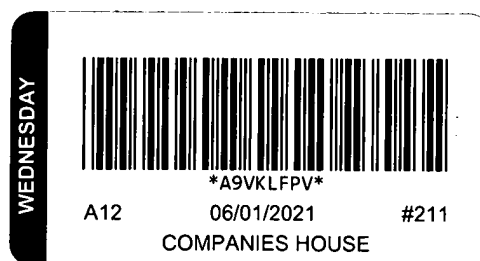


Lighthouse Learning Trust
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2020

Company Registration Number:
10819176 (England and Wales)



Lighthouse Learning Trust

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Lighthouse Learning Trust

Reference and Administrative Details

Members:

Ven. G Collins

L Docherty

D Lloyd (appointed 4 June 2020)

R Woolley

Trustees:

J Atkinson (resigned 2 October 2019)

D Canham

T Cardy (appointed 13 February 2020)

M Cooper (appointed 23 April 2020)

L Docherty (appointed 13 February 2020)

H Dovey

E Flaherty

I Golding

L Graham (resigned 2 October 2019)

R Hall

Z Huggins

M Kelly

A Thompson

A Wyatt-Budd (resigned 31 December 2019)

Company Secretary

A McVittie

Senior Management Team:

M Atkinson	Chief Executive Officer (from 1 February 2019) Principal St Vincent College (to 31 January 2019)
A Born	Finance Director and Deputy Chief Executive Officer
A Grant	Principal St Vincent College (from 1 September 2020) St Vincent Head of College (1 January 2020 to 31 August 2020) St Vincent Interim Head of College (1 February 2019 to 31 December 2019)
E Lee	Richard Taunton Head of College (1 September 2018 to 31 August 2020)

Lighthouse Learning Trust

Reference and Administrative Details

Company Name

Lighthouse Learning Trust

Principal and Registered Office

c/o St Vincent College

Mill Lane

Gosport

Hampshire

PO12 4QA

Company Registration Number

10819176 (England and Wales)

Independent Auditor

Hopper Williams & Bell Limited

Statutory Auditor

Highland House

Mayflower Close

Chandlers Ford

Eastleigh

Hampshire

SO53 4AR

Bankers

Lloyds TSB Bank Plc

25 Gresham St

London

EC2V 7HN

Lighthouse Learning Trust

Trustees' Report

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

The Lighthouse Learning Trust is a Multi Academy Trust which operates two academies, St Vincent College and Richard Taunton College. Both academies were previously established under the Further and Higher Education Act 1992.

St Vincent College and Richard Taunton College Corporations dissolved on 31 October 2017 and their respective activities, assets, liabilities and staff transferred to the Lighthouse Learning Trust.

The company was incorporated on 14 June 2017 but was dormant until 1 November 2017.

Structure, Governance and Management

Constitution

The Multi Academy Trust 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 Academy Trust.

The Trustees of the Lighthouse Learning Trust are also the directors of the charitable company for the purpose of company law. The charitable company is known as The Lighthouse Learning Trust.

Details of the trustees who served during the year and to the date these 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

Trustees benefit from indemnity insurance purchased at the Trust's expense to cover the liability of the Trustees which by virtue of any rule of law would otherwise attach to them in respect of any wrongful act of which they may be guilty in relation to the Academy Trust. The insurance does not extend to any claim arising from any act or omission which the Trustees knew to be a breach of trust or breach of duty, or to the costs of any unsuccessful defence to a criminal prosecution brought against the Trustees in their capacity as Directors of the Academy Trust.

Lighthouse Learning Trust

Trustees' Report

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed in accordance with the Trust's Articles of Association. The Members may appoint up to 12 Trustees (Article 50). Parent Trustees or Parent Local Governors may be elected or appointed (Article 54). Trustees may Co-opt additional Trustees, including staff Trustees subject to limitations (Article 58). The disqualification of Trustees is dealt with by Articles 68-80. The Governance and Audit Committee oversees the Trust's Search process and this is explained in more detail in the Corporate Governance statement. The Trust seeks to attract Trustees with a range of diverse skills and backgrounds in order to provide the Trust Board with the best possible advice and support.

Policies and Procedures Adopted for the Induction and Training of Trustees

All Trustees receive support from their Board colleagues and from the Clerk/Company Secretary. Additionally, the Trust Chair operates an on-going programme of one to one review sessions with individual Trustees in order to identify any areas of support that they may require in order to fulfil their roles. Trustees also receive regular internal training with regard to their duties and responsibilities. The Trust has adopted a model induction policy for Trustees as drafted by ICSA. This was reviewed by the Trust's Governance & Audit Committee. The Clerk/Company Secretary participates in professional governance networks and is able to share best practice with Trustees where this is identified. A Trustees' Skills & Experience audit was completed during the year and this is repeated annually. An annual governance self-assessment was also completed. Both of these exercises inform the on-going development and training of Trustees.

Organisational Structure

The Senior Management Team consisted of:

- Chief Executive Officer of The Lighthouse Learning Trust
- Principal of St Vincent College
- Principal of Richard Taunton College (interim September 2020-August 2021)
- Finance Director and Deputy Chief Executive Officer
- Vice Principals of teaching and learning (two)
- MIS Director
- HR Director
- Estates, Facilities, and Safety Director

The Chief Executive Officer of the Lighthouse Learning Trust is the Accounting Officer.

The committee structure of the Board of Trustees consists of:

- Governance and Audit Committee
- Finance and Resources Committee
- Remuneration Committee
- Local Governing Bodies

Lighthouse Learning Trust

Trustees' Report

Organisational Structure (continued)

In accordance with the Trust's Scheme of Delegation, all Committees are chaired by Trustees. Local Governors are encouraged to join Board Committees where they have specific skills and experience to contribute. However, with the exception of Local Governing Bodies, Trustees always form the majority of Board sub-Committee memberships.

Arrangements for setting pay and remuneration of key management personnel

In its role as the legal employer, the Board of Trustees is responsible for agreeing the Pay Policy on an annual basis. The Remuneration Committee is responsible for reviewing and making recommendations to the Board with regard to remuneration of the Trust's leadership. Further details regarding the remit of this Committee can be found in the Corporate Governance statement. All pay decisions are made finally by the Board of Trustees.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
4	2.72

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£4,998
Total pay bill	£10,354,862
Percentage of the total pay bill spent on facility time	0.05%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	9%
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Lighthouse Learning Trust

Trustees' Report

Related Parties and other Connected Charities and Organisations

The Trust works in partnership with local secondary schools in and around Southampton, Gosport, and Fareham, directly and also through the Southampton Education Forum which brings together Southampton schools, colleges and the local authority with the aim of supporting quality improvement. We also have good links with our local universities in Southampton, Portsmouth, Winchester, and beyond. It works with the Wessex Group, a group of Hampshire colleges, to pursue joint purchasing, collaborate over curriculum development and staff training and development.

In line with other multi academy trusts, academies, colleges and universities, The Lighthouse Learning Trust has many stakeholders. These include:

- Students
- Parents
- Education sector Funding Bodies
- The Regional Schools Commissioner
- Staff
- Local employers (with specific links)
- Hampshire County Council, Southampton City Council and Gosport Borough Council
- Local Enterprise Partnerships
- The local community
- Other FE institutions
- Trade unions and
- Professional bodies.

The Trust recognises the importance of these relationships and engages in regular communication with them through written correspondence and by meetings.

Engagement with employees (including disabled persons)

The Trust is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender and gender identity, parental and marital status, sexual orientation, disability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat discrimination. Our policy is resourced, implemented and monitored on a planned basis. The Equality, Diversity and Inclusion Policies are published on our college websites. The Trust publishes an Annual Equality Statement and each college proposes a set of equality objectives together with an action plan that the local Governing Bodies.

The Trust considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the Trust continues. The Trust's policy is to provide training, career development and opportunities for promotion which, as far as possible, provide identical opportunities to those of non-disabled employees.

The Trust carries out regular Equality & Diversity training for all staff.

Lighthouse Learning Trust

Trustees' Report

Engagement with employees (including disabled persons) (continued)

Disability statement

The Trust seeks to achieve the objectives set down in the Equality Act 2010:

- a) Lifts and ramps have been installed so that most college facilities are accessible to people with a disability. During the year further investment was made at St Vincent College, funded by Hampshire County Council, in providing improved hygiene and physio facilities for our students with Education Health Care Plans (EHCPs).
- b) There is a list of specialist equipment, such as radio aids, hearing loops, laptop computers with specialist software, adaptive aids for computer usage which the Trust can make available for use by students and staff.
- c) The Trust has made a significant investment in the appointment of specialist staff to support students with learning difficulties and / or disabilities who can provide a variety of support for learning.
- d) There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and / or disabilities.
- e) Specialist programmes are described in Trust prospectuses, and achievements and destinations are recorded and published.
- f) Counselling and welfare services are described in each college's student guides.

Engagement with suppliers, customers and others in a business relationship with the trust

The trust seeks to engage fairly and efficiently with suppliers, customers and others in a business relationship with the trust through sound business and financial practices. For suppliers these practices include including clear and transparent communications, the use of procurement frameworks, issuing of purchase orders, prompt payment and other good procurement practices. For customers, we use tariffs for goods and services, professional valuations for property related transactions, we issue invoices and are developing the use of online payment systems. During Covid 19 lockdown we communicated openly and fairly with customers and suppliers to find fair and solutions to the many issues that arose and endeavoured to ensure supplier payments were not interrupted.

Lighthouse Learning Trust

Trustees' Report

Objectives and Activities

The Trust exists to deliver high quality education and training which creates ambition for all and promotes social mobility in its members' communities. The Trust will play a full part in the 'self-improving' school and college sector through partnership with other appropriate institutions and/or through judicious expansion.

Founding Principles

All decisions made by the Board of Trustees are informed by the Trust's Founding Principles. These are:

- Teaching and Learning – the pursuit of high-quality teaching is the first priority of the Trust. By ensuring high standards and achievement, and good progression, it will improve the lives and life chances of our students.
- Value for money – the Trust must bring benefit to students. Management structures should be efficient and effective, ensuring that resources for teaching and learning are maximized.
- Inclusivity – member organisations are committed to the full range of students in their communities. They adopt a 'growth mind-set' attitude and seek improved outcomes through the quality of provision and curriculum and not through selection or exclusion.
- Safety – The Trust will provide students and staff with a safe environment based on respect for all and free from prejudice and intimidation.
- Accountability – we are accountable to our communities who fund our activity and, rightly, expect excellence and professionalism in all that we do.
- Integrity – member institutions and their staff are on a journey of self-improvement. This requires honesty, a self-critical culture, evidence-based analysis and a rejection of arrogance.
- Celebration – helping people progress through education is a privilege. We celebrate our successes, our students' successes and those of our partner institutions.

