



**TEES VALLEY
EDUCATION**
www.teesvalleyeducation.co.uk

**Tees Valley Education
(A Company Limited by Guarantee)**

**Annual Report and Financial Statements
Year ended 31 August 2018**

Company Registration Number:
09630999 (England and Wales)

Period of account of: 01 September 2017 to 31 August 2018

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Tees Valley Academy Trust

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Tees Valley Education

Trustees' Report

Reference and Administrative Details

Members	R Hodges N Newell A Smith
Trustees	R Hodges (Chair from 1 September 2016 until 17 July 2018) J Brine K Morley A Taylor J Vickers P Scott J Gray M Sanderson
Chief Finance Officer/Company Secretary	E Chawner (appointed 18 December 2017)
Senior Management Team:	
• CEO and Executive Head Teacher	K Morley
• Head of Academy (Pennyman Primary)	K Barkley
• Head Teacher (Brambles Primary)	K Gleave
• Head Teacher (Dormanstown Primary)	K Newton
• Executive Head Teacher (Wilton and Dormanstown Primary Schools)	A Hill (appointed 2 July 2018)
• Director of Finance and Corporate Services	J Christian
Company Name	Tees Valley Education Trust
Principal and Registered Office	Kedward Avenue, Middlesborough, TS3 9DB
Company Registration Number	09630999 (England and Wales)
Independent Auditor	Mazars LLP 5 th Floor, 3 Wellington Place, Leeds, LS1 4AP
Bankers	Lloyds Bank plc, 102 Grey Street, Newcastle Upon Tyne, NE1 6AG
Solicitors	Winckworth Sherwood, Minerva House, 5 Montague Close, London SE1 9BB

Tees Valley Education

Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2017 to 31 August 2018. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates four primary academies (two of which have substantial sized designated SEND units for a range of significant and complex medical, learning, physical and communication needs) for pupils aged 3 to 11. All academies serve communities in the North East of England (Middlesbrough and Redcar & Cleveland). Wilton Primary Academy joined the Trust as at 01 August 2018. The Trust has a pupil capacity of **1147** and had a roll of **1045** in the school census on May 2017.

Structure, Governance and Management

Constitution

Tees Valley Education is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the Trust. The Trustees of Tees Valley Education are also the directors of the charitable company for the purposes of company law. The charitable company is known as Tees Valley Education.

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

Members' Liability

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

Trustees' Indemnities

Subject to the provisions of the Companies Act 2006 and Article 6.3 every Trustee or other officer or auditor of the Trust shall be indemnified out of the assets of the Trust against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability from negligence, default, breach of duty or breach of trust in relation to the affairs of the Trust.

Method of Recruitment and Appointment or Election of Trustees

The members entitled to appoint the Trustees are: Sister A Smith, R Hodges and N Newell. The strategic skill set of any potential new Trustee is determined and then Academy Ambassadors refer a selection of candidates for interview. The members undertake this process and elect the most suitable candidate(s) to the Trust Board. Each appointment is for a period of up to four years. However, should a Trustee wish to remain, subject to them remaining eligible, any Trustee may be re-elected.

The establishment, terms of reference, constitution and membership of any committee of the Trustees is reviewed annually, as is the Chair person. Trustees can re-nominate themselves but the period of office for Chair, is for one year.

The Trustees appoint separate committees known as local academy committees for each academy, which operate according to the Trust's scheme of delegation. Currently, a trustee chairs each local academy committee.

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Trustees' Report (continued)

The term of office for any local academy committee member will be up to two academic years, except that limit does not apply to the Head of Academy or Head Teacher. Subject to remaining eligible to be a particular type of committee member, any member can then apply to be re-appointed or re-elected.

Policies and Procedures Adopted for the Induction and Training of Trustees

Induction is undertaken as and when required and tailored specifically to the individual. An additional full day training session is now offered to all Trustees and members annually. Other training is conducted as necessary and planned dependent upon the Trustees role and legislative changes.

Organisational Structure

The Trustees are responsible for setting general policy, making major decisions about the strategic direction of the Trust, capital expenditure, the appointment of the Chief Executive to the Trust, Executive Head Teachers and Head Teachers of academies.

There are different layers of leadership and management within Tees Valley Education. There are clear divisions of accountability and responsibility.

- Trust Board: The Trust Board retain ultimate accountability and responsibility for the operation of the Trust.
- Local Academy Committees: Each academy has its own committee which is accountable to the Trust Board through the Chair and Head of Academy/Head Teacher. Each local academy committee discharges duties on behalf of the Trust Board and works within an agreed scheme of delegation.
- Chief Executive Officer: has delegated operational responsibility for the leadership and management of the Trust (including as Director of the Teaching School).
- Heads of Academy/Head Teacher: have delegated responsibility for the operational leadership and management of the individual academies.

All Trustees and members are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role. They are also part of operational processes as part of their due diligence, reporting back to the Trust Board.

Arrangements for setting pay and remuneration of key management personnel

Tees Valley Education has a pay policy which details the arrangements for setting all employees pay and remuneration. Individual academy staff are on a recognised support staff pay spine or standard teacher's pay and conditions. This includes the Head Teachers who are paid in accordance with the group size of the school following the national formulae. This calculation also applies to the Chief Executive Officer.

Trade Union Facility Time

Each academy within the Trust pays into a local agreement for trade union facility time despite the fact, that none of its current employees undertake this role personally. This is paid in agreement with the Local Authority.

Related Parties and other Connected Charities and Organisations

There is currently one owned subsidiary company, Tees Valley Education Teaching School Alliance Limited, which is dormant. Tees Valley Education Trading Limited was dissolved on 10 July 2018 with Companies House.

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Trustees' Report (continued)

Objectives and Activities

Objects and Aims

The principle aim of Tees Valley Education is to provide an outstanding education for all of its pupils and thus improve their life chances. Each academy provides education for pupils of different abilities. The cohorts are mainly comprised of children drawn from the area in which the academy is situated but those children attending the designated SEND units, are from across the local authority or even neighbouring boroughs.

The Trust's motto and commitment to providing outstanding, inclusive education is: 'We are what we repeatedly do. Excellence, therefore, is not an act, but a habit.' *Aristotle*

This is demonstrated through behaviours which are celebrated and recognised through Tees Valley Education Diamond Standards.

Tees Valley Education has ongoing strategic objectives of:

- Establishing outstanding academies for local communities.
- Sharing accountability to maximise the progress which all groups of children make.
- Creating and developing a Trust which has a strong network of academies, all of which are inclusive centres of excellence for teaching, learning, curriculum, pastoral and wellbeing.
- Attracting, retaining and actively developing staff from all areas of the Trust to build the capacity for excellence, innovation and optimisation across the Trust.
- Ensuring excellent value for money.

Public Benefit

The Trustees confirm that they have complied with the duty in section 4 of the 2011 Charity Act to have due regard to guidance published by the commission regarding public benefit.

The Trustees and committee members of each academy recognise that equal opportunities should be an integral part of practice within the workplace. The Trust actively aims to ensure equal opportunities in all areas of its work, including creating a working environment and culture in which the contribution and needs of all are fully valued.

