

Companies House

Harris Federation

Consolidated report and financial statements

Year to 31 August 2022

Company limited by guarantee
Registration number
06228587 (England and Wales)

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Reference and administrative information

Members	Lord Harris of Peckham Lady Harris of Peckham Mr P A Harris
Directors	Lord Harris of Peckham Sir W Adderley Mr P Carr Ms D Deakin-Elliott Mr K J Hoods Mr P Jacobs Mrs A Kail Ms C Lemer Mr T D Moore Sir D Moynihan Dr N Rata Mr P J Saunders Lord C Terrington Mrs D Wright
Senior Management Team	Sir D Moynihan Mr M Antoniou Ms R Hickey Ms S Hasan Ms S McGrath Mr M Lyons Mr T Webster
Secretary	Mr M Antoniou
Registered office	4 th Floor Norfolk House Wellesley Road Croydon CR0 1LH
Company registration number	06228587 (England and Wales)
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	National Westminster Bank plc 30 Tooting High Street London SW17 0XN
Solicitors	Veale Wasbrough Vizards LLP Narrow Quay House Bristol BS1 4QA

Directors' report Year to 31 August 2022

The directors of Harris Federation, who are also trustees for the purposes of the Charities Act 2011, present their report and the audited financial statements of the Harris Federation (the Federation) and its three subsidiary companies; Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services Limited, together 'the group', for the year to 31 August 2022. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and it is also the report of the directors for the purposes of the Companies Act 2006.

The financial statements have been prepared in accordance with the accounting policies set out on pages 39 to 45 and comply with the charitable company's memorandum and articles of association, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution and principal activities

The Federation is a company limited by guarantee, incorporated under Company Number 06228587. The Federation's Memorandum and Articles of Association are the primary governing documents of the Federation.

As at 31 August 2022 the Federation was comprised of 51 open academies, following the opening of Harris Clapham Sixth Form on 1 September 2021.

The Federation was incorporated on 26 April 2007. These financial statements for the Federation, which cover the year to 31 August 2022, aggregate the activities of the 50 member academies.

The principal activity of the Federation is to advance education in England for the public benefit. It does this by establishing and maintaining schools, mainly serving disadvantaged communities, that give children the ability, drive and determination to succeed and by training current and future generations of teachers.

Members

The members of the company are the Principal Sponsor (Lord Harris of Peckham) and two persons nominated by the Principal Sponsor. Every member of the company undertakes to contribute such amount as may be required (not exceeding £10) to the company's assets if it should be wound up while he or she is a member or within one year after he or she ceases to be a member, for payment of the company's debts and liabilities arising before he or she ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of rights of the contributories among themselves.

Directors' indemnities

In accordance with normal commercial practice the Federation has purchased insurance to protect directors, governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Federation business. The insurance provides cover up to £2 million on any one claim.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Method of recruitment and appointment or election of directors

The articles of association require the appointment of at least three directors (unless otherwise determined by ordinary resolution). The directors of the company are also trustees for the purposes of charity law. The directors delegate a number of functions to the local governing body ("LGB") of each Academy.

The Principal Sponsor may, by notice in writing to the Federation delivered to the registered office, appoint up to twelve directors.

The term of office for any director (other than the Principal Sponsor and the Chief Executive) shall be three years. Any director may be re-appointed at the end of their term of office.

Policies and procedures adopted for the induction and training of directors

The training and induction provided for new directors depends on their existing experience. The Federation has adopted a common policy for the induction and training of both the directors and the governors who sit on the local governing bodies. New governors are briefed in the structure and ethos of the Federation and their role within it by the CEO. In-house training in financial matters is provided by the Director of Finance and Operational Development and his team. Training in Safer Recruitment, for governors monitoring safeguarding, and in Health & Safety is provided both in-house and by external courses organised and paid for by the Federation. All directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as directors.