Lighthouse Learning Trust

Trustees' Report

Public Benefit

The Lighthouse Learning Trust is an exempt charity under part 3 of the Charities Act 2011 and is regulated by the Secretary of State for Education. The Directors, who are Trustees of the charitable company, are disclosed on page 1.

The Board of Trustees has due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the Academy Trust provides the following identifiable public benefits through the advancement of education:

- High-quality teaching
- Widening participation and tackling social exclusion
- Excellent progression record for students including employment and further and higher education and training
- Strong student support systems
- Links with employers, industry and commerce.

Strategic Report

Strategic Plan

The Trusts' Strategic Development Plan has regard to Government policy, and will be updated annually.

The key strategic themes are:

- Ensuring our students have outstanding teaching and support regardless of level of study, subject or individual need
- Ensuring our curriculum meets the needs of our students and our community
- Promoting throughout the Trust our values of well-being, tolerance, empathy, respect and consideration and high expectations
- Achieve value for money through sharing of management and resources
- Achieve sustainability and growth of the multi academy trust
- Utilise our college estates and resources to achieve the best environment for our students

The Trust monitors the plan on a continuing basis.

Achievements and Performance

Student achievement

Students continue to prosper at the Trust and overall achievement rates continue to rise. The 'Value Added' by the college is good with students achieving higher grades than would generally be the case based on their GCSE scores on entry. Students on vocational courses make very significant progress and many from relatively disadvantaged backgrounds progress to university. Compared to national averages the proportion of students who improve their GCSE English and Mathematics grades is high.


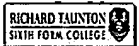
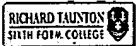




Trustees set three year curriculum targets as shown in the table below.

Lighthouse Learning Trust

Trustees' Report

Achievements and Performance (continued)

TABLE A – Academy Quality Targets (3 years)

Target Ref	Outcome	17/18 Actual 	18/19 Actual 	19/20 Actual 	17/18 Actual 	18/19 Actual 	19/20 Actual 	1 
1	Attendance (pre COVID)	84%	80%	83%	86%	84%	84%	
2	Linear A level Achievement	82%	69%*	69%	88%	58%*	72%	
3	A Level year 1 to yr 2 prog	n/a	77%	72%	n/a	72%	77%	
4	A level VA	7	6	4	5	7	2	
5	BTEC L3 Ach	89%	85%	84%	93%*	94%	94.5%	
6	BTEC VA.	3	2	5	2	2	2	
7	BTEC L3 yr 1 to yr 2prog.	n/a	74%	82%	n/a	80%	82%	
8	Level 2 – 3 progression.	78%	43% L3 15% L2 41% left	n/a	n/a	31% L3 21% L2 48% left	n/a	
9	English Basic	+0.59	+0.43	+0.40	+0.07	+0.23	+0.7	
10	Maths Basic	+0.36	+0.26	+0.64	+0.14	+0.21	+0.65	
12	Access Achievement	77%	75%	83%	77%	70%	81%	

Lighthouse Learning Trust

Trustees' Report

Achievements and Performance (continued)

Trust Level Summary

- A level Value-Added have improved in both colleges
- Advanced Vocational level performance is in the top 10% nationally for St Vincent College
- Progress measures in GCSE English and Maths have improved and are positive across the trust
- Level 2 Vocational results are good across the trust
- Results for students in the School of Personalised Learning (SPL) at St Vincent are good

Inspection:

St Vincent College was inspected in December 2018 and graded as 'Good' for all its provision. Vocational teaching and learning was described as Outstanding. The college was not inspected in 2019-2020.

Richard Taunton College was inspected in January 2019 and graded as 'Require Improvement' overall. Ofsted carried out a monitoring visit in February 2020 and judged the college to be making 'reasonable progress' in all areas.

Curriculum developments

The Trust has a very broad curriculum offer, particularly at St Vincent College. At Advanced level (level3), both colleges offer A levels and general vocational courses (usually the new reformed BTEC National Qualifications). Students can also take level 2 vocational programmes alongside retake English and Maths GCSEs as a preparatory year before progressing to Advanced level study.

St Vincent College also offers a Foundation (level 1) programme and provides a range of courses for learners with Educational and Health Care (EHC) Plans within its School of Personalised learning. In 2019-20 there were 161 learners with EHCPs at the college.

Both colleges offer an 'enrichment' programme of extra-curricular activities including bespoke support for the most able. All students have a personal tutor to oversee their progress and be a key link with parents.

The Trust maintains formal procedures for quality assurance and self-assessment. These are reviewed annually, culminating in the production of a Self-Assessment Report which is validated by Local Governors each November.

Lighthouse Learning Trust

Trustees' Report

Achievements and Performance (continued)

Impact of Covid-19

The Trust has responded effectively to the challenges created by the pandemic. The introduction of our digital learning strategy and, in particular, the purchase of iPads for learning supported the transition to online learning following the lockdown in March 2020. A large majority of learners across both sites and across all ages were able to continue learning and teachers continued to make regular and timely contact with virtually all our learners. Steps were taken to ensure that, wherever possible, our duty of care to both students and staff was properly exercised through the work of the welfare teams in each college and the Trust HR department. We supported students eligible for Free School Meals and bursary with direct payments to enable them to buy food, and also participated in the national free school meals voucher scheme acting as facilitator for the distribution of scheme vouchers.

As restrictions were lifted both colleges made plans to return to full, on-site, learning. New modes of operation (including new timetables, seating plans, one way systems, enhanced cleaning, and additional bus services) have been planned and implemented. Risk assessments were drawn up in full consultation with union and staff representatives and agreed by local governing bodies.

Financial Objectives

The main purpose of the Trust's Financial Strategy is to ensure that the Academy Trust's objectives as set out in the Strategic Development Plan are achieved whilst at the same time, maintaining the financial viability and sustainability of the Trust.

The key objectives of the strategy are:

- To ensure financial viability and sustainability
- To generate an operating surplus before interest and depreciation
- To attract and retain the best staff by ensuring salaries are attractive
- To ensure that sufficient funds are available to enable the maintenance and improvement of the accommodation and equipment
- To maintain positive relationships with our bankers, auditors and the Funding Bodies

Lighthouse Learning Trust

Trustees' Report

Achievements and Performance (continued)

A series of financial performance indicators have been agreed to monitor the financial position:

Financial Performance Indicator	Target	Actual as at 31st August 2020	Actual as at 31st August 2019	Actual as at 31st August 2018
Earnings before interest, taxation, depreciation and amortisation (EBITDA) as % of income (note 1)	0.1%	9.1%	8.1%	0.2%
Operating cash flow	-	(699)	263	(587)
Cash days	67	81	79	62
Adjusted current ratio	1.4	2.8	2.6	2.3
Borrowings as % of income	4.6%	3.6%	4.1%	4.7%
Staff costs as % of income (excluding LGPS pension adjustment)	75.0%	82.1%	76.6%	78.0%
Reliance on ESFA income	80%	82%	79%	81%

Note 1 – the year ended 31 August 2020 included £951,075 of Condition Improvement Fund capital grants receivable from the ESFA for roof replacement projects, and £129,881 in respect of donated fixed assets from Hampshire County Council.

Key Performance Indicators

The Trust sets targets at curriculum, college and Trust level. These are reviewed each year. College curriculum teams carry out annual self-assessment.

The curriculum targets focus on the following headline targets:

- Student attendance and retention
- Student progression to higher levels of study
- Student achievement – raw and value-added
- Student recruitment
- Quality of teaching
- Student Voice

The college and Trust level targets focus on:

- Financial Health indicators
- Generation of commercial income
- Low staff absence
- Shared service cost
- Market share

Lighthouse Learning Trust

Trustees' Report

Going Concern

The Trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable 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 signing of these financial statements. In order to make this assessment the Trustees consider evidence including the Trust's five year forecast, which includes a cash flow forecast, and a more detailed 12 month forecast. They also consider the stated intentions of the Department for Education in terms of funding per student, funding for teachers pay and pension increases, and other funding.

Although the Trust had a healthy level of reserves and cash at the end of 2020, the impact of the further drop in student funding, the previous two years' income reductions, and the requirement to continue to invest in buildings and resources means that the Trust is unlikely to be financially sustainable without some additional funding from the ESFA. Following the meeting with the ESFA and the Regional Schools Commissioner in October, at which a commitment was made by the ESFA to provide financial support, the Trustees have concluded that there is a reasonable expectation that Trust will have adequate resources to continue in operational existence for the foreseeable future, and thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Promoting the success of the academy trust

The Companies Act 2006 (section 172) specifies that Directors have a duty to promote the success of the company as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to—

- a) the likely consequences of any decision in the long term,
- b) the interests of the company's employees,
- c) the need to foster the company's business relationships with suppliers, customers and others,
- d) the impact of the company's operations on the community and the environment,
- e) the desirability of the company maintaining a reputation for high standards of business conduct, and
- f) the need to act fairly as between members of the company.

The Directors of the Lighthouse Learning Trust are committed to furthering the objects of the Trust in a manner that demonstrates regard for its key stakeholders which include students, staff, parents, suppliers, and members of the wider community. The Board believes that this approach is best secured through enthusiastic adherence to the principles of good and inclusive governance. To this end the Trust ensures that students, parents, and staff have an opportunity to serve as Local Governors at each of the Trust's colleges. This helps the Board to understand the different perspectives of each stakeholder group and to have regard for these in its decision-making. Stakeholders are also regularly surveyed and this data is reviewed and acted upon by the Board. Plans are in place to further enhance Student Voice as a key element in determining and monitoring the quality of the Trust's colleges.