The Trust already supports the recruitment and retention of pupils and employees with disabilities. The Trust does this by adapting the physical environment, making reasonable adjustments and facilitating health/personal care needs.

Tees Valley Education

Trustees' Report (continued)

Strategic Report – Achievements and Performance

The figures for each of the academies listed in the table below are correct as of October 2018 return.

Academy	Children on roll / capacity	Teachers (FTE)	Support Staff (FTE)	Date of Conversion	Most recent Ofsted grade / date
Brambles	332/367	21.6	15.7	September 2016	Outstanding June 2014
Dormanstown	276/324	19	17.6	September 2016	Good July 2015
Pennyman	437/456	25.8	36.5	September 2016	Good June 2017
Total	1,045/1,147	66.4	69.8		

Attendance (Pupils and Staff) 2017/18

Academy	Pupils	Teaching Staff	Support Staff
Brambles Primary	95.1%	94.7%	99.5%
Dormanstown Primary	95.1%	98.6%	98.9%
Pennyman Primary	94.7%	99.50%	96.72%

Pupil Exclusions – fixed term

Academy	2017/18
Brambles Primary	1 pupil / 2 days
Dormanstown Primary	10 pupils / 5.5 days
Pennyman Primary	Nil

Pupil Exclusions – permanent

Academy	2017/18
Brambles Primary	Nil
Dormanstown Primary	Nil
Pennyman Primary	Nil

Academy	EHCPs ¹	Statements*	SEN ² Support	Total
Brambles Primary	0	0	69	69
Dormanstown Primary	25	0	47	72
Pennyman Primary	44	0	44	88
*Statements discontinued nationally 2018			Total SEND	229

¹ Education, Health and Care Plans

² Special Educational Needs

Tees Valley Education

Trustees' Report (continued)

Key Performance Indicators (mainstream taught) – School Profile 2016-2018


2016 - TA				2017 - TA			2018 - TA		
EYFS	Boys	Girls	All	Boys	Girls	All	Boys	Girls	All
Good level of development	63-1.6%	59-1.7%	122-0.8%	60-1.7%	59-1.7%	119-0.8%	66-1.5%	53-1.9%	119-0.8%
	44.4	72.9	58.2	53.3	66.1	59.7	53.0	62.3	57.1
PHONICS	66-1.5%	57-1.8%	123-0.8%	65-1.5%	60-1.7%	125-0.8%	56-1.8%	58-1.7%	114-0.9%
Y1 Phonics	66.7	78.9	72.4	70.8	88.3	79.2	67.9	84.5	76.3

2016 - TA					2017 - TA			2018 - TA		
KS1		Boys 49-2%	Girls 52-1.9%	All 101-1%	Boys 68-1.5%	Girls 56-1.8%	All 124-0.8%	Boys 63-1.6%	Girls 61-1.6%	All 124-0.8%
Reading TA	EXS	65.3	65.4	65.3	66.2	67.9	66.9	68.3	78.7	73.4
	GDS	4.1	7.7	5.9	14.7	19.6	16.9	12.7	23.0	17.7
Writing TA	EXS	49.0	57.7	53.5	60.3	67.9	63.7	60.3	77.0	68.5
	GDS	2.0	5.8	4.0	11.8	16.1	13.7	11.1	18.0	14.5
Maths TA	EXS	71.4	75.0	73.3	76.5	78.6	77.4	68.3	78.7	73.4
	GDS	0.0	1.9	1.0	14.7	14.3	14.5	23.8	18.0	21.0

2016 - TEST				2017 - TEST			2018 - TEST			
KS2		Boys 56-1.8%	Girls 53-1.9%	All 109-0.9%	Boys 62-1.6%	Girls 60-1.7%	All 122-0.8%	Boys 46-2.2%	Girls 55-1.8%	All 101-1%
Reading Test	EXS	48.2	45.3	46.8	62.9	66.7	64.8	71.7	72.7	72.3
	HS	12.5	7.5	10.1	12.9	8.3	10.7	6.5	29.1	18.8
	Scaled	98.7	99.1	98.9	102.1	102.6	102.4	101.0	104.3	102.8
Writing TA	EXS	67.9	81.1	74.3	66.1	76.7	71.3	84.8	94.5	90.1
	GDS	10.7	9.4	10.1	9.7	18.3	13.9	6.5	21.8	14.9
	WIS	25.0	18.9	22.0	24.2	15.0	19.7	13.0	1.8	6.9
SPaG Test	EXS	62.5	69.8	66.1	72.6	78.3	75.4	73.9	76.4	75.2
	HS	7.1	5.7	6.4	22.6	18.3	20.5	15.2	29.1	22.8
	Scaled	100.5	102.1	101.3	104.4	104.9	104.7	102.4	105.8	104.2
Maths Test	EXS	67.9	69.8	68.8	79.0	63.3	71.3	78.3	80.0	79.2
	HS	21.4	13.2	17.4	17.7	15.0	16.4	15.2	18.2	16.8
	Scaled	102.8	102.3	102.6	104.2	102.6	103.4	104.1	103.7	103.9
RWM Combined	EXS	41.1	39.6		48.4	53.3		65.2	69.1	67.3
	HS	0.0	1.9	0.9	6.5	3.3	4.9	6.5	9.1	7.9
		ABOVE FLOOR STANDARD			ABOVE FLOOR STANDARD			ABOVE FLOOR STANDARD		
Floor Standard	Att	R.O.W.M. 100% EXS 100%			R.O.W.M. 100% EXS 100%			R.O.W.M. 100% EXS 100%		
	Prog									
Coasting Standard	Att	R.O.W.M. 100% EXS 100%			R.O.W.M. 100% EXS 100%			R.O.W.M. 100% EXS 100%		
	Prog									

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Trustees' Report (continued)

OFSTED	- years - months	
	since last inspection (correct at Oct18)	
Short Inspection Date:		Last full
N/A		Inspection
Converted to full inspection?:	Date:	Previous
N/A		N/A
	Overall effectiveness:	N/A
	Effectiveness of leadership:	N/A
Grade 1 - Outstanding	Quality of teaching:	N/A
Grade 2 - Good	Outcomes for pupils:	N/A
Grade 3 - Requires Improvement	Early years provision:	N/A
Grade 4 - Inadequate		

Absence:	2015	2016	2017	PA: 2015	2016	2017
School %						
National %	4.0%	4.0%	4.0%		8.2%	8.3%

1 - Top 1%	Progress Percentile Rank	Progress Percentile Rank
20 - Top 20%		
80 - Bottom 20%		
100 - Bottom 1%		
	All Pupils	Disadvantaged Pupils
	Reading Writing Maths	Reading Writing Maths
2015		
2016		
2017		

Progress Score	2012 - 2016			2013 - 2017			2014 - 2018		
	Boys	Girls	All	Boys	Girls	All	Boys	Girls	All
Reading Progress Score	-1.80	-1.69	-1.75	-0.41	-1.27	-0.83	-1.08	-0.16	-0.58
Reading Summary	Bottom 25% ↩			Bottom 40% ↩			Bottom 40% ↩		
Writing Progress Score	0.27	1.62	0.93	-0.96	0.43	-0.28	1.94	2.60	2.30
Writing Summary	Top 40% ↗			Middle 20% ↗			Top 25% ↗		
Maths Progress Score	1.62	0.84	1.23	1.28	-1.47	-0.06	2.63	0.47	1.46
Maths Summary	Top 40% ↗			Middle 20% ↗			Top 40% ↗		

School Context Factors - 2016-2018				10-20%	20-30%	30%+
KS1 PP %	2016	2017	2018	2016	2017	2018
No. of Pupil Premium Pupils	65.3%	63.7%	61.3%	75.2%	72.1%	67.3%
	66 / 101	79 / 124	76 / 124	82 / 109	88 / 122	68 / 101
KS1 SEN %	2016	2017	2018	2016	2017	2018
No. of SEN (K or E) Pupils	16.8%	11.3%	17.7%	19.3%	21.3%	19.8%
	17 / 101	14 / 124	22 / 124	21 / 109	26 / 122	20 / 101

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Trustees' Report (continued)

The data table shows the 3 year trend of the children whom are taught in a mainstream context and access the full national curriculum, at appropriate age relations.