Organisational structure

The following directors were in office at 31 August 2022 and served throughout the period except where stated:

Director	Appointed / resigned
Lord Harris of Peckham	
Sir W Adderley	Appointed 8/12/21
Mr R Alcock	Resigned 19/11/21
Mr P Carr	
Ms D Deakin-Elliott	
Mr K J Hoods	
Mr P Jacobs	
Mrs A Kail	
Ms C Lemer	Appointed 8/12/21
Mr T D Moore	
Sir D Moynihan	
Dr N Rata	
Mr P J Saunders	
Lord C Terrington	
Ms R Wilton	Resigned 1/3/22
Mrs D Wright	

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

Subsidiary companies

The Federation has three wholly owned subsidiary companies:

- ♦ Harris Academies Project Management Limited was incorporated in 2007 and was dormant during the year;
- ♦ HCTC Enterprises Limited was incorporated in 1994 and was dormant during the year; and
- ♦ Harris Professional Services Limited was incorporated in 2012 and was dormant during the year.

Further information is included in the notes to the financial statements.

Management

The board of directors of the Federation is responsible for setting general policy, adopting an annual plan and budget, and monitoring the Federation by use of budgets and reports and making major decisions about the direction of the Federation, capital expenditure and senior staff appointments.

Each Academy has its own local governing body with the Chair of that Academy being a director of the Federation in several cases. Each local governing body has responsibility for setting policy, within the constraints of Federation policies, and recommending annual plans and budgets at the Academy to the Federation board of directors.

The directors delegate the day to day responsibility of running the Federation to Sir Dan Moynihan (CEO). The day to day running of individual Academies is delegated by each local governing body to the Principal.

Arrangements for setting pay and remuneration of key management personnel

The pay and remuneration of key management personnel is set by the Remuneration Committee which includes the Chairman of the Board. The pay and remuneration of the Chief Executive Officer is determined by the Remuneration Committee. Key management personnel are considered to be the senior management team as listed on page 1.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the Federation to publish information on facility time arrangements for trade union officials at the Federation. The Federation confirms that there were no employees acting as trade union officials within the meaning of these regulations during the year ended 31 August 2022. Facility time is not provided by the Federation and therefore no employee spent time on facility time and no percentage of the pay bill was spent on facility time.

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

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

Harris Federation's Procurement Policy which is published on its website details the manner in which the organisation engages with suppliers.

Our intent is to foster good supply arrangements which benefit both the organisation (and its academies) and the suppliers we utilise. Our aim is to be supplied with the goods and services we need at the best value and at the time required, through suppliers being offered fair, open and transparent ways to bid and provide these goods and services.

During 2021/22, in order to ensure best practice, we have engaged with both the DfE and LUPC to help with their strategies on developing frameworks that will be beneficial to Harris Federation and other schools and academies.

OBJECTIVES AND ACTIVITIES

Objects, aims and objectives

The aim of the Federation is to operate as a group of collaborating academies for the benefit of young people. Our academies are deliberately located close within commuting distance of each other, so that the Federation can build and maintain a joint purpose between its schools and ensure they share the best ideas and resources.

The Sponsor's vision is that, rather than working in isolation, the Harris Academies will work together as a federation. This will enable the schools to use their combined resources and collective expertise in order to assist each other and so raise standards faster than would be the case with schools working in isolation.

Public benefit

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

Equal opportunities policy

The directors recognise that equal opportunities should be an integral part of good practice within the workplace. The Federation has established equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

OBJECTIVES AND ACTIVITIES (continued)

Employee involvement

Harris Federation encourages staff contributions at all levels and close collaboration between the academies; principals / head teachers also meet regularly to share knowledge and best practice. The Federation intranet provides information and access to internal and external professional development and support. Academies hold regular meetings and briefings. New staff are fully inducted and teachers take part in training before the start of and during the school year.

Disabled persons

Lifts, ramps and disabled toilets have been installed and door widths have been enlarged to enable wheelchair access to all the main areas of the academies where possible. The policy of the Federation is to support the employment of disabled persons both in recruitment and by retention of employees who become disabled whilst in the employment of the academies, as well as generally through training and career development.