Lighthouse Learning Trust

Trustees' Report

Promoting the success of the academy trust (continued)

In 2019-20, Trustees have continued to review the strategic direction of the Trust and its colleges. They review financial planning over a 5-year period which has helped to ensure that Trustees remain sensitive to the long-term consequences of decisions being made by the Board. In doing so, the Board has been proactive in consulting with funding bodies as these are also key stakeholders. The same approach has been applied to the consideration of plans for collaboration with other local providers of education with a view to being able to provide communities with a curriculum that best meets their needs, both now and in the future. Trustees do not believe that short-termism and/or unnecessary local competition are in the best interests of students.

The Trust hopes that its broad and inclusive approach to decision-making and the high standards of its governance and operational practice will help to ensure that the promotion of its success is of benefit to all. Trustees have received training about their duties as Directors under the Companies Act, and this is refreshed regularly.

Financial Review

The Trust receives the majority of its funding from the Education and Skills Funding Agency (ESFA) in the form of recurrent grants paid on a monthly basis. The grants received during the period are shown as 'restricted funds' in the Statement of Financial Activities. During the period ended 31 August 2020 the Trust had total income of £12.9m (2019: £13.2m). Of this £9.6m (2019: £10.3m) was received from the ESFA in respect of its General Annual grant and other DfE/ ESFA grants, and used for its day to day running costs. Total income includes £0.95m of capital income in respect of roof repair projects at both colleges. Income of £1.3m (2019: £1.5m) was received from Local Authorities in respect of provision for High Needs students.

The Trust benefited from Devolved Formula Capital grants of £49k (2019: £302k). This money is used for maintenance projects and to invest in our resources.

The Trust was successful in both colleges' bids to the Condition Improvement Fund (CIF), and was awarded £951k, all of which is shown as income receivable in the Statement of Financial activities, and in debtors. The projects are to replace leaking flat roofs at both colleges, and work is expected to be completed by end of January 2021.

During the year Hampshire County Council donated £130k of assets to St Vincent College, in the form of a building improvement project to improve, and increase the capacity of the hygiene and physio facilities for High Needs students.

During the period, it has been necessary to review the cost base at both colleges, and as a result some staff restructuring has taken place through taking advantage of staff turnover. It has not been possible to progress with wider restructuring due to pandemic restrictions.

Lighthouse Learning Trust

Trustees' Report

Financial Review (continued)

The Trust generated the following results at operating level, excluding capital income:

	Year to August 2020 £000	Year to August 2019 £000
Operating (Deficit) excluding FRS102 pension adjustments	(531)	(510)
Earnings Before Interest Tax, Depreciation & Amortisation ("EBITDA")	1,071	1,043

The Covid-19 pandemic and national lockdown had the following impact on college finances:

- Reduction of commercial income from lettings of £250k
- Savings in pay and non pay estimated at £200k due to the inability to recruit to vacant staff posts
- Delays in capital expenditure due to inability to carry out procurement exercises £130k

The Trust had total net funds as at 31st August 2020 of £30.8m (2019: £32.6m). At 31st August 2020 the net book value of fixed assets was £39.5m (2019: £40.7m). Movements in tangible fixed assets are shown in note 12 to the financial statements.

The closing level of unrestricted and restricted reserves (excluding fixed asset reserves and the LGPS deficit) stands at £971k (2019: £1,092k).

Reserves Policy

Trustees regularly review the finances, budgets and spend against budgets as part of the effective stewardship of the trust. Multi academy trusts are expected to create reserves from their annual funding. This is becoming increasingly difficult with declining student numbers, cuts in funding and increasing cost pressures. The Trust has ended the period with total reserves of £30.8m (2019: £32.6m). Within this the restricted fund balance is a deficit of £10,441k (2019: £8,832k), which includes the LGPS pension reserve deficit of £10,558k (2019: £9,223k). However this does not mean that an immediate liability for this amount crystallises. The restricted and unrestricted revenue reserves balance is £971k (2019: £1,092k). Within this, the reserves for Richard Taunton college are a deficit of £424k (2019: deficit £60k). £85k of this arose from the investment in IT equipment, and a further £75k arose from a contribution towards the ongoing roof capital project. The College aims to clear the deficit balance by completing the work described in the Future Developments section on page 21.

The Trust aims to continue to accumulate reserves and cash balances in order to enable future capital development, finance the Trust's working capital and provide contingency against the risks and uncertainties in running a trust. During the 12 month period the trust has invested in its facilities, including IT equipment at both colleges, and further improvements to the buildings. The Trustees consider an ongoing bank balance of £1.5m to be a reasonable level of cash for normal purposes.

Lighthouse Learning Trust

Trustees' Report

Treasury Management and Investment Policy

Treasury Management is the management of the Trust's cash flows and banking transactions; the effective control of risks associated with these activities; and the pursuit of optimum performance consistent with the associated risks. The Trust has an Investment Policy in place which restricts the institutions that funds may be placed with to a small number of high credit ratings.

During the period, there was no short term borrowing for temporary revenue purposes. The Trust has two loans with the ESFA; one for £258k (balance at 31 August 2020: £206k) which replaced the bank loan of Richard Taunton College with Barclays bank, the other is for £275k (balance at 31 August 2020: £220k) and represents a loan to assist with the conversion of the two colleges into academies and the creation of the multi academy trust. Both loans bore interest of 1.47%, and repayments to the ESFA are payable in 5 equal instalments commencing in December 2019. The first instalment payment was not in fact requested until June 2020. All borrowing requires the authorisation of the Trustees and must comply with the requirements of the Funding Agreement agreed with the ESFA.

Principal Risks and Uncertainties

The system of internal control maintained by the Trust includes financial, operational and risk management which is designed to protect the assets and reputation.

A Risk Register is maintained at the Trust, which is reviewed at each meeting of the Audit Committee, and on a regular basis by the Senior Management Team. The Risk Register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Trust and the actions being undertaken to reduce and mitigate the risk. Risks are prioritised using a consistent scoring system. This is supported by risk management training and awareness of risks throughout the Trust. Outlined below is a description of the principal risk factors that may affect the Trust. Not all the factors are within the Trust's control. Other factors besides those listed below may also adversely affect the Trust.

1. Student numbers

Student numbers at both colleges have shown significant declines in the last three years which significantly impacts the forecast financial position of the Trust. Sophisticated modelling, which considers demographics, market share and progression rates suggests numbers will stabilise in 2020-21 and slowly rise thereafter for the next 5 years driven mainly by the significant increase in the number of young people in Southampton.

Lighthouse Learning Trust

Trustees' Report

Principal Risks and Uncertainties (continued)

2. Government funding (strategic and financial risk)

The Trust has considerable reliance on continued Central and Local Government funding from the ESFA and Hampshire County Council. In the period, 91% of the Academy Trust's revenue was ultimately publicly funded, and this level of requirement is expected to increase in 2020-21 as it will not be possible to earn commercial income from letting college facilities. There can be no assurance that Government policy and practice will remain the same, or that public funding will continue at the same level or on the same terms. The increase in the base rate of funding for 16-19 year olds from September 2020 (the first increase since 2012) was welcome. Equally welcome was the announcement that the ESFA would fund the increased employers' contribution to the Teachers' Pension Scheme for a further year from September 2020. Uncertainties over funding remain beyond August 2022.

The Trust is aware of the following issues that may impact on future funding:

- Future potential changes in the funding methodology which may result in a change in funding for post 16 students.
- Future changes in the funding of High Needs students, which in part comes from Local Government, is subject to in-year fluctuation and varies between councils.
- The risk of decline in market share.
- Stronger competition from other or new local providers.
- Changes in emphasis to more vocational education arising from Government policy.

The risk is mitigated in a number of ways:

- The Trust has a robust marketing strategy that seeks to ensure that student numbers are maintained in the face of demographic decline.
- By ensuring the Trust is rigorous in delivering high quality education and training.
- Ensuring the Trust is focussed on those priorities which will continue to benefit from public funding.
- Continued dialogue with the Funding Body and the Local Authorities, particularly with regard to High Needs student funding.
- Continued development of shared services provision to ensure value for money.

3. Increases in national teacher pay awards, Teachers Pension and Local Government pension Scheme

The Trust is exposed to the risk of increases in the Teachers' pension and local Government pension schemes, over which it has no control and which may become unaffordable. In addition it considers it needs to remain competitive with national pay awards in order to attract and retain good staff. The risk is mitigated by robust budgeting and forecasting, and early consideration of the need to make savings through re-structuring where necessary. The creation of the Trust allows economies of scale to be achieved.

Lighthouse Learning Trust

Trustees' Report

Principal Risks and Uncertainties (continued)

4. Changes to level 3 Qualifications including T levels (strategic risk)

There is a risk that the introduction of T levels changes the post 16 student market and the Trust is unable to respond and adapt its offering sufficiently quickly to take advantage of opportunities and avoid losing market share. Senior management keep up to date with sector intelligence and regularly consider the strategic implications of these changes. This is particularly pertinent at St Vincent College which is in the process of transitioning from a largely A level provider to a more diverse mix of vocational, high needs and sub level 3 provision.

5. Non-compliance with legislation

There is a considerable range of legislation that the Trust must comply with, including Safeguarding and Prevent, employment law, Disability Discrimination, health and safety, General Data Protection Regulation. There are risks of non-compliance resulting in fines and reputational damage. The trust ensures staff inductions and training are carried out and professional advice is procured where necessary to ensure staff are able to ensure compliance. Senior management team meetings regularly consider our ability to respond to legal changes and developments and remain compliant.

6. Inconsistent outcomes for learners

The Trust recognizes that there is a risk of inconsistencies in outcomes for learners which impact on students' ability to progress and achieve. The Trust's reputation may decline if learners do not have consistently good outcomes, which may also result in poor Ofsted grades and reduced learner enrolment in future years with associated financial impact. The risk is mitigated by the Trust's commitment to improvement plans in all areas which have not achieved benchmark outcomes. St Vincent remains as a 'good' college while Richard Taunton College is designated as 'Requires Improvement'. The monitoring visit in January 2020 confirmed that Richard Taunton College was making satisfactory progress in all areas.

7. Reduction in income from lettings and commercial activity as a result of Covid-19

The Trust has experienced a significant fall in income during 2019-20 as a result of the lockdown, which prevented it from hiring out its facilities and finding tenants to rent surplus buildings. This is also expected to be the case for 2020-21. This has a direct and material impact on the financial position leading to lower reserves.