Attainment Outcomes

The end of KS2 combined results (for reading, writing and mathematics) increased by 16.5% to 67.3% overall. This is the second year of improvement and demonstrates outstanding value for money. The three most significant variables contributing to this rapid improvement is the consistent use of the PiXL model, the introduction of a new governance mechanism of the challenge board and the ability to consolidate CPD on this curriculum and assessment framework. This was reflected further still in the combined measure at greater depth which also improved by 7%. The Trust however recognises this is a continued area for development and is a Trust priority for 2018 to 2020.

A similar improvement in outcomes is noted in reading and writing in KS1 with mathematics falling slightly compared to the year before. Given lower baselines of the children coming in, this demonstrates continual improvement in the majority of the areas.

Phonics is still below national average and fell by 3% to 76.3% in 2018. This is further recognised as a Trust priority.

At early years foundation stage the good level of development at the end of the year was 57.1% a drop of 2.6% on the previous year and reflects the significant change in leadership and management right across the early years over the Trust.

KS2 Progress

Across the Trust progress is at +2.3 points, which places the Trust in the top 25% of achievement in the country. This demonstrates the effectiveness of the Trust wide implementation of a writing assessment framework and subsequent Trust wide moderation events to ensure accuracy, consistency and a heightened awareness of expectation as well as value for money of CPD.

In mathematics, there was +1.46 points progress which puts the Trust in the top 40% nationally. The continued improvement represents the effective impact of implementing a Trust focus on mathematical language and problem solving as well as the success of the Trust moderation event in the summer term. This will be consolidated and improved further still with the implementation of a Trust wide assessment framework.

Concerningly the reading progress is -0.58, which puts the Trust in the bottom 40% nationally. This was due to one academy within the Trust dramatically underperforming particularly with the boys in that cohort. Their significantly negative progress measure then had an impact on the Trust despite the other two academies, who had adopted the new Trust English scheme, making demonstrably positive progress. This means from September 2018 the underperforming academy has been placed on to a Trust wide interim management board and has a new executive leader who works closely with the Trust to implement the changes adopted by the other academies. Moreover a revised reading framework has been prepared and there is a Trust wide training planned across 2018/2019 to implement this and further develop teacher knowledge and provide CPD that impacts in a way that the writing did.

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Trustees' Report (continued)

School to School Support 2017- 2018

In addition to the work across the Trust, which has resulted in such a significant improvement this means the Trust is operating above national expectations. There has been considerable outreach and school to school support undertaken throughout 2017/2018.

This support provides opportunities for all of the Trust SLE's³ and its NLE⁴ to impact on wider educational developments: locally, regionally, and nationally.

Throughout the period of 2017-2018 the following support was brokered as the teaching school at both individual, school, groups of schools and MAT level. Please see the table below on page 10:

³ Specialist leader in education

⁴ National leader in education

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Trustees' Report (continued)

Organisation requesting support	Support and development requested	No. of schools/ settings supported	Impact
Middlesbrough Council	SEND bespoke training	17 + 1 LA	Enhanced subject knowledge for SEND leaders with 100% positive feedback on the relevance and support for them within their settings
Middlesbrough Early Readiness Team	Early language development for PVI's and schools EYFS settings	12	Delegates reported on improved engagement and effective conversations with parents based on the training and better levels of progress across Development Matters
NPQML	National Middle Leadership Development	20	3 cohorts established in the first term of the program. Full attendance. 100% positive feedback to date from secondary, primary and special colleagues
Middlesbrough Council	Early Talk Boost for EYFS	20	Two cohorts full. First session yet to commence.
Middlesbrough Council	Sounds Write Training (Phonics)	12	Schools with low phonics scores (2018) identified and targeted, engaged with training and early indicative results show over 80% have made some improvements.
Local Delivery Team	Bespoke support packages for developing schools in Middlesbrough	22	Outcome monitoring based on summer 2018 data due in autumn 2018
2 x MATS (1 in Redcar and Cleveland, 1 in Stockton)	CEO coaching and mentoring	2 (MATs)	CEO reported increased aptitude in strategic leadership, governance and other MATs been approved by RSC's HTB
Elevate MAT	EYFS Moderation and teaching and learning support (SLEs)	1	Increase in children achieving GLD and staff subject knowledge enhanced in assessment and moderation (reported)
Sunnyside Academy	Teaching and Learning/ Leadership development Planning and English development Years 1-6 (11 staff) (SLEs)	1	40% increase in outcomes across year ¼ during engagement. Invited back to work with Year1-6.
Redcar and Cleveland SCITT	ITT training	15 Secondary/ 30 Primary delegates	100% primary successful QTS awarded, 93% secondary success at QTS
MSTA	NQT Training	30 + 1 MAT	100% NQT's successfully completed induction
SEND MAT (Ascent Trust)	Teaching and learning, governance lead at a MAT	1	Ofsted moved out of requires improvement grading
Free School for Middlesbrough and Redcar and Cleveland Council's	Applied for, brokered and opened in three years a school for children with SEND	7 schools and academies which are oversubscribed + 2 LA's	Out of area schooling, home schooling, capacity added, £7million build to area, professional roles; carers, TA's and wider professionals NHS, leaders and possibly co-local hospital teaching/preschool provision.*1 **2
Pallister Park Primary	Curriculum development (SLE)	1 + 1 MAT	Bespoke curriculum developed for Sept 18 implementation

Tees Valley Education

Trustees' Report (continued)

Going Concern

After making appropriate enquiries the Board of Trustees has assurance that there is a reasonable expectation that the Trust has adequate resources to continue in operational existence for the foreseeable future due to the following: robust strategic risk register in place, financial resources including reserves, strong governance structure which identifies issues early to allow proactive planning such as interim management boards.

Financial Review

The principal sources of funding for the academies are the recurrent grants from the DfE (General Annual Grant), the use of which is restricted for particular purposes. In addition to this is the receipt of Pupil Premium and SEND top up fees to fulfil the Unit Placement children's EHCP entitlement.

Three of the four academy buildings, are leased from local authorities for peppercorn rents over 125 years. Wilton Primary Academy building upon conversion to the Trust is freehold. The buildings are recognised in the financial statements as tangible fixed assets in accordance with the Academies Accounts Direction 2017-18.