STRATEGIC REPORT

Achievements, performance and plans for future periods

Introduction and overview of the 2021-22 academic year

During this period, the Harris Federation had 51 academies in London and Essex. The 51st school was Harris Clapham Sixth Form. The 50th - Harris Primary Academy Croydon, officially opened in January 2021.

This academy's trajectory, with excellent outcomes achieved despite huge setbacks caused by the global pandemic, is symbolic of the wider drive and ambition within the Federation to be a force for educational achievement in disadvantaged and challenging areas of the Southeast with a series of successful initiatives to help pupils catch-up and recover.

In addition to our thriving academies, we have a long and successful track record in delivering world class professional development – well beyond our own Federation – to ensure that the best, most highly-trained teachers are available to children in disadvantaged communities. This year, through our successful bid with three other leading school trusts to set up and run England's first National Institute of Teaching (NIoT), we made a game-changing development in our ability to impact and improve the wider system.

Set to open in September 2022, the NIoT will have university status and train teachers across the entire country, from initial qualification through to Headship. We will lead the London and Southeast campus of the NIoT, with three other campuses across England led by our partner trusts.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Supporting our schools

The Harris Federation employs around 80 subject specialists across primary and secondary, and in most areas of the national curriculum, known as our Consultant Team. All are expert teachers and together they constitute an immensely powerful resource for school improvement with a hands-on role collaborating with leaders, teachers, and support staff in our academies to improve outcomes for our pupils.

This year, for the first time, we employed two Music Consultants to grow and develop the music provision in our academies. During the year they worked to further improve our music curriculum and teaching as well as improving students' performance skills.

Over 1,700 pupils from across the Harris Federation are part of Harris Experience, our enrichment programme that aims to broaden the academic and cultural experiences of our most academically promising children from Year 9 to Year 13. Disadvantaged pupils are prioritised for places and the scheme has been demonstrably successful in supporting them to win places at the UK's most prestigious universities, and then thrive once they get there.

During the year students participated in a wide variety of high-quality events including meeting Fiona Hill, ex White House Adviser on Russia, Rachel Reeves, Shadow Chancellor, Jacky Wright, Vice President of Microsoft and many other high profile and interesting speakers. Students participated in a range of mentoring and shadowing days including at the Treasury and Barings Bank as well as a range of university preparation events for both British and American universities.

In addition to our all-important educational support services, we provide a full range of efficient, effective but low-cost business functions designed to allow academy staff to spend more of their time focusing on pupils and less on administration. Harris academies are supported with admissions, data, health and safety, HR, ICT, finance, marketing, legal advice, PR, safeguarding, site maintenance, and much more.

Educational outcomes

The impact of Covid on our pupils, many of whom are from the most disadvantaged and therefore vulnerable families, was profound. As a Federation, we and our schools have worked hard to mitigate this through a variety of different means ranging from high quality online schooling throughout the various lockdowns (with provision of laptops and Wi-Fi necessary for pupils to access lessons) to a hardship fund that paid for supermarket vouchers and financial support for families who would otherwise have been in crisis.

Our Recovery Curriculum, which we put into place last year to help pupils catch up on what they missed during the pandemic, continued into the 2021/22 academic year. Harris primary academies focused on extra one-to-one and small group support for pupils while our secondary academies put in place hundreds of hours of extra teaching time before and after school and during the weekends and holidays.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Educational outcomes (continued)

The results of this are striking: our academies outperform national rates of achievement at every level, despite the disproportionately disadvantaged cohort of pupils we serve:

- (1) At primary, the key accountability measure is the proportion of Year 6 pupils achieving the Government's expected standard in reading, writing and mathematics. Nationally, Covid caused the pass rate to plummet from 65% prior to the pandemic to 59%. Among the most economically disadvantaged group of children on Free School Meals, the national rate fell even further to 43% with most not reaching the standard required to be ready for secondary school.