Fundraising

The Academy Trust is predominantly funded by the ESFA based upon the submission of student data returns on a periodic basis to the Department for Education. The Trust engaged more actively in fundraising by making a number of bids to donors on a local, regional, and national basis. The Covid-19 pandemic has resulted in a number of charitable donors advising that they are restricting their donations to Covid-19 specific projects. The Academy Trust does not contract with any external agencies to fundraise on its behalf.

Students at Richard Taunton College are asked to make a voluntary contribution to the Student Union Fund of £20. The fund is used to support student events and facilities.

Lighthouse Learning Trust

Trustees' Report

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy Data use for the period 1 September 2019 to 31 August 2020	
Energy Consumption used to calculate emissions (kWh)	2,719,201
<u>Scope 1 emissions in metric tonnes CO2e</u>	
Gas consumption	320
Owned transport – mini buses	9
<u>Total Scope 1</u>	329
<u>Scope 2 emissions in metric tonnes CO2e</u>	
Purchased electricity	219
<u>Scope 3 emissions in metric tonnes CO2e</u>	
Business travel in employee owned vehicles	0
<u>Total gross emissions in metric tonnes CO2e</u>	548
<u>Intensity ratio</u>	
Tonnes CO2e per pupil	0.25

Quantification and Reporting Methodology

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

Intensity measurement

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

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites. As and when roofs are replaced we will install insulation.

Current and Future Development and Performance

Staffing

The Trust considers good communication with its staff and students to be very important, and publishes bulletins to students and staff. Weekly staff briefings and termly staff meetings are held. Staff and student involvement is encouraged through membership of formal committees, and electronically via email and the Virtual Learning Environment (VLE). All- staff training is carried out, and the trust encourages continuing professional development. The Trust works collaboratively with its recognised unions. Both colleges employ a Teaching and Learning Development Coordinator. Throughout the pandemic whilst staff have worked from home we have continued to hold meetings using online platforms.

Lighthouse Learning Trust

Trustees' Report

Current and Future Development and Performance (continued)

Maintenance Programme

The Trust operates a rolling programme of planned maintenance, which is reviewed each year and monitored on an ongoing basis. The costs are charged to the income and expenditure account in the year in which they are incurred. Minor Capital Works that add value to the estate are capitalised at the period end.

Future Prospects

The Trust welcomes the increased base level of funding from September 2020 whilst remaining concerned that the additional funding for the increased teachers pension scheme is not confirmed after August 2022, as the benefit from the additional base rate funding would be lost if the teachers pension funding did not continue.

Student numbers at both colleges have declined sharply over the last five years. The headline 16-18 funded student numbers are as follows:

	Richard Taunton	St Vincent	Total
	<i>number</i>	<i>number</i>	<i>number</i>
2017-18	1,245	882	2,127
2018-19	1,158	831	1,989
2019-20	956	814	1,770
2020-21	796	629	1,425
2021-22 forecast	835	581	1,416
2022-23 forecast	893	601	1,494

There is an overall drop in student numbers between 2017-18 and 2021-22 of 711. This equates to a drop in annual funding of £3 million, or one third of the 2017-18 funding level. These numbers were predicted in the student number modelling we did in 2018, along with full financial modelling of the impact of this over the next 5 years. This modelling was first shared with the ESFA in autumn 2018 and further updates of the five year forecast have been shared with them since that time.

Student numbers enrolled at both colleges in September, combined with our modelling for future years, indicates that the low point for Richard Taunton has passed and numbers are increasing, and for St Vincent that 2020-21 is the lowest point, with potential for modest increases thereafter.

The Trust has made significant savings since 2017-18, and has only invested in essential capital expenditure, but has been unable to make sufficient savings to reduce the cost base to a level that ensures financial sustainability. The work during 2019-20 towards further re-structuring of the cost base was impacted by the Covid lockdown. For these reasons the budget for 2020-21 submitted to the ESFA was for a significant operating deficit of £1.3 million. In addition, the Trust needs to spend significant sums replacing essential equipment such as end of life servers and other critical IT equipment, sports hall floors, boilers, emergency lighting and a minibus required to enable students to get to college.

In September 2020 the Trust presented a financial recovery plan to the ESFA, requesting financial support to enable it to continue as a going concern and return to financial sustainability.

Lighthouse Learning Trust

Trustees' Report

Current and Future Development and Performance (continued)

The ESFA acknowledged the financial recovery plan and at a meeting in October with the ESFA and the Regional Schools Commissioner, the Trust welcomed the continuation of discussions about the Trust's future, and the firm commitment from the ESFA to provide financial support to enable the Trust to continue. The ESFA confirmed the appointment of a School Resource Management Advisor ("SRMA") to support the Trust's financial planning and further inform the ESFA of the Trust's financial position. The SRMA review commenced in November 2020 and is ongoing.

Modelling of student numbers suggests that the number on role will increase gradually over the next five years.

Along with the challenge of growing student numbers in the face of increased competition driven by a lagged funding methodology, the Trust is addressing the following:

- Designing a curriculum offer that meets the needs of its local communities whilst being particularly mindful of the need for catch up opportunities and upskilling following Covid-19
- Meeting the challenge of successive years of cuts in funding and increasing staff costs, which are severe.
- Maintaining the quality of outcome and experience for students whilst making these cuts.
- Maintaining the current high reputation of the Trust and improving the reputation of each individual college to secure a greater share of the local market.
- Seeking funding to enable us to maintain the extensive number of ageing buildings across the two sites, which amounts to 27 separate buildings, six of which are Grade 2 Listed
- Continuing to collaborate with other schools, colleges and other MATs in the best interests of students.

In the spring and summer of 2019 the FE Commissioner held a review of provision in the Southampton travel-to-learn area, involving all colleges with 50 or more 16-18 year old students from the city of Southampton. The Trust participated fully in this review and expressed its view that to ensure the provision of high quality, sustainable post 16 education in Southampton, the community and employers in the city would be best served by college mergers to create a larger, more financially viable and resilient organisation. The final report and recommendations rejected the proposal from the colleges to merge to form a single new FE college and instead proposed a merger between City College and Itchen College. The Trust publicly supported this proposition with a view to exploring the possibility of Richard Taunton joining the new college in due course. In late September 2020 the FE commissioner confirmed to stakeholders that the proposed merger between City College and Itchen College would not progress.

The Trust continues to work with the Regional Schools Commissioner and the ESFA to develop and implement a suitable solution.

Lighthouse Learning Trust

Trustees' Report

Current and Future Development and Performance (continued)

Resources

The Trust has various resources that it can deploy in pursuit of its strategic objectives:

- its freehold estate, with a net balance sheet value of £38.3m (2019: £39.4m)
- net current assets of £2.4m (2019: £1.9m)
- established staff of 381 people (2019: 406 people) (expressed as an average headcount), of which 142 (2019: 156) are teaching staff
- its reputation, both locally as an academy trust that achieves good outcomes, together with high quality pastoral support.

Events after the end of the reporting period

There are no significant or material events to report after the period end.

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.

The Trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 15 December 2020 and signed on the board's behalf by:

Sue Dovey
Sue Dovey (Dec 17, 2020 09:08 GMT)

S Dovey

Trustee

Lighthouse Learning Trust

Governance Statement

Scope of Responsibility

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

The Trustees have 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 Lighthouse Learning Trust and the Secretary of State for Education. The Chief Executive is also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

The Trust Board is committed to full compliance with the Articles of the Trust, its Funding Agreements, the Academies Financial Handbook, and all relevant statutory legislation. Trustees also acknowledge and give due regard to guidance found in the Governance Handbook and competency framework for governance.

Impact of Covid-19 Pandemic on Governance Arrangements

As part of its response to the Covid-19 pandemic restrictions, the Board put in place emergency governance arrangements between March and August 2020. These arrangements included the formation of an Emergency Committee with delegated powers as a means of providing a rapid response to quickly changing events. The Committee met on a weekly basis and was comprised of the Chair and two Vice Chairs as well as the Chief Executive and Clerk. Its output was reported to the wider Trust Board throughout. The Trust was also successful in continuing to operate a full schedule of Board and sub-Committee meetings using video-conferencing platforms.

Lighthouse Learning Trust

Governance Statement

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The Trustees have formally met six times during the period. Attendance during the period at meetings of the Board of Trustees was as follows:

Trustee	Meetings Attended	Out of a Possible
T. Cardy	5	5
M. Cooper	3	4
L. Docherty	5	5
S. Dovey (Chair)	7	7
R. Hall (Vice Chair)	6	7
D. Canham	6	7
E. Flaherty	5	7
I. Golding	5	7
L. Graham	1	1
M. Kelly	7	7
A. Wyatt-Budd	2	3
Z. Huggins	6	7
A. Thompson	6	7

In attendance:

M. Atkinson (Chief Executive)
E. Lee (Head of Richard Taunton College)
A. Grant (Head of St Vincent College)
A. Born (Finance Director)
A. McVittie (Clerk to the Trustees)

Appointments to the Board of Trustees

Any new appointments to the Board of Trustees are a matter for the consideration of the Board of Trustees as a whole. The Trust has established a clearly defined "Search" process which is overseen and operated by the Governance and Audit Committee and this Committee also makes recommendations regarding appointments. The Search process is designed to ensure that the Board's capacity is regularly enhanced and refreshed by encompassing a broad and diverse range of skills and experience brought by individual Trustees. Trustees are appointed for a term not exceeding four years, upon the expiry of which they may be re-elected for a further term.

Lighthouse Learning Trust

Governance Statement

Finance and Resources Committee

The Finance and Resources Committee is a sub-committee of the main Board of Trustees and operates in accordance with written terms of reference as approved by the Trustees. Its purpose is to review the financial position of the Trust through regular scrutiny of the management accounts as well as to make recommendations to the Board of Trustees with regard to annual and longer-term financial planning, including capital expenditure. The Committee also oversees the Trust's central services where these exist such as Human Resources, Estates Management, and Information Technology. The Committee has no delegated powers but advises the Board with a view to ensuring compliance with the Academies Financial Handbook and the terms of the Trust's Funding Agreements.