During the year ending 31st August 2018, total expenditure of £7.4m was entirely covered by recurrent grant funding from the DfE together with other income sources. Excluding fixed assets and before actuarial losses there was an in year surplus of £335,000.

At 31st August 2018, the net book value of tangible fixed assets was £14.4m. Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively to provide education and associated support services to the pupils of Tees Valley Education.

The deficit in Local Government Pension Scheme (LGPS) is recognised in the balance sheet in accordance with FRS 102.

Reserves Policy

Tees Valley Education is conscious of balancing holding adequate amounts of reserves to deal with the growth of the Trust and any unexpected costs arising, with the entitlement that funding is used to benefit each pupil within their academic year. The Trust has therefore decided to define a set of rules in order to manage reserves in an intelligent, consistent but proactive manner in each academy and therefore across the Trust.

The reserve fund had a balance of £1.3m at 31st August 2018. The budget reserves have been factored in to continuing to support the special Free School (Discovery) as well as supporting the investment into centralised teaching and learning capacity to support the journey for excellence in the academic year 2017/2018. In addition, some budget reserves have been utilised to cover expenditure associated to building costs, health and safety and accessibility where modifications have been necessary.

The total unrestricted and restricted income funds had a balance of £1.3m at 31st August 2018.

Tees Valley Education have an expectation that between 8-15% reserves should be retained/maintained as a contingency. The contingency is calculated on the GAG funding only and excludes Pupil Premium, SEND funding and top up fees as well as any capital funding.

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Trustees' Report (continued)

Investment Policy

Due to the nature of the funding cycle, the academies may at times hold large cash balances which may not be required for immediate use. The Trustees have authorised the opening of additional investment account administered by the Trust to take advantage of higher interest rates. As yet no other form of investment is authorised. Surplus cash balances are placed on deposit at the Trust's bankers Lloyds Banking Group.

Principal Risks and Uncertainties

The major risks to which the Trust is exposed (as identified by the Trustees) have been reviewed and the Trust has an up to date Risk Register. This is reviewed annually and external health and safety and risk management companies advise on this. The biggest uncertainty momentarily is the ongoing review around SEND funding. As this income stream affects up to 105 children (approximately 10% of the Trust's population), the potential impact to staffing and provision has to be carefully managed in order to fulfil both the expectations of current EHCPs and the desire to provide outstanding provision but to also be mindful of employment law and the impact on ongoing provision mapping.

Fund Raising

The academies via their local academy committee's may raise funds for local causes that matter to the local academy and its community. In addition, across the Trust, there was fund raising to give over 100 children from the local academies a life changing experience of working with professors of music from both the Royal Academy of Music and the Guildhall School of Music, in conjunction lead musicians from TV's Strictly Come Dancing band and the Dalesmen Choir including performing with a 25 piece band with a further 200 children. All the children performed at the Royal Festival Hall in London to the general public, their families and friends in June 2018. This was further added to in October 2018 when the same children performed with the National Youth Jazz Orchestra at the newly refurbished Middleborough Town Hall.

Summary of progress against 2017/2018 objectives

- The Trust started the academic year with a single CEO and a full complement of staff following a restructure.
- Discovery Special Academy received its legal entity with DfE including supplementary funding agreement to operate from September 2018. It was one of only four special free schools opened nationally in 2018.
- The SLE and senior leaders workforce increased, which has added further capacity to develop teaching and learning both across the Trust and throughout the local area as well as nationally: particularly with SEND and Leadership
- Rates of progress increased across the Trust and this is reflected on page 6 of this report and resulted in approximately 17% improvement on combined outcomes at the end of KS2 for mainstream taught pupils.
- The Trust undertook a research project in literacy with Exeter University and Deborah Myhill, extending this roll out to other staff and incorporating the learning into the new English scheme of work.
- The Trust increased from 3 to 5 academies, which now includes Wilton Primary and Discovery Special School. This means that provision spans special, unit provision and mainstream offers. However, all are within areas of significant disadvantage.

Plans for Future Periods

The Trust has planned the following for 2018-19:

- Implement financial and data management information systems that are integrated
- Continue to develop the Teaching and Outreach centre in order to further generate income
- To refine, reflect and optimize practice across Tees Valley Education
- To confirm a new site for Discovery Special Free School
- To continue to invest in leadership development across all tiers of the Trust
- To increase the rates of progress in reading and for those children working at greater depth
- To undertake an external governance review of current models to plan for future growth and evaluate efficiency.

Tees Valley Education


Trustees' Report (continued)

Auditor

Insofar as the Trustees are aware:

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

Trustees' report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, on 13th December 2018 and signed on the Board's behalf by:



.....
Jason Brine (Chair of the Trust Board and Trustee)

13th December 2018

Tees Valley Education

Governance Statement

Scope of Responsibility

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

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 4 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
J Brine	4	4
R Hodges	4	4
K Morley (CEO)	4	4
P Scott	3	4
A Taylor	3	4
M Sanderson	2	4
J Grey (resigned March 2018)	1	2
J Vickers	4	4

Governance Reviews

The Trust Board undertook a skills audit during 2017/2018 and have during the year worked with Academies Ambassador to assist with fulfilling the posts which the skills gaps identified. This led to two new successful Trustee appointments in September 2017.

Governance for 2018/2019 will be assessed against the governance sections in the 'Characteristics of a Successful MAT' document published by the DfE in association with recognised tools from NGA. This tool has been used since the Trust's conception in 2015 and the Trust Board are looking at further optimisation and ensuring 'excellence' across all areas. This also includes developing the business arm of the Trust.

The Audit, Risk and Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to: monitor the financial performance of the Trust; approve budgets and agree the scope of internal audit work and review reports issued by auditors. It also deals with the estate management, insurance, pensions, risk register and financial planning across the Trust.

Tees Valley Education Governance Statement (continued)

Attendance at Audit, Risk and Finance meetings in the year 2017/18 was as follows:

Trustee	Meetings attended	Out of a possible
J Brine (Chair)	3	3
K Morley	3	3
M Sanderson	1	3
J Grey (resigned March 2018)	1	1

Attendance at Standards Committee meetings in the year 2017/18 was as follows:

Trustee	Meetings attended	Out of a possible
P Scott (Chair)	3	3
K Morley	3	3
J Vickers	3	3
A Taylor (member from March 2018)	2	3

Its purpose is to look at key performance indicators across the Trust. For academy and school improvement and internal and external audits, progress data and attainment outcomes of all year groups and to debate education provision curriculum and assessment across the Trust.

Review of Value for Money

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

The Accounting Officer for the Trust has delivered improved value for money during the year in 3 main areas:

- 16.5% improvement in the number of children achieving at least age related expectations by the end of KS2.
- Significantly improved progress outcomes in writing and mathematics.
- A variety of learning opportunities to engender both excellent and enjoyment e.g. residential, singing at the Royal Festival Hall, sports and holiday clubs as well as music performance and community support.

It can be improved the following year in:

- Sharing even more to engender the same progress in reading as has been evident in writing and mathematics.
- The development of a Trust SLT to oversee the operational development of its strategic aims.
- Continued investment into a financial management information system.

