Bursary funds	2	—	—	—	2
	11,519	12	(220)	13	11,324
Total restricted funds	11,272	2,916	(3,014)	8	11,182
Unrestricted funds					
. General funds	58	96	(84)	—	70
Total unrestricted funds	58	96	(84)	—	70
Total funds	11,330	3,012	(3,098)	8	11,252

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

ESFA revenue grant fund and other restricted funds

Restricted general funds

This fund represents grants received for the UTC operational activities and development. The pension reserve relates to the UTC's share of the deficit to the Local Government Pension Scheme administered by Hertfordshire County Council.

General Annual Grant (GAG)

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

Fixed asset fund

These grants relate to funding received from the DfE, to carry out works of a capital nature as part of the building project.

Notes to the Financial Statements Year to 31 August 2020

14 Funds (continued)

Unrestricted funds

The unrestricted funds represent funds available to the governors to apply for the general purposes of the UTC.

Comparative information

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

	Balance at 1 September 2018 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	Balance at 31 August 2019 £'000
ESFA revenue grant fund					
. General Annual Grant (GAG)	(507)	2,478	(2,191)	—	(220)
. Pupil premium	—	50	(50)	—	—
. Other restricted funds	87	137	(137)	—	87
. Pension reserve	(34)	—	(35)	(45)	(114)
	(454)	2,665	(2,413)	(45)	(247)
Restricted fixed asset funds					
. DfE/ESFA capital grants	11,483	7	(234)	—	11,256
. Capital expenditure from GAG	261	—	—	—	261
. Bursary funds	2	—	—	—	2
	11,746	7	(234)	—	11,519
Total restricted funds	11,292	2,672	(2,647)	(45)	11,272
Unrestricted funds					
. General funds	57	124	(123)	—	58
Total unrestricted funds	57	124	(123)	—	58
Total funds	11,349	2,796	(2,770)	(45)	11,330

15 Analysis of net assets between funds

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset fund £'000	Total 2020 £'000	Total 2019 £'000
Fund balances at 31 August 2020 are represented by:					
Tangible fixed assets	—	—	11,323	11,323	11,501
Current assets	70	384	1	455	515
Current liabilities	—	(344)	—	(344)	(405)
Non-current liabilities	—	—	—	—	(167)
Pension scheme liabilities	—	(182)	—	(182)	(114)
Total net assets	70	(142)	11,324	11,252	11,330

15 Analysis of net assets between funds (continued)

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset fund £'000	Total 2019 £'000
<i>Fund balances at 31 August 2019 are represented by:</i>				
Tangible fixed assets	—	—	11,501	11,501
Current assets	58	439	18	515
Current liabilities	—	(405)	—	(405)
Non-current liabilities	—	(167)	—	(167)
Pension scheme liabilities	—	(114)	—	(114)
Total net assets	58	(247)	11,519	11,330

16 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 UTC is required either to re-invest the proceeds or to re-pay to the Secretary of State for Education the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State. Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the UTC serving notice, the UTC shall repay to the Secretary of State sums determined by reference to:

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

17 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

18 Pension and similar obligations

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

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

18 Pension and similar obligations (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- ◆ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ◆ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ◆ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. 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 £204,421(2019: £179,000).

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

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

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2020 was £51,000 (2019: £41,000), of which employer's contributions totalled £37,000 (2019: £30,000) and employees' contributions totalled £14,000 (2019: £11,000). The agreed contribution rates for future years are 19% for employers and 5.5% to 12.5% for employees.

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

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2019
Rate of increase in salaries	2.6%	2.4%
Rate of increase for pensions in payment / inflation	2.2%	2.3%
Discount rate for scheme liabilities	1.7%	1.9%
Inflation assumption (CPI)	2.2%	2.3%
Commutation of pensions to lump sums (post-April 2008 service)	75%	75%

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

	At 31 August 2020 years	At 31 August 2019 years
<i>Retiring today</i>		
Males	21.9	21.5
Females	24.1	23.7
<i>Retiring in 20 years</i>		
Males	22.8	22.1
Females	25.5	25.0

Sensitivity analysis 2020	Approximate % change to defined benefit liability	Monetary value £'000
0.5% decrease in Real Discount Rate	23%	78
0.5% increase in the Salary Increase Rate	0%	—
0.5% increase in the Pension Increase Rate	23%	77

18 Pension and similar obligations (continued)**Local Government Pension Scheme (LGPS) (continued)**

<i>Sensitivity analysis 2019</i>	<i>Approximate % change to defined benefit liability</i>	<i>Monetary value £'000</i>
0.5% decrease in Real Discount Rate	18%	39
0.5% increase in the Salary Increase Rate	0%	—
0.5% increase in the Pension Increase Rate	18%	39

	Fair value at 31 August 2020 £'000	Fair value at 31 August 2019 £'000
Equities	86	49
Corporate bonds	57	39
Property	14	8
Cash and other liquid assets	5	4
Total market value of assets	162	100
Present value of scheme liabilities		
Funded	(344)	(214)
Deficit in the scheme	(182)	(114)

The actual return on scheme assets was £11,000 (2019: £4,000).

Amounts recognised in statement of financial activities	2020 £'000	2019 £'000
Current service cost	110	64
Interest income	2	2
Interest cost	(5)	(1)
Total amount recognised in the SOFA	107	65

Analysis of pension finance income/(costs)

Expected return on pension scheme assets	2	2
Interest on pension liabilities	(5)	(3)
Pension finance costs	(3)	(1)

Changes in the present value of defined benefit obligations were as follows:	2020 £'000	2019 £'000
At 1 September 2019	214	87
Current service cost	110	64
Interest cost	5	3
Employee contributions	14	11
Actuarial loss	3	49
Benefits paid	(2)	—
At 31 August 2020	344	214

18 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the UTC's share of scheme assets:	2020 £'000	2019 £'000
At 1 September 2019	100	53
Interest income	2	2
Actuarial gain	11	4
Employer contributions	37	30
Employee contributions	14	11
Benefits paid	(2)	—
At 31 August 2020	162	100

19 Related party transactions

Owing to the nature of the UTC's operations and the composition of the board of governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a member of the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the UTC's financial regulations and normal procurement procedures.

Herts and Bucks Teaching School Alliance received a Grant of £15,300 (2019: 13,167) from the Department for Education to provide Education support in the Academic Year 2019-20 for Elstree UTC – this support is continuing into Academic Year 2020-21.

Danes Educational Trust charged Elstree UTC £12,300 (2019: £18,346) in relation to a signed Service Level Agreement for Finance and Payroll support. This fee was on a cost basis.

The UTC conducted the above related party transactions in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with their financial regulations and procurement procedures.

20 Agency Arrangements

	2020 £	2019 £
16-19 bursary creditor at 1 September 2019	12,804	7,453
16-19 bursary funds received	23,172	20,919
16-19 bursary funds disbursed	(23,175)	(15,568)
16-19 bursary creditor at 31 August 2020	12,801	12,804

The UTC distributes 16-19 bursary funds to students as an agent for the ESFA.