Attendance during the period at meetings was as follows:

Committee Member	Meetings Attended	Out of a Possible
T. Cardy	3	3
R. Hall (Committee Chair and Trust Board Vice Chair)	6	6
Z. Huggins	4	6
D. Canham (Trustee)	4	6
J. Hampton (Local Governor)	2	6
A. Thompson	4	6

In attendance:

M. Atkinson (Chief Executive)
E. Lee (Head of Richard Taunton College)
A. Grant (Head of St Vincent College)
A. Born (Finance Director)
A. McVittie (Clerk to the Trustees)

Governance and Audit Committee

The Governance and Audit Committee is a sub-Committee of the main Board of Trustees and operates in accordance with written terms of reference as approved by the Trustees. Its purpose is to advise the Trustees on the adequacy and effectiveness of the Trust's systems of internal control and its arrangements for risk management, control and governance processes. An annual report is presented to the Board of Trustees by the Committee Chair for this purpose. The Committee also provides a forum for reporting by the Trust's Internal Auditors, Reporting Accountants and Financial Statements Auditors, all of whom have access to the Committee for independent discussion, and without the presence of management if deemed necessary.

The Trust's Internal Auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the Governance and Audit Committee. Management are responsible for the implementation of agreed audit recommendations and progress towards implementation is tracked regularly as part of the Committee's plan of business.

Lighthouse Learning Trust

Governance Statement

Governance and Audit Committee (continued)

The Governance and Audit Committee also advises the Trustees and Members on the appointment of Internal Auditors, Reporting Accountants and Financial Statements Auditors, and their remuneration for both audit and non-audit work. The Committee has no delegated powers.

Attendance during the period at meetings was as follows:

Trustee	Meetings Attended	Out of a Possible
M. Kelly (Committee Chair and Trustee)	2	2
M. Cooper	1	1
S. Dovey (Trust Board Chair)	2	2
P. Need (Local Governor)	2	2
H Shrimpton (Local Governor)	1	4

In attendance:

M. Atkinson (Chief Executive) – by invitation for non-audit items only
A. Born (Chief Financial Officer)
A. McVittie (Clerk to the Trustees)

Remuneration Committee

The Remuneration Committee comprises the Chair and Vice Chair of the Board of Trustees along with the Chairs of each sub-Committee including the Chairs of Local Governing Bodies. The Committee is chaired by the Trust's Vice Chair and operates in accordance with written terms of reference as approved by the Trustees. The Committee has no delegated powers. Its responsibilities are to make recommendations to the Board of Trustees on the remuneration and benefits of: the Trust Chief Executive and Accounting Officer; the College Principals; the Chief Financial Officer; and the Clerk to the Trustees/Company Secretary. The Committee met once during the period and attendance was as follows:

Trustee	Meetings Attended	Out of a Possible
R. Hall (Committee Chair and Trust Vice Chair)	1	1
Z. Huggins (Trustee and Chair of St Vincent College Local Governing Body)	1	1
S. Dovey (Trust Board Chair)	1	1
M. Kelly (Trustee and Trust Vice Chair)	1	1

Lighthouse Learning Trust

Governance Statement

Local Governing Bodies

Lighthouse Learning Trust is committed to developing and maintaining strong and effective Local Governing Bodies (LGBs) for each of its institutions. These LGBs are accountable to the Board of Trustees and are its “eyes and ears” at the local level. The role of LGBs has been clearly set out in the Trust’s Scheme of Delegation and this is very much focused towards supporting quality improvement and challenging leadership teams to drive up standards in terms of teaching, learning, and outcomes for students. Local Governors also monitor the deployment and effectiveness of Trust policies and resources. LGBs help the Trust to establish an on-going dialogue with the key stakeholders of each institution (including parents and staff), and are also there to champion the development of Student Voice. Finally, Local Governors are expected to be active in celebrating student and Academy success.

Local Governing Bodies are scheduled to meet at both Richard Taunton College and at St Vincent College on a half termly basis.

Governance Self-Assessment

The composition of the Board of Trustees is set out in the Trustees’ Report. The Trustees conduct their business through a number of committees. There is a clearly defined Scheme of Delegation in place to support this framework and each committee has terms of reference, which have been approved by the Board of Trustees. Trustees are provided with regular and timely information regarding the overall financial performance of the Trust and the quality of its institutions. Trustees also understand that the Board holds ultimate responsibility for both Safeguarding and Health & Safety. As such, lead governance roles have been established at both Board and Local Governing Body level to provide assurance in these areas. During the period, the Board of Trustees has been active in considering strategic options for the future of the Trust and the Trust’s strategic plan is being further developed as an output from this work.

During the period, all Trustees received training with regard to their roles and responsibilities. In particular, Trustees understand their duties to include the following:

1. Duty to act within powers
2. Duty to promote the success of the company
3. Duty to exercise independent judgment
4. Duty to exercise reasonable care, skill and diligence
5. Duty not to accept benefits from third parties
6. Duty to avoid conflicts of interests
7. Duty to declare an interest in a proposed transaction or arrangement

Trustees also understand their obligations to comply with the Charities Act 2016 and, as Directors, with the Companies Act 2006.

Lighthouse Learning Trust

Governance Statement

Governance Self-Assessment (continued)

In carrying out their duties, Trustees are committed to ensuring compliance with the following:

1. The Trust's Articles
2. The Trust's Funding Agreements
3. The Academies Financial Handbook
4. The Governance Handbook
5. All statutory guidance issued by the Department of Education and/or the Education Skills and Funding Agency

The Board of Trustees, its sub-Committees, and Local Governing Bodies are all supported by a professionally qualified Clerk/Company Secretary. This role is seen as essential in terms of help the Trust to achieve its declared aspiration of achieving excellence in governance. The appointment, evaluation and removal of the Clerk/Company Secretary are matters for the Board of Trustees as a whole.

Trustees understand that it is their responsibility to bring independent judgement to bear on issues of strategy, performance, resources, and standards of conduct. In doing so, the Board of Trustees seeks to ensure that it holds the executive team properly to account. The Board of Trustees has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Board of Trustees considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Clerk/company maintains a register of financial and personal interests of the Trustees, which is available for inspection on request and is also published online. There is a clear division of responsibility between the roles of the Chair of the Board of Trustees and the Accounting Officer (Chief Executive Officer) which are kept separate.

The effectiveness of the Trust's Governance is self-assessed on an on-going and annual basis. During the reporting period the Trust Board adopted the Charity Governance Code as the framework for its governance self-assessment. Meeting reviews are also conducted at the end of each meeting, and a self-assessment framework is deployed annually.

Lighthouse Learning Trust

Governance Statement

Review of Value for Money

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

The Accounting Officer considers how the Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. In addition, the Trust's Finance & Resources Committee has a remit to evaluate all contractual expenditure in excess of £75,000 and to make recommendations for approval of this expenditure to the Board of Trustees.

With regard to demonstrating value for money, in 2018, both colleges achieved a 97% pass rate at A Level, with 30% at St Vincent and 24% at Richard Taunton achieving A* - B grades. Both colleges achieved 99% pass rate for Vocational qualifications. The Trust historically has a strong value-added performance for Vocational learners using the ALPS measurements and has been placed within the top quartile on a national basis. The Trust carried out a small number of staffing restructures in 2019-20, mainly through taking advantage of staff turnover to improve efficiency. It has also carried out a number of combined procurement exercises for both colleges which have achieved savings. The creation of Trust Shared Services has achieved savings at supervisory and managerial level through economies of scale whilst improving resilience.

The Trust has strong links with other providers, in particular local schools and it collaborates with other colleges. It is a member of the Wessex Federation, a grouping of Sixth Form colleges that collaborate in the areas of curriculum improvement, procurement and policy development.

Despite reductions in funding necessitating reductions in expenditure, the Trust has maintained the quality of outcomes for students in most areas, and the quality of its resources and accommodation. The Trust has realistic plans for ensuring its financial viability in the face of possible further cuts and falling rolls within the county.

The Trust continues to generate savings through shared procurement activity, targeting the efficiency of central and local college processes, and building the resilience of college systems and teams.

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 Lighthouse Learning Trust for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Lighthouse Learning Trust

Governance Statement

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

The Risk and Control Framework

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

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

The board of trustees has considered the need for a specific internal audit function and has decided not to appoint an internal auditor. Instead they commissioned a series of audits to address the key risks. Audits carried out in 2019-20 include:

- Two funding audits, one for each college by a national audit firm that specialises in post 16 funding
- An audit of GDPR arrangements by a large national internal audit firm
- An audit of Health & Safety by a large national internal audit firm

The commissioning of a programme of checks covering financial controls was planned for the summer term but had to be cancelled due to the lock down.

The work of internal auditors is informed by an analysis of the risks to which the Trust is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Trustees on the recommendation of the Governance and Audit Committee.

Lighthouse Learning Trust

Governance Statement

Review of Effectiveness


As accounting officer the CEO has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditors
- the work of the external auditor
- the school resource management self-assessment tool
- the work of the executive managers within the academy trust who have responsibility for the development and maintenance of the internal control framework

The Accounting Officer (CEO) has been advised of the implications of the result of their review of the system of internal control by the Governance and Audit Committee, which oversees the work of the internal auditors and other sources of assurance, and a plan to address weaknesses and ensure continuous improvement of the systems in place.

The Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Senior Management Team and the Governance and Audit Committee also received two reports from TIAA covering health & safety and GDPR, and two from specialist funding auditors which include recommendations for improvement. The Governance and Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board of Trustees' agenda includes a regular item for consideration of risk and control and receives reports thereon from the Senior Management Team and the Governance and Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Approved by order of the members of the board of trustees on 15 December 2020 and signed on its behalf by:


Sue Dovey (Dec 17, 2020 09:08 GMT)

S Dovey
Trustee



M Atkinson
Accounting Officer

Lighthouse Learning Trust

Statement of Regularity, Propriety and Compliance

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

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

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the board of trustees and ESFA. If any instances are identified after the date of this statement, these will be notified to the board of trustees and ESFA:

- 1) The academy trust has entered into the following agreements:
 - a) Prior to academy conversion, Richard Taunton Sixth Form College entered into a catering agreement which included an embedded finance lease of £12,500. The academy subsequently entered into a further embedded lease of £7,500.
 - b) St Vincent College entered into a catering agreement on 27 July 2018 which included an embedded finance lease of £14,000.

The academy trust did not request prior approval from the ESFA for these agreements since it was not aware that the agreements included embedded finance leases. The academy trust requested retrospective approval from the ESFA which was not provided. No adjustment has been made in the financial statements due to immateriality.