The Accounting Officer for the Trust has improved the use of resources to deliver better value for money during the year as follows:

- Sports and Pupil Premium: residential, sports clubs, competitions, holiday clubs and breakfast clubs ensuring entitlement, health and wellbeing for all.
- Use of a Trust appointed Counsellor and Educational Psychologist, dealing with mental health, long CAHMS⁵ referral time, having an impact on families, attendance as more children are seen in school, reduction in travel times, increase in face to face therapy, parental support and 'Triple P' training etc.
- Significant improvement in both progress rates and thus attainment and outcomes across KS2.
- All significant posts are now fully appointed to with developing succession planning for all.

⁵ NHS's Child and Adolescent Mental Health Services

Tees Valley Education

Governance Statement (continued)

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tees Valley Education for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2017 to 31 August 2018 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees and Audit, Risk and Finance Sub-committee.

The Risk and Control Framework

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

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

The Board of Trustees has considered the need for a specific internal audit function and has determined that they will undertake this function with oversight by the Audit, Risk and Finance Committee. The CEO will lead the internal audit programme for Educational Provision and Standards and the Chief Finance Officer will lead it for business arrangements and finance in conjunction with various internal teams. They will both ensure, along with their colleagues, that the findings and recommendations are reported to the correct sub-committee.

Tees Valley Education Governance Statement (continued)

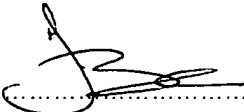
Review of Effectiveness


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

- the work of internal audits undertaken by the Trust Business and Resource Manager when newly appointed to initially act as a critical friend (reviewed and audited financial processes)
- the work of the external auditor;
- feedback from visits to academies and testing of internal educational controls which is undertaken by an external auditor and reported to Standards Committee and Challenge Board;
- the financial management and governance self-assessment process;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the members of the Board of Trustees on 13th December 2018 and signed on its behalf by:


.....
Jason Brine
Chair of the Trust Board and Trustee


.....
Katrina E. Morley
Chief Executive Office/Accounting Officer

Tees Valley Education Governance Statement (continued)

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Tees Valley Education I have considered my responsibility to notify the Trust Board of Trustees and the Education Skills Funding Agency of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2017.

I confirm that I and the Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2017.

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



.....
Katrina E. Morley,
Chief Executive/Accounting
Officer

Date: 13th December 2018

Tees Valley Education

Statement of Trustees' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2017 to 2018
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 13 December 2018 and signed on its behalf by:



.....

Jason Brine
Chair of Trust Board and Trustee

Tees Valley Education

Independent auditor's report to the Trustees of Tees Valley Education

We have audited the financial statements of Tees Valley Education ("the 'trust'") for the Year ended 31 August 2018 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, the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs at 31 August 2018 and of its incoming resources and application of resources, including its income and expenditure, for the Year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2017 to 2018.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

Tees Valley Education

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Academy trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Annual Report including the incorporated strategic report.

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

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

Tees Valley Education

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 15, the Trustees (who are directors for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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 the audit report

This report is made solely to the 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 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Ross Preston (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Mazars LLP

3 Wellington Place

Leeds

LS1 4AP

Date

Tees Valley Education

Independent Reporting Accountant's Assurance Report on Regularity to Tees Valley Education and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 25 September 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2017 to 2018, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tees Valley Education during the period 1 September 2017 to 31 August 2018 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 Tees Valley Education and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Tees Valley Education and the ESFA those matters we are required to state to it 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 Tees Valley Education and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Tees Valley Education's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Tees Valley Education's funding agreement with the Secretary of State for Education dated 21 August 2015 and the Academies Financial Handbook, extant from 1 September 2017, 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 2017 to 2018. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2017 to 2018 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.

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

Tees Valley Education

The work undertaken to draw to our conclusion includes:

- Planning our assurance procedures including identifying key risks;
- Carrying out sample testing on controls;
- Carrying out substantive testing including analytical review; and
- Concluded on procedures carried out.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2017 to 31 August 2018 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Mazars LLP

Date

Tees Valley Education

Statement of Financial Activities for the period ended 31 August 2018 (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2018	Total 2017
		£000	£000	£000	£000	£000
Income and endowments from:	Note					
Donations and capital grants	3	10	-	149	159	25
Transfer from local authority on conversion	34	4	133	939	1,076	-
Charitable activities:						
Funding for the academy trust's educational operations	4	327	6,542	-	6,869	6,421
Teaching School	35	-	35	-	35	56
Other trading activities	5	110	-	-	110	215
Investments	6	0	-	-	0	5
Total		450	6,710	1,088	8,249	6,723
Expenditure on:						
Raising funds	7	-	-	-	-	-
Charitable activities:						
Academy trust educational operations	8	478	6,481	416	7,375	7,339
Teaching School	35	-	33	-	33	70
Total		478	6,513	416	7,408	7,409
Net Income / (expenditure)		(28)	197	672	841	(686)
Transfers between funds	18	-	-	-	-	(0)
Other recognised gains / (losses):						
Actuarial (losses) / gains on defined benefit pension schemes	18,29	-	439	-	439	1,088
Net movement in funds		(28)	636	672	1,280	402
Reconciliation of funds						
Total funds brought forward		32	(632)	13,555	12,955	12,554
Total funds carried forward		5	4	14,227	14,235	12,955

Tees Valley Education

Balance Sheet as at 31 August 2018

Company Number 09630999

	Notes	2018 £000	2018 £000	2017 £000	2017 £000
Fixed assets					
Intangible assets	13		4		8
Tangible assets	14		14,385		13,694
Current assets					
Debtors	15	282		368	
Cash at bank and in hand		<u>1,751</u>		<u>962</u>	
		2,033		1,330	
Liabilities					
Creditors: Amounts falling due within one year	16	<u>(883)</u>		<u>(490)</u>	
Net current assets			1,151		840
Total assets less current liabilities			15,539		14,542
Net assets excluding pension liability			<u>15,539</u>		<u>14,542</u>
Defined benefit pension scheme liability	29		<u>(1,304)</u>		<u>(1,587)</u>
Total net assets			<u>14,235</u>		<u>12,955</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	18	14,226		13,555	
Restricted income fund	18	1,308		955	
Pension reserve	18	<u>(1,304)</u>		<u>(1,587)</u>	
Total restricted funds			14,231		12,923
Unrestricted income funds	18		<u>5</u>		<u>32</u>
Total funds			<u>14,235</u>		<u>12,955</u>

The financial statements on pages 26 to 49 were approved by the Trustees, and authorised for issue on 13th December 2018 and are signed on their behalf by:

.....
J. Brine
Trustee

Tees Valley Education

Statement of Cash Flows for the period ended 31 August 2018

	Notes	2018 £000	2017 £000
Cash flows from operating activities			
Net cash provided by/(used in) operating activities	22	668	(446)
Cash flows from investing activities	24	122	(91)
Cash flows from financing activities	23	-	-
Change in cash and cash equivalents in the reporting period		790	(536)
Cash and cash equivalents at 1 September 2017		962	1,498
Cash and cash equivalents at the 31 August 2018	25	1,751	962

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018

1 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 Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), 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 (FRS102)), the Academies Accounts Direction 2017 to 2018 issued by the Education and Skills Funding Agency (ESFA), the Charities Act 2011 and the Companies Act 2006.

Tees Valley Education meets the definition of a public benefit entity under FRS 102.

Going Concern

The Trustees assess whether the use of going concern is appropriate that is whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

- **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.

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

- **Sponsorship Income**

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

- **Donations**

Donations are recognised on a receivable basis (where there are 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 academy trust has provided the goods or services.

- **Donated goods, facilities and services**

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

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018

Where the donated good is a fixed asset it is measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

- **Transfer on Conversion**

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within Donations and capital grant income to the net assets received.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

- **Expenditure on Raising Funds**

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

- **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT

Intangible Fixed Assets

Intangible assets costing £500 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

- Purchased computer software 4 years

Tangible Fixed Assets

Assets costing £500 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the Statement of Financial Activities. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

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

- Long leasehold buildings between 30 and 50 years
- Furniture and equipment 10 years
- Computer hardware 4 years

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

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018

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

Liabilities

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

Provisions

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

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

Leased Assets

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

Financial Instruments

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

Financial Assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 15. 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 notes 16 and 17. 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 academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by part 11, chapter 3 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 academy trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 29, 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.

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Notes to the Financial Statements for the period ended 31 August 2018

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

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

Fund Accounting

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

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

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

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 29, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2017. 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.

Critical accounting estimates and areas of judgement

The conversion from a state maintained school to an academy trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from Wilton Primary School to the academy trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 34.

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

2 General Annual Grant (GAG)

Under the funding agreement with the Secretary of State the academy trust was not subject to limits at 31 August 2018 on the amount of GAG that could be carried forward from one year to the next.

3 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Capital grants	-	149	149	20
Donations	10	-	10	6
	<u>10</u>	<u>149</u>	<u>159</u>	<u>25</u>

4 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
ESFA grants				
. General Annual Grant (GAG)	-	4,613	4,613	4,648
. Start Up Grants	-	220	220	-
. Other DfE/EFA grants	98	866	964	957
	<u>98</u>	<u>5,699</u>	<u>5,797</u>	<u>5,605</u>
Other Government grants				
. Local authority grants	-	878	878	731
	<u>-</u>	<u>878</u>	<u>878</u>	<u>731</u>
Other income from the academy trust's educational operations				
	229	-	229	141
	<u>327</u>	<u>6,577</u>	<u>6,904</u>	<u>6,477</u>

5 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Miscellaneous income	83	-	83	41
Consultancy income	26	-	26	174
	<u>110</u>	<u>-</u>	<u>110</u>	<u>215</u>

6 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2018 £000	Total 2017 £000
Short term deposits	0	-	0	5
	<u>0</u>	<u>-</u>	<u>0</u>	<u>5</u>

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

7 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2018	2017
	£000	£000	£000	£000	£000
Academy's educational operations:					
Direct costs	4,726	370	390	5,486	5,363
Allocated support costs	579	448	827	1,853	1,976
Teaching School	24	-	8	33	70
Outreach	23	3	10	36	-
	5,352	820	1,235	7,408	7,409

Net income/(expenditure) for the period includes:

	2018	2017
	£000	£000
Depreciation	412	409
Amortisation of intangible fixed assets (included within Charitable Activities – Academy trust educational operations)	4	4
Fees payable to auditor for:		
- audit	8	8

8 Charitable Activities

	Total	Total
	2018	2017
	£000	£000
Direct costs – educational operations	5,486	5,363
Support costs – educational operations	1,922	2,046
	7,408	7,409

Analysis of support costs

	Educational operations	Total	Total
	2018	2017	2017
	£000	£000	£000
Support staff costs	644	644	801
Depreciation	47	47	45
Technology costs	73	73	73
Premises costs	100	100	143
Other support costs	1,040	1,040	962
Governance costs	18	18	21
Total support costs	1,922	1,922	2,046

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

9 Staff

a. Staff costs

Staff costs during the period were:

	Total 2018 £000	Total 2017 £000
Wages and salaries	4,046	3,995
Social security costs	319	329
Operating costs of defined benefit pension schemes	751	826
Apprenticeship Levy	6	2
	5,122	5,153
Supply staff costs	136	253
Staff restructuring costs	94	-
	5,352	5,406
Staff restructuring costs comprise:	-	-
Redundancy payments	84	-
Severance payments	10	-
	94	-

b. Non statutory/non contractual staff severance payments

Included in Staff restructuring costs are nonstatutory/non-contractual payments totaling £9,616 (2017: £nil). Individually the payment was £9,616 made on 25th September 2017.

c. Staff numbers

The average number of persons employed by the academy during the period was as follows:

	2018 No.	2017 No.
Teachers	72	71
Administration and support	107	98
Management	2	5
	181	174

d. Higher paid staff

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

	2018 No.	2017 No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	-
£80,001 - £90,000	-	-
£90,001-£100,000	-	-
£100,000-£110,000	1	1
£110,001 - £120,000	-	1

e. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £375,786 (2017: £494,439).

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

10 Related Party Transactions - Trustees' Remuneration and Expenses

The Chief Executive only received remuneration in respect of services provided in undertaking the roles of Chief Executive and not in respect of services as a trustee.
One Trustee received travel expenses only, other trustees did not receive any payments for services or expenses.

Other related party transactions involving the Trustees are set out in note 30

W Wilson (Trustee)

Remuneration £70,000 - £80,000 (2017: £115,000 - £120,000)

Employer's pension contributions paid £0 - £5,000 (2017: £15,000 - £20,000)

K Morley (CEO and Trustee)

Remuneration £100,000 - £110,000 (2017: £100,000 - £110,000)

Employer's pension contributions paid £15,000 - £20,000 (2017: £15,000 - £20,000)

During the period ended 31 August 2018, travel expenses totalling £383 were reimbursed to 1 trustee (2017: nil)

11 Trustees' and Officers' Insurance

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £10,000,000 on any one claim and is provided by RPA on a per pupil basis so no breakdown for the cost element related to Trustees' and Officers' Insurance can be provided. The cost of this insurance is included in the total insurance cost.