- 2) A suspected fraud relating to misuse of the academy trust's procurement card and fictitious supplier accounts was uncovered during the year. Investigation by the Senior Management Team is ongoing and the full financial effect is currently not known but at the time of approval of the financial statements the estimated financial loss is approximately £39k.



M Atkinson

Accounting Officer

15 December 2020

Lighthouse Learning Trust

Statement of Trustees' Responsibilities

The trustees (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 2019 and the Academies Accounts Direction 2019 to 2020
- make judgments and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the board of trustees on 15 December 2020 and signed on its behalf by:


Sue Dovey (Dec 17, 2020 09:08 GMT)

S Dovey
Trustee

Lighthouse Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Learning Trust

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which indicates that the academy trust is projecting a deficit of £1.3m (excluding restricted pension fund and restricted fixed asset funds) in respect of the year ending 31 August 2021 and is currently in discussions with the ESFA regarding additional funding. As stated in note 1, these events or conditions, along with the other matters as set forth in the note 1, indicate that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Lighthouse Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Learning Trust

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. It includes the Reference and Administrative Details, the Trustees' Report (including the Strategic Report), and the Governance Statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Lighthouse Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Lighthouse Learning Trust

Responsibilities of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company 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 to 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 charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Our 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 a Report of the Independent Auditors 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 Report of Independent Auditors.

Use of our report

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

Michaela Johns

M Johns FCCA (Senior statutory auditor)
For and on behalf of Hopper Williams & Bell Limited
Statutory Auditor
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

17/12/2020
Date

Lighthouse Learning Trust

Independent Reporting Accountant's Assurance Report on Regularity to Lighthouse Learning Trust and the Education & Skills Funding Agency

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

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

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

The accounting officer is responsible, under the requirements of Lighthouse Learning Trust's funding agreement with the Secretary of State for Education dated 24 October 2017 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Lighthouse Learning Trust

Independent Reporting Accountant's Assurance Report on Regularity to Lighthouse Learning Trust and the Education & Skills Funding Agency

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Consideration as to whether prior approval was sought from the Secretary of State where it is required by the Academies Financial Handbook (AFH).
- Review of any special payments to staff, including compromise agreements, to consider whether prior approval was sought where required by the AFH and that any payments are in line with the severance guidance published by ESFA.
- Consideration as to whether any borrowings have been made in accordance with the AFH.
- Review of any 'minded to' letters or Financial Notices to Improve have been issued to the academy trust.
- Review of any transactions with related parties to ensure that they have been carried out in accordance with the AFH.
- Review of governance arrangements to determine whether the requirements of the AFH have been met.
- Review of the academy trust's internal controls, including whether the general control environment has regard to the regularity of underlying transactions, including fraud management.
- Review of the academy trust's procurement policies to determine effectiveness and testing a sample of purchases to confirm that the policies have been correctly implemented.
- Identifying any conditions associated with specialist grant income and determining whether it has been spent as the purposes intended.

Lighthouse Learning Trust

Independent Reporting Accountant's Assurance Report on Regularity to Lighthouse Learning Trust and the Education & Skills Funding Agency

Conclusion

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

- 1) The academy trust has entered into the following agreements:
 - a) Prior to academy conversion, Richard Taunton Sixth Form College entered into a catering agreement which included an embedded finance lease of £12,500. The academy subsequently entered into a further embedded lease of £7,500.
 - b) St Vincent College entered into a catering agreement on 27 July 2018 which included an embedded finance lease of £14,000.

The academy trust did not request prior approval from the ESFA for these agreements since it was not aware that the agreements included embedded finance leases. The academy trust requested retrospective approval from the ESFA which was not provided. No adjustment has been made in the financial statements due to immateriality.

- 2) A suspected fraud relating to misuse of the academy trust's procurement card and fictitious supplier accounts was uncovered during the year. Investigation by the Senior Management Team is ongoing and the full financial effect is currently not known but at the time of approval of the financial statements the estimated financial loss is approximately £39k.

Michaela Johns

M Johns FCCA
Reporting Accountant
Hopper Williams & Bell Limited
Chartered Accountants
Highland House, Mayflower Close, Chandlers Ford, Eastleigh SO53 4AR

Date 17/12/2020

Lighthouse Learning Trust

Statement of Financial Activities for the year ended 31 August 2020 (including Income and Expenditure Account)

	Note	Un-restricted funds £	Restricted General Funds £	Restricted Pension Funds £	Restricted Fixed Asset Funds £	2019/20 Total £	2018/19 Total £
Income and endowments from:							
Donations and capital grants	2	-	-	-	1,129,606	1,129,606	424,675
Charitable activities:							
Funding for the academy trust's educational operations	3	-	11,541,423	-	-	11,541,423	12,423,629
Other trading activities	4	180,193	-	-	-	180,193	365,510
Investments	5	15,528	-	-	-	15,528	20,330
Total		195,721	11,541,423	-	1,129,606	12,866,750	13,234,144
Expenditure on:							
Charitable activities:							
Academy trust educational operations	7	-	11,564,701	885,000	1,832,570	14,282,271	14,485,244
Net income / (expenditure)		195,721	(23,278)	(885,000)	(702,964)	(1,415,521)	(1,251,100)
Transfers between funds	17	(43,201)	(249,887)	-	293,088	-	-
Other recognised gains / (losses):							
Actuarial losses on defined benefit pension schemes	27	-	-	(450,000)	-	(450,000)	(4,253,000)
Net movement in funds		152,520	(273,165)	(1,335,000)	(409,876)	(1,865,521)	(5,504,100)
Reconciliation of funds							
Total funds brought forward		701,263	390,619	(9,223,000)	40,757,501	32,626,383	38,130,483
Total funds carried forward		853,783	117,454	(10,558,000)	40,347,625	30,760,862	32,626,383

The notes on pages 44 to 67 form part of these financial statements.

Lighthouse Learning Trust

Balance Sheet as at 31 August 2020

Company Number 10819176

	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	12		39,477,794		40,677,546
Current assets					
Stock	13	7,523		11,613	
Debtors	14	1,175,411		405,351	
Cash at bank and in hand		2,581,818		2,644,257	
		<u>3,764,752</u>		<u>3,061,221</u>	
Liabilities					
Creditors: Amounts falling due within one year	15	<u>(1,325,528)</u>		<u>(1,184,683)</u>	
Net current assets			<u>2,439,224</u>		<u>1,876,538</u>
Total assets less current liabilities			41,917,018		42,554,084
Creditors:					
Amounts falling due after more than one year	16		<u>(319,633)</u>		<u>(426,178)</u>
Net assets excluding pension liability			41,597,385		42,127,906
Defined benefit pension scheme liability	27		(10,558,000)		(9,223,000)
Other pension provisions	27		(278,523)		(278,523)
Total net assets			<u>30,760,862</u>		<u>32,626,383</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	17	40,347,625		40,757,501	
Restricted income fund	17	117,454		390,619	
Pension reserve	17	<u>(10,558,000)</u>		<u>(9,223,000)</u>	
Total restricted funds			29,907,079		31,925,120
Unrestricted income funds	17		853,783		701,263
Total funds			<u>30,760,862</u>		<u>32,626,383</u>

The financial statements on pages 41 to 67 were approved by the trustees and authorised for issue on 15 December 2020 and are signed on their behalf by:

Sue Dovey
Sue Dovey (Dec 17, 2020 09:08 GMT)

S Dovey
Trustee

The notes on pages 44 to 67 form part of these financial statements.

Lighthouse Learning Trust

Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £	2019 £
Cash flows from operating activities			
Net cash provided by (used in) operating activities	21	(699,454)	262,828
Cash flows from financing activities	22	(106,545)	-
Cash flows from investing activities	23	743,560	100,285
Change in cash and cash equivalents in the reporting period		(62,439)	363,113
Cash and cash equivalents at 1 September 2019		2,644,257	2,281,144
Cash and cash equivalents at 31 August 2020	24	2,581,818	2,644,257

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going Concern

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy trust to continue as a going concern. The trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

The academy trust is projecting a deficit of £1.3m (excluding restricted pension fund and restricted fixed asset funds) in respect of the year ending 31 August 2021 and is currently in discussions with the ESFA regarding additional funding. This indicates that a material uncertainty exists that may cast significant doubt on the academy trust's ability to continue as a going concern. Further information is given in the Trustees' Report. The Trustees have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future. The Trustees have therefore continued 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.

- **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.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

Income (continued)

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

- **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'.

- **Donated fixed assets (excluding Transfers on conversion/into the academy trust)**

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.

- **Legacies**

For legacies, entitlement is taken as the earlier of the date on which either: the academy trust is aware that probate has been granted, the estate has been finalised and notification has been made by the executor to the academy trust that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably. Where legacies have been notified to the academy trust, or the academy trust is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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.

- **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.

Tangible Fixed Assets

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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.

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

Freehold Land and Buildings	20 to 50 years straight line on buildings; not provided on land
Furniture and Equipment	10 years straight line
Plant and Machinery	10 years straight line
Computer Equipment	5 years straight line
Motor Vehicles	5 years straight line

Where the academy trust can identify the value of major components of freehold or leasehold buildings based upon additions following conversion to academy status, the academy trust reviews whether one or more such components have significantly different patterns of consumption of economic benefits. In such cases, the academy trust allocates the cost of the asset to its major components and depreciates each component separately over its useful life.

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

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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 14. Prepayments are not financial instruments.

Cash at bank

Cash at bank is classified as a basic financial instrument and is measured at face value. An investment is treated as a cash equivalent when it has a short maturity of three months or less from the date of acquisition.

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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.

Stock

Unsold uniforms and catering stocks are valued at the lower of cost or net realisable value.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded multi-employer 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.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

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

The assumptions used are disclosed in note 27.

Critical areas of judgement

There are no other critical areas of judgement.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in the notes to the financial statements.

2 Donations and capital grants

	Unrestricted funds	Restricted funds	2019/20 Total	2018/19 Total
	£	£	£	£
Capital grants	-	999,725	999,725	301,951
Donated fixed assets	-	129,881	129,881	-
Other donations	-	-	-	122,724
	-	1,129,606	1,129,606	424,675
<i>Total 2019</i>	-	424,675	424,675	

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
DfE / ESFA grants				
General Annual Grant (GAG)	-	9,038,878	9,038,878	9,995,855
Other DfE Group grants	-	603,045	603,045	282,182
	-	9,641,923	9,641,923	10,278,037
Other government grants				
Local authority grants	-	1,331,953	1,331,953	1,500,259
Exceptional government funding				
Coronavirus Job Retention Scheme grant	-	3,988	3,988	-
Other Coronavirus funding	-	10,000	10,000	-
	-	13,988	13,988	-
Other income from the academy trust's educational operations				
Other income	-	553,559	553,559	645,333
	-	11,541,423	11,541,423	12,423,629
Total 2019	-	12,423,629	12,423,629	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the Coronavirus outbreak. The funding received is shown above under "exceptional government funding".

The academy trust furloughed some of its premises staff under the government's Coronavirus Job Retention Scheme. The funding received related to staff costs in respect of four staff which are included within the staff note below.

The academy trust received other Coronavirus funding in respect of Small Business Grant funding.

4 Other trading activities

	Unrestricted funds £	Restricted funds £	2019/20 Total £	2018/19 Total £
Hire of facilities	180,193	-	180,193	365,510
Total 2019	365,510	-	365,510	

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

5 Investment income

	Unrestricted funds	Restricted funds	2019/20 Total	2018/19 Total
	£	£	£	£
Short term deposits	15,528	-	15,528	20,330
<i>Total 2019</i>	<i>20,330</i>	<i>-</i>	<i>20,330</i>	

6 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
		Premises	Other	2019/20	2018/19
	£	£	£	£	£
Academy's educational operations:					
Direct costs	6,775,099	-	835,211	7,610,310	6,894,026
Allocated support costs	3,579,763	730,482	2,361,716	6,671,961	7,591,218
	10,354,862	730,482	3,196,927	14,282,271	14,485,244
<i>Total 2019</i>	<i>10,541,954</i>	<i>584,714</i>	<i>3,358,576</i>	<i>14,485,244</i>	

Net income/(expenditure) for the period includes:

	2019/20	2018/19
	£	£
Operating lease rentals	36,332	38,573
Depreciation	1,578,208	1,553,293
Impairment	23,118	-
Fees payable to auditor for:		
Audit	14,750	14,000
Other services	4,395	9,050

Included within expenditure are the following transactions:

	Total	Individual items above £5,000	
	£	Amount	Reason
	£	£	
Unrecoverable debts	2,747	-	-
Cash losses	2,000	-	-

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

7 Charitable activities

	2019/20	2018/19
	Total	Total
	£	£
Direct costs	7,610,310	6,894,026
Support costs	6,671,961	7,591,218
	14,282,271	14,485,244

Analysis of support costs:

	Educational operations	2019/20	2018/19
		Total	Total
	£	£	£
Support staff costs	3,579,763	3,579,763	4,693,517
Depreciation	1,578,208	1,578,208	1,553,293
Impairment	23,118	23,118	-
Technology costs	154,244	154,244	204,574
Premises costs	730,482	730,482	584,714
Legal costs - other	243	243	-
Other support costs	576,168	576,168	526,575
Governance costs	29,735	29,735	28,545
Total support costs	6,671,961	6,671,961	7,591,218
<i>Total 2019</i>	<i>7,591,218</i>	<i>7,591,218</i>	

Premises costs includes £231,244 (2019: £nil) in respect of expenditure on capital projects, which were funded by capital grants from the ESFA.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff

a) Staff costs

Staff costs during the period were:

	2019/20	2018/19
	£	£
Wages and salaries	7,427,770	7,826,234
Social security costs	589,547	639,162
Pension costs	2,209,370	1,906,471
	10,226,687	10,371,867
Agency staff costs	78,666	92,527
Other staff costs	28,569	21,828
Staff restructuring costs	20,940	55,732
	10,354,862	10,541,954

Staff restructuring costs comprise:

Redundancy payments	-	43,839
Severance payments	-	14,000
Other restructuring costs	20,940	(2,107)
	20,940	55,732

Other restructuring costs relate to enhanced pension contributions in respect of past redundancies prior to academisation. There were no redundancy costs or severance payments made during the year ended 31 August 2020.

b) Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £nil (2019: £14,000).

c) Staff numbers

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

	2019/20	2018/19
	No.	No.
Teachers	142	156
Administration and support	229	240
Management	10	10
	381	406

d) Higher paid staff

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

	2019/20	2018/19
	No.	No.
£60,001 - £70,000	1	2
£70,001 - £80,000	2	1
£90,001 - £100,000	-	1

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

8 Staff (continued)

e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 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 £350,574 (2019: £357,909).

9 Related Party Transactions – Trustees' remuneration and expenses

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

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

		2019/20	2018/19
		£000	£000
M Atkinson	Remuneration	-	30-35
(Staff trustee to 2 January 2019)	Employer's pension contributions paid	-	5-10
E Lee	Remuneration	-	25-30
(Staff trustee to 2 January 2019)	Employer's pension contributions paid	-	0-5

During the period ended 31 August 2020, no trustees received any reimbursement of expenses (2019: £86 to one trustee).

10 Trustees and officers insurance

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

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

11 Central Services

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

- Senior Management Team remuneration
- Human resources and payroll
- Finance
- MIS
- IT
- Premises management
- Exams management
- Insurance costs
- Governance costs

The academy trust charges for these services on based upon the budgeted total income of each academy. The actual amounts charged during the year were as follows:

	2019/20	2018/19
	£	£
Richard Taunton Sixth Form College	393,017	606,254
St Vincent College	542,740	713,277
	935,757	1,319,531

12 Tangible fixed assets

	Freehold Land and Buildings £	Furniture and Equipment £	Plant and Machinery £	Computer Equipment £	Motor Vehicles £	Total £
Cost						
At 1 September 2019	41,662,781	61,948	1,068,312	686,753	7,301	43,487,095
Acquisitions	87,134	-	98,048	216,392	-	401,574
Impairments	-	-	(23,118)	-	-	(23,118)
At 31 August 2020	41,749,915	61,948	1,143,242	903,145	7,301	43,865,551
Depreciation						
At 1 September 2019	2,227,114	36,038	253,074	286,022	7,301	2,809,549
Charged in year	1,218,784	18,514	152,863	188,047	-	1,578,208
At 31 August 2020	3,445,898	54,552	405,937	474,069	7,301	4,387,757
Net book values						
At 31 August 2019	39,435,667	25,910	815,238	400,731	-	40,677,546
At 31 August 2020	38,304,017	7,396	737,305	429,076	-	39,477,794

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

13 Stock

	2019/20	2018/19
	£	£
Catering stocks	7,523	11,613

14 Debtors

	2019/20	2018/19
	£	£
Trade debtors	(3,496)	127,532
VAT recoverable	81,783	79,400
Other debtors	951,075	8,697
Prepayments and accrued income	146,049	189,722
	1,175,411	405,351

15 Creditors: amounts falling due within one year

	2019/20	2018/19
	£	£
Trade creditors	143,807	86,792
Other taxation and social security	147,088	147,970
ESFA creditor: abatement of GAG	646	271,514
Loans falling due within one year	106,544	106,544
Other creditors falling due within one year	327,637	229,351
Accruals and deferred income	599,806	342,512
	1,325,528	1,184,683

	2019/20	2018/19
	£	£
Deferred income at 1 September 2019	194,889	215,684
Released from previous years	(194,889)	(215,684)
Resources deferred in the year	165,084	194,889
Deferred income at 31 August 2020	165,084	194,889

At the balance sheet date the academy trust was holding funds received in advance for grant income relating to the forthcoming financial year and £37,764 (2019: £25,459) held on behalf of Southampton Education Forum.

Merger support and pre-academisation loans from the ESFA carry interest at 1.8% and are repayable in instalments from December 2019 over a period of five years.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

16 Creditors: amounts falling due in greater than one year

	2019/20	2018/19
	£	£
Loans falling due in greater than one year	319,633	426,178

Merger support and pre-academisation loans from the ESFA carry interest at 1.8% and are repayable in instalments from December 2019 over a period of five years.

17 Funds

	Balance at 1 September 2019 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2020 £
Restricted general funds						
General Annual Grant (GAG)	390,619	9,038,878	(9,058,626)	(370,871)	-	-
Other DfE/ESFA grants	-	603,045	(603,045)	-	-	-
Coronavirus support funding	-	13,988	(13,988)	-	-	-
Other government grants	-	1,331,953	(1,331,953)	-	-	-
Desty legacy fund	-	-	(3,530)	120,984	-	117,454
Other educational activities	-	553,559	(553,559)	-	-	-
	390,619	11,541,423	(11,564,701)	(249,887)	-	117,454
Pension reserve	(9,223,000)	-	(885,000)	-	(450,000)	(10,558,000)
	(8,832,381)	11,541,423	(12,449,701)	(249,887)	(450,000)	(10,440,546)
Restricted fixed asset funds						
Fixed asset fund	40,677,546	-	(1,601,326)	401,574	-	39,477,794
ESFA capital grants (DFC)	79,955	48,650	-	(128,605)	-	-
ESFA capital grants (CIF)	-	951,075	(231,244)	150,000	-	869,831
Donated fixed assets	-	129,881	-	(129,881)	-	-
	40,757,501	1,129,606	(1,832,570)	293,088	-	40,347,625
Total restricted funds	31,925,120	12,671,029	(14,282,271)	43,201	(450,000)	29,907,079
Total unrestricted funds	701,263	195,721	-	(43,201)	-	853,783
Total funds	32,626,383	12,866,750	(14,282,271)	-	(450,000)	30,760,862

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Funds (continued)

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

General annual grant

This includes all funding received from the ESFA to carry out the objectives of the academy. It includes the school budget share; minimum funding guarantee; education services grant; insurance; rates; and post-16 high needs funding streams.

Other DfE/ESFA grants

This is funding received from the ESFA for specific purposes, for example pupil premium funding.

Local authority grants

This is funding received from the local authority for specific purposes, for example Special Educational Needs funding.

Desty legacy fund

The Desty Legacy Fund represents a legacy given to Richard Taunton College by the Desty family to promote science at the college. This is being achieved through a) a Denis Desty Science Scholarship for prospective students, b) the Desty Aspiration Scholarship, to raise aspirations of students towards studying science in higher education and c) the Desty Science Enhancement Fund, to enhance science in the curriculum. The college envisages using the fund over a time span of twelve to fifteen years.

Other educational activities

This includes all other educational income/expenditure.

Pension reserve

This represents the negative reserve in respect of the liability on the LGPS pension scheme which was transferred to the academy trust on conversion.