12 Central Services

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

- Payroll and HR services
- Financial and legal services
- Budgeting support and advice
- Educational support services

The trust's policy is to charge the constituent academies a percentage of their General Annual Grant funding but excluding the Pupil Premium, SEND or other similar funding. This percentage is fixed at 8% (2017: 7% or 8%)

The actual amounts charged during the year were as follows:

	2018	2017
	£000	£000
Brambles Primary Academy	106	92
Dormanstown Primary Academy	100	102
Pennyman Primary Academy	161	143
	366	337

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

13 Intangible Fixed Assets

	Computer Software £000	Total £000
Cost		
At 1 September 2017	16	16
Additions	-	-
At 31 August 2018	<u>16</u>	<u>16</u>
Amortisation		
At 1 September 2017	8	8
Charged in year	4	4
At 31 August 2018	<u>12</u>	<u>12</u>
Carrying amount		
At 1 September 2017	8	8
At 31 August 2018	<u>4</u>	<u>4</u>

14 Tangible Fixed Assets

	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Total £000
Cost				
At 1 September 2017	13,896	439	166	14,501
Transferred in on conversion	899	30	-	929
Additions	140	30	5	174
At 31 August 2018	<u>14,935</u>	<u>498</u>	<u>171</u>	<u>15,604</u>
Depreciation				
At 1 September 2017	641	87	79	807
Charged in year	321	49	43	412
At 31 August 2018	<u>962</u>	<u>136</u>	<u>122</u>	<u>1,220</u>
Net book values				
At 1 September 2017	13,256	351	87	13,694
At 31 August 2018	<u>13,973</u>	<u>362</u>	<u>49</u>	<u>14,385</u>

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

15 Debtors

	2018	2017
	£000	£000
Trade debtors	63	50
VAT recoverable	0	26
Other debtors	20	(0)
Prepayments and accrued income	199	292
	<u>282</u>	<u>368</u>

16 Creditors: Amounts Falling due within one year

	2018	2017
	£000	£000
Trade creditors	294	188
Other taxation and social security	173	179
Other creditors	45	-
Accruals and deferred income	371	123
	<u>883</u>	<u>490</u>

Deferred income

	2018	2017
	£000	£000
Deferred income at 1 September 2017	76	95
Released from previous years	(76)	(95)
Resources deferred in the year	214	76
Deferred income at 31 August 2018	<u>214</u>	<u>76</u>

Deferred income held at 31st August 2018 consists of

Universal Infant Free School Meals	57	63
Devolved Formula Capital	13	13
Grant income	143	-
	<u>214</u>	<u>76</u>

17 Creditors: Amounts Falling due in greater than one year

The Trust has no Creditors falling due in greater than one year

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

18 Funds

	Balance at 1 September 2017	Income	Expenditure	Gains, losses and transfers	Balance at 31 August 2018
	£000	£000	£000	£000	£000
Restricted general funds					
General Annual Grant (GAG)	544	4,613	(4,200)	(86)	870
Transfer in	-	133	-	-	133
Start Up Grant	-	220	(133)	-	87
Pupil Premium	-	697	(783)	86	(0)
Other grants	412	1,047	(1,241)	-	218
Pension reserve	(1,587)	-	(156)	439	(1,304)
	(632)	6,710	(6,513)	439	4
Restricted fixed asset funds					
Transfer on conversion	13,507	939	(416)	-	14,030
DfE/EFA capital grants	-	149	-	-	149
Capital expenditure from GAG	48	-	-	-	48
	13,555	1,088	(416)	-	14,226
Total restricted funds	12,923	7,798	(6,930)	439	14,231
Total unrestricted funds	32	450	(478)	-	5
Total funds	12,955	8,249	(7,408)	439	14,235

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

Restricted General Funds

The fund has arisen from revenue funding provided by government and the local authority and is used for educational purposes in accordance with the Trust's objects and its master funding agreement with the Secretary of State

Restricted Fixed Asset Funds

This fund has arisen from capital funding provided by government and assets donated by the local authority and is used for improvements to the facilities used for educational purposes in accordance with the Trust's objects and its masterfunding agreement with the Secretary of State

Unrestricted Funds

The fund has arisen from revenue generated by the Trust and is used to supplement income from other sources in the education and improvement of life chances for all the Trust's pupils

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

18 Funds (cont.)

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

	Balance at 1 September 2016 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2017 £000
Restricted general funds					
General Annual Grant (GAG)	602	4,648	(4,624)	(83)	544
Start Up Grant	-	-	-	-	-
Pupil Premium	-	726	(765)	39	-
Other grants	414	854	(857)	-	412
Pension reserve	(2,440)	-	(235)	1,088	(1,587)
	(1,423)	6,228	(6,481)	1,044	(632)
Restricted fixed asset funds					
Transfer on conversion	13,905	-	(398)	-	13,507
DfE/EFA capital grants	(48)	20	(15)	44	-
Capital expenditure from GAG	48	-	-	-	48
	13,905	20	(413)	44	13,555
Total restricted funds	12,481	6,248	(6,894)	1,088	12,923
Total unrestricted funds	73	475	(515)	-	32
Total funds	12,554	6,723	(7,409)	1,088	12,955

Analysis of academies by fund balance

Fund balances at 31 August 2018 were allocated as follows:

	Total 2018 £000	Total 2017 £000
Brambles Primary Academy	528	463
Dormanstown Primary Academy	395	331
Pennyman Primary Academy	289	275
Wilton Primary Academy	141	-
Teaching School/Outreach	23	(7)
Central services	(63)	(74)
Total before fixed assets and pension reserve	1,312	987
Restricted fixed asset fund	14,226	13,555
Pension reserve	(1,304)	(1,587)
Total	14,235	12,955

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

18 Funds (cont.)

Analysis of academies by cost

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

	Teaching and Educational Support Staff £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Deprec'n) £000	Total 2018 £000	Total 2017 £000
Brambles Primary Academy	1,136	147	40	364	1,687	1,879
Dormanstown Primary Academy	1,202	184	14	246	1,645	1,695
Pennyman Primary Academy	1,771	248	39	539	2,597	2,645
Wilton Primary Academy	27	6	-	2	35	-
Teaching School	18	6	1	8	33	70
Central services (Incl Outreach)	187	289	7	355	838	471
Academy Trust	4,340	881	101	1,513	6,835	6,760
Depreciation					416	413
Pension Costs					156	235
Total Expenditure (note 7)					7,408	7,409

19 Analysis of Net Assets between Funds

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000	Total 2017 £000
Intangible fixed assets	-	-	4	4	8
Tangible fixed assets	-	-	14,385	14,385	13,694
Current assets	63	1,970	-	2,033	1,330
Current liabilities	(59)	(662)	(162)	(883)	(490)
Non-current liabilities	-	-	-	-	-
Pension scheme liability	-	(1,304)	-	(1,304)	(1,587)
Total net assets/(liabilities)	5	4	14,227	14,235	12,955

20 Capital Commitments

The Trust has no Capital Commitments

21 Commitments under operating leases

Operating Leases	2018 £000	2017 £000
Amounts due within one year	11	11
Amounts due between one and five years	17	29
Amounts due after five years	-	-
	29	40

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

22 Reconciliation of Net Income/(expenditure) to Net Cash Flow from Operating Activities

	2018 £000	2017 £000 Restated
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	841	(687)
Adjusted for:		
Amortisation (note 13)	4	4
Depreciation charges (note 14)	412	409
Cash received on conversion to an academy trust	(147)	-
Capital grants from DfE and other capital income	(1,078)	(20)
Interest receivable (note 6)	(0)	(5)
Defined benefit pension scheme cost less contributions payable (note 29)	118	188
Defined benefit pension scheme finance cost (note 29)	38	47
(Increase)/decrease in debtors	86	(152)
Increase/(Decrease) in creditors	393	(231)
Net cash provided by / (used in) Operating Activities	668	(446)

23 Cash Flows from Financing Activities

	2018 £000	2017 £000
Repayments of borrowing	-	-
Cash inflows from new borrowing	-	-
Net cash provided by / (used in) financing activities	-	-

24 Cash Flows from Investing Activities

	2018 £000	2017 £000
Dividends, interest and rents from investments	0	5
Purchase of tangible fixed assets	(174)	(115)
Cash received on conversion to an academy trust	147	-
Capital grants from DfE Group	149	20
Net cash provided by / (used in) investing activities	122	(91)

25 Analysis cash and cash equivalents

	At 31 August 2018 £000	At 31 August 2017 £000
Cash in hand and at bank	1,751	962
Total cash and cash equivalents	1,751	962

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

26 Guarantees, Letters of Comfort and Indemnities

The Trust provided no guarantees / letters of comfort or indemnities during the year ended 31 August 2018

27 Contingent Liabilities

The Trust does not envisage any contingent liabilities incurred during the year ended 31 August 2018

28 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.

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

29 Pension and Similar Obligations

The academy trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Middlesbrough Borough Council. Both are multi-employer defined benefit pension schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £77,776 were payable to the schemes at 31 August 2018 (2017: £79,341) and are included within creditors.

As described in note 29 the LGPS obligation relates to the employees of the academy trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the academy trust at the balance sheet date.

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

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

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The pension costs paid to TPS in the period amounted to £408,242 (2017: £418,683).

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

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

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

29 Pension and Similar Obligations (continued)

Local Government Pension Scheme

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

On the 26 October, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefit ("GMP"). The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

The total contribution made for the year ended 31 August 2018 was £250,691 (2017: £238,912), of which employer's contributions totalled £182,402 (2017: £170,179) and employees' contributions totalled £68,289 (2017: £68,733). The agreed contribution rates for future years are 14.6 per cent for employers and varied percentage rates for employees dependant upon salary.

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

Principal Actuarial Assumptions	At 31 August 2018	At 31 August 2017
Rate of Increase in Salaries	3.00%	3.00%
Rate of increase for pensions in payment/inflation	2.00%	2.00%
Discount rate for scheme liabilities	2.80%	2.50%
Inflation assumption (CPI)	2.00%	2.00%

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 2018	At 31 August 2017
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.0	24.9
<i>Retiring in 20 years</i>		
Males	25.1	25.0
Females	27.3	27.2

Sensitivity Analysis	2018	2017
	£000	£000
Discount Rate +0.1%	(121)	(115)
Discount Rate -0.1%	124	118
Mortality assumption - 1 year increase	(140)	(140)
Mortality assumption - 1 year decrease	141	141
Salary Increases +0.1%	40	38
Salary Increases -0.1%	(39)	(37)

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2018 £000	Fair value at 31 August 2017 £000
Equities	2,619	2,441
Property	276	198
Corporate Bonds	-	3
Cash	646	395
Other	47	49
Total market value of assets	3,588	3,086

The actual return on scheme assets was £100,000.

Amounts recognised in the statement of financial activities

	2018 £000	2017 £000
Current service cost (net of employee contributions)	(306)	(363)
Net interest cost	(38)	(47)
Total amount recognised in SOFA	(344)	(410)

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

	2018 £000	2017 £000
At 1st September 2017	4,673	5,243
Current service cost	306	363
Interest cost	118	105
Employee contributions	68	70
Actuarial (gain)/loss	(345)	(1,085)
Benefits paid	(24)	(23)
Net increase in liabilities from disposals/acquisition	96	-
Plan introductions, benefit changes, curtailments and settlements	-	-
At 31 August 2018	4,892	4,673

Changes in the fair value of academy's share of scheme assets:

	2018 £000	2017 £000
At 1st September 2017	3,086	2,803
Interest income	80	58
Actuarial gain	94	3
Employer contributions	184	175
Employee contributions	68	70
Benefits paid	(24)	(23)
Net increase in assets from disposals/acquisition	100	-
At 31 August 2018	3,588	3,086

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018 (continued)

30 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions. No such transactions took place in the financial period.

31 Events after the end of the reporting period

There were no significant events occurring after the end of the reporting period.

32 Agency arrangements

The Trust has no agency arrangements in place

33 Academy Boarding Trading Account

The Trust has no Boarding facilities

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018

(continued)

34 Conversion to an Academy Trust

On 31st July 2018 Wilton Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Tees Valley Education Trust Ltd from Redcar and Cleveland Borough Council for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as a net gain in the Statement of Financial Activities as Donations – transfer from local authority on conversion.

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

Wilton Primary Academy

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	899	899
Leasehold land and buildings	-	-	-	-
Other tangible fixed assets	-	-	30	30
Budget surplus / (deficit) on LA funds	-	-	-	-
Budget surplus / (deficit) on other school funds	4	133	11	147
LGPS pension surplus / (deficit)	-	-	-	-
Borrowing obligations	-	-	-	-
Net [assets / liabilities]	4	133	939	1,076

Tees Valley Education
Notes to the Financial Statements for the year ended 31 August 2018
(continued)

35 Teaching School Trading Account

	2018 £'000	2018 £'000	2018 £'000	2017 £'000	2017 £'000	2017 £'000
Income						
Direct Income						
Other income		-			7	
Other Income						
Fundraising and Other trading activities		<u>35</u>		<u>56</u>		62
			35			
Total Income						
Expenditure						
Direct costs						
Direct staff costs	18			15		
Staff development	1			0		
Other direct costs	<u>1</u>			<u>9</u>		
Total direct costs		19			24	
Other Costs						
Support staff costs	6			20		
Depreciation	-			1		
Technology Costs	2			6		
Recruitment and support	-			-		
Security and support	-			-		
Other support costs	4			20		
Share of governance costs	<u>1</u>			<u>-</u>		
Total other costs		<u>13</u>		<u>47</u>		
Total expenditure			<u>(33)</u>		<u>(71)</u>	
Transfers between fund excluding depreciation			-			-
Surplus/(Deficit) from all sources			3			(8)
Surplus/(Deficit) brought forward at 1 September 2017			<u>(13)</u>			<u>(5)</u>
Surplus/(Deficit) carried forward at 31 August 2018			<u>(11)</u>			<u>(13)</u>

Tees Valley Education

Notes to the Financial Statements for the period ended 31 August 2018

(continued)

36 Statement of Financial Activities for the period ended 31 August 2017 (Including Income and Expenditure Account)

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2017 £000
Income and endowments from:				
Donations and capital grants	6	-	20	25
Transfer from local authority on conversion			-	-
Charitable activities:				
Funding for the academy trust's educational operations	249	6,172	-	6,421
Teaching School	-	56	-	56
Other trading activities	215	-	-	215
Investments	5	-	-	5
Total	475	6,228	20	6,723
Expenditure on:				
Raising funds	-	-	-	-
Charitable activities:				
Academy trust educational operations	515	6,411	413	7,339
Teaching School	-	70	-	70
Other	-	-	-	-
Total	515	6,481	413	7,409
Net income / (expenditure)	(40)	(253)	(394)	(687)
Transfers between funds	-	(44)	44	(0)
Other recognised gains / (losses):				
Actuarial (losses) / gains on defined benefit pension schemes	-	1,088	-	1,088
Net movement in funds	(40)	791	(350)	401
Reconciliation of funds				
Total funds brought forward	73	(1,423)	13,905	12,554
Total funds carried forward	32	(632)	13,555	12,955