Fixed asset fund

The fund includes the value of the tangible fixed assets of the academy on conversion, and amounts transferred from GAG or other restricted funds specifically for expenditure on tangible fixed assets, and the annual charges for depreciation of these assets.

DfE/ESFA capital grants

This is funding received from the DfE/ESFA specifically for expenditure on tangible fixed assets.

Donated fixed assets

This represents the cost of the construction of new hygiene and physiotherapy rooms at St Vincent College, which was funded by the local authority.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Funds (continued)

Transfers between funds

Transfers to the restricted fixed asset fund represent the cost of fixed asset additions which have been funded from restricted or unrestricted general funds.

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

Total funds analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

	2019/20	2018/19
	£	£
Richard Taunton Sixth Form College	(423,512)	(59,972)
St Vincent College	1,455,162	1,252,944
Central services	(60,413)	(101,090)
Total before fixed assets and pension reserve	971,237	1,091,882
Restricted fixed asset fund	40,347,625	40,757,501
Pension reserve	(10,558,000)	(9,223,000)
Total	30,760,862	32,626,383

Richard Taunton Sixth Form College is carrying a net deficit of £423,512 on these funds due to under recruitment of students and the need to continue to replace essential equipment and make essential building repairs.

The academy trust is taking the following action to return the academy to surplus:

- Continue to market and promote the college to increase market share and thus increase income.
- Continue to review all aspects of the college's cost base and reduce expenditure where possible.
- Request additional financial support from the ESFA to enable it to return to financial sustainability.
- Make bids to CIF and other government funds to fund essential repairs of the building and improvements to reduce the energy and other building running costs.

Central services is carrying a net deficit of £60,413 on these funds because a charge was not made to the colleges for services in the first year of operation. Additional charges are being made over four years to both colleges to clear this balance.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

17 Funds (continued)

Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £	Other Support Staff Costs £	Educational Supplies £	Other Costs (excl. dep- reciation) £	2019/20 Total £	2018/19 Total £
Richard Taunton College	2,870,995	1,300,627	504,580	588,056	5,264,258	5,468,801
St Vincent College	3,819,783	1,631,811	330,181	734,179	6,515,954	6,183,816
Central services	84,321	647,325	450	168,637	900,733	1,279,334
	6,775,099	3,579,763	835,211	1,490,872	12,680,945	12,931,951

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

	Balance at 1 September 2018 £	Income £	Expenditure £	Transfers £	Gains and losses £	Balance at 31 August 2019 £
Restricted general funds						
General Annual Grant (GAG)	35,217	9,995,855	(9,640,453)	-	-	390,619
Other DfE/ESFA grants	-	282,182	(282,182)	-	-	-
Other government grants	-	1,500,259	(1,500,259)	-	-	-
Other educational activities	-	768,057	(768,057)	-	-	-
	35,217	12,546,353	(12,190,951)	-	-	390,619
Pension reserve	(4,229,000)	-	(741,000)	-	(4,253,000)	(9,223,000)
	(4,193,783)	12,546,353	(12,931,951)	-	(4,253,000)	(8,832,381)
Restricted fixed asset funds						
Fixed asset fund	42,008,843	-	(1,553,293)	221,996	-	40,677,546
ESFA capital grants (DFC)	-	301,951	-	(221,996)	-	79,955
	42,008,843	301,951	(1,553,293)	-	-	40,757,501
Total restricted funds	37,815,060	12,848,304	(14,485,244)	-	(4,253,000)	31,925,120
Total unrestricted funds	315,423	385,840	-	-	-	701,263
Total funds	38,130,483	13,234,144	(14,485,244)	-	(4,253,000)	32,626,383

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

18 Analysis of net assets between funds

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	39,477,794	39,477,794
Current assets	853,783	2,041,138	-	869,831	3,764,752
Current liabilities	-	(1,325,528)	-	-	(1,325,528)
Non-current liabilities	-	(319,633)	-	-	(319,633)
Pension scheme liability	-	-	(10,558,000)	-	(10,558,000)
Other pension provisions	-	(278,523)	-	-	(278,523)
Total net assets	853,783	117,454	(10,558,000)	40,347,625	30,760,862

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

	Un-restricted funds	Restricted general funds	Restricted pension funds	Restricted fixed asset funds	Total funds
	£	£	£	£	£
Tangible fixed assets	-	-	-	40,677,546	40,677,546
Current assets	701,263	2,280,003	-	79,955	3,061,221
Current liabilities	-	(1,184,683)	-	-	(1,184,683)
Non-current liabilities	-	(426,178)	-	-	(426,178)
Pension scheme liability	-	-	(9,223,000)	-	(9,223,000)
Other pension provisions	-	(278,523)	-	-	(278,523)
Total net assets	701,263	390,619	(9,223,000)	40,757,501	32,626,383

19 Capital commitments

	2019/20	2018/19
	£	£
Contracted for, but not provided in the financial statements	869,831	-

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

20 Commitments under operating leases

At 31 August 2020 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2019/20	2018/19
	£	£
Amounts due within one year	21,104	32,953
Amounts due between one and five years	12,980	18,873
	34,084	51,826

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

	2019/20	2018/19
	£	£
Net expenditure for the reporting period	(1,415,521)	(1,251,100)
Adjusted for:		
Depreciation	1,578,208	1,553,293
Impairment	23,118	-
Capital grants from DfE and other capital income	(1,129,606)	(301,951)
Interest receivable	(15,528)	(20,330)
Defined benefit pension scheme cost less contributions payable	724,000	632,000
Defined benefit pension scheme finance cost	161,000	109,000
Decrease / (increase) in stocks	4,090	(48)
Increase in debtors	(770,060)	(74,193)
Increase / (decrease) in creditors	140,845	(383,088)
(Decrease) / increase in other pension provisions	-	(755)
Net cash (used in) / provided by Operating Activities	(699,454)	262,828

22 Cash flows from financing activities

	2019/20	2018/19
	£	£
Repayments of borrowing	(106,545)	-
Net cash (used in) / provided by financing activities	(106,545)	-

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

23 Cash flows from investing activities

	2019/20	2018/19
	£	£
Dividends, interest and rents from investments	15,528	20,330
Purchase of tangible fixed assets	(271,693)	(221,996)
Capital grants from DfE Group	999,725	301,951
Net cash provided by investing activities	<u>743,560</u>	<u>100,285</u>

24 Analysis of cash and cash equivalents

	2019/20	2018/19
	£	£
Cash at bank and in hand	<u>2,581,818</u>	<u>2,644,257</u>

25 Analysis of changes in net debt

	At 1 September 2019 £	Cash flows £	Acquisition/ disposal of subsidiaries £	New finance leases £	Other non-cash changes £	At 31 August 2020 £
Cash	2,644,257	(62,439)	-	-	-	2,581,818
Loans falling due within one year	(106,544)	-	-	-	-	(106,544)
Loans falling due after more than one year	(426,178)	106,545	-	-	-	(319,633)
Total	2,111,535	44,106	-	-	-	2,155,641

26 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.

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

27 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 Hampshire County Council. Both are multi-employer defined benefit schemes.

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

Contributions amounting to £173,583 were payable to the schemes at 31 August 2020 (2019: £145,918) and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £880,811 (2019: £673,316).

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

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

27 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. The total contribution made for the year ended 31 August 2020 was as follows:

	2020	2019
	£	£
Employer's contributions	600,000	665,000
Employees' contributions	180,000	179,000
	780,000	844,000

The agreed contribution rates for future years are 18.9% for employers and 5.5% to 12.5% for employees.

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

Principal actuarial assumptions

	2020	2019
Rate of increase in salaries	3.3%	3.6%
Rate of increase for pensions in payment/inflation	2.3%	2.1%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.3%	2.1%

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

	2020	2019
<i>Retiring today</i>		
Males	23.0	23.1
Females	25.5	25.8
<i>Retiring in 20 years</i>		
Males	24.7	24.7
Females	27.2	27.6

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

27 Pension and similar obligations (continued)

Sensitivity analysis

	Increase/(reduction) in defined benefit obligation	
	2020	2019
	£	£
Discount rate +0.1%	(565,000)	(468,000)
Discount rate -0.1%	589,000	478,000
Mortality assumption – 1 year increase	884,000	779,000
Mortality assumption – 1 year decrease	(859,000)	(771,000)

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

	2020	2019
	£	£
Equities	7,936,000	8,150,000
Property	840,000	975,000
Government bonds	2,715,000	2,789,000
Cash	224,000	257,000
Other	2,281,000	1,368,000
Total market value of assets	<u>13,996,000</u>	<u>13,539,000</u>

The actual return on scheme assets was £84,000 (2019: £758,000).

Amount recognised in the Statement of Financial Activities

	2019/20	2018/19
	£	£
Current service cost	1,324,000	835,000
Past service cost	-	462,000
Interest income	(247,000)	(359,000)
Interest cost	408,000	468,000
Total amount recognised in the SOFA	<u>1,485,000</u>	<u>1,406,000</u>

Lighthouse Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

27 Pension and similar obligations (continued)

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

	2019/20	2018/19
	£	£
At 1 September	22,762,000	17,097,000
Current service cost	1,324,000	835,000
Interest cost	408,000	468,000
Employee contributions	180,000	179,000
Actuarial loss	287,000	4,652,000
Benefits paid	(407,000)	(931,000)
Past service cost	-	462,000
At 31 August	24,554,000	22,762,000

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

	2019/20	2018/19
	£	£
At 1 September	13,539,000	12,868,000
Interest income	247,000	359,000
Actuarial (loss) / gain	(163,000)	399,000
Employer contributions	600,000	665,000
Employee contributions	180,000	179,000
Benefits paid	(407,000)	(931,000)
At 31 August	13,996,000	13,539,000

28 Related party transactions

No related party transactions took place in the period of account, other than certain trustees' remuneration and expenses already disclosed in note 9.

29 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ended 31 August 2020 the academy trust received £279,211, contributed a further £63,167 from its own reserves, and disbursed £485,913 from the fund (including £14,475 administration costs). An amount of £23,497 is included in other creditors relating to undistributed funds that are repayable to ESFA. Comparatives for the accounting period ending 31 August 2019 are £382,844 received, £567,133 disbursed (including £27,006 administration costs) and £167,032 included in other creditors.