At Harris, we bucked these trends:

- ◆ Every single Harris primary academy comfortably outperformed the national average with a total of 72% of our Year 6 pupils meeting the Government's standard.
 - ◆ 65% of our Year 6 pupils on Free School Meals met the Government's standard – in other words, the most disadvantaged pupils at Harris did not just outperform other disadvantaged pupils nationally, they also outperformed all pupils nationally.
- (2) Over 4,000 Harris pupils took GCSEs with us in Summer 2022. These pupils had not had a normal teaching year before taking the exams since they were in Year 8 yet, despite the disproportionate toll the pandemic took on them and their families with a substantial proportion from disadvantaged backgrounds, they outperformed pupils nationally on every academic measure.

Progress 8 measures the progress made by Year 11 pupils since primary school in eight key subjects. As it is a relative measure, grade inflation has no impact on it. At Harris:

- ◆ Our Federation-wide Progress 8 of +0.4 indicates that our GCSE cohort progressed significantly more during secondary school than the Government would have expected them to given their attainment at primary school.
- ◆ This means that they achieved an average of more than three GCSE grades better with Harris than they would have achieved at an average school.

Despite having started their secondary education with attainment below the national average, our pupils scored well above average in the key subjects of English and maths. 74% of our pupils achieved at least a pass in both these subjects, higher than the national rate of 65%.

Meanwhile, 15% of Year 11 pupils in England achieved GCSEs in all EBacc subjects – maths, English, science, a humanity, and a language; at Harris, 33% of pupils did so, over double the national rate.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Educational outcomes (continued)

(3) Our A Level cohort this year were taking their first ever public examinations, having had their GCSEs cancelled in 2020 because of the pandemic. Of these, a quarter are now taking degrees at Russell Group universities, nearly double the national rate, with:

- ♦ Over 200 pupils celebrating straight A and A* grades;
- ♦ 46 pupils at Oxford and Cambridge – bringing the total number of Harris alumni going to Oxbridge over the past five years to more than 200, mostly from low-income backgrounds;
- ♦ 40 pupils studying dentistry, medicine, and veterinary science, most from ethnic minority or white working-class backgrounds, with a third on bursaries for low incomes;
- ♦ At least 26 pupils with places on apprenticeships and degree apprenticeships, including at Arup, Morgan Stanley, IBM, and Deloitte.

OFSTED inspections

Seven Harris secondary academies and one of our primary academies were inspected by Ofsted over the course of the year. All were rated 'Good' or 'Outstanding'.

A Hub for Community

Our academies have continued to be a hub for community, many of them setting up and running food banks for their own pupils and families and for others in the community more widely. In addition to the food banks, initiatives taken to combat food poverty include:

- The distribution of thousands of healthy, tasty, and freshly prepared frozen meals to our pupils before school holidays, generously funded by Barings;
- Arranging for food bags and meal kits, put together by pupils and staff, to be delivered to the homes of families who needed this; and
- Working with the charities Magic Breakfasts and School Food Matters to ensure all pupils can have a healthy and filling breakfast each morning and take food home for the weekends too.

Our academies have continued to provide laptops and Wi-Fi dongles for pupils to use at home, with several also providing exam desks and study chairs.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Fundraising for pupils

Our successful fundraising initiatives enable our academies to make life better, and fairer, for the children we educate. This year we raised £2.6m which we put towards:

- ◆ One-to-one catch-up tutoring for pupils as well as extra lessons where needed before and after school, at weekends and in school holidays;
- ◆ Bursaries for sixth formers from low-income backgrounds to attend university, removing financial stress from their decision making about what to do with their futures;
- ◆ Additional counselling to support the mental health and wellbeing of our pupils;
- ◆ Teaching Mandarin;
- ◆ Growing the range of Subject Consultants who work with our academies to improve outcomes for pupils; and
- ◆ Additional teaching groups in the final year of primary school to reduce class sizes in our most disadvantaged schools to boost standards in the basics of English and mathematics.

Performance against Harris Federation Priorities 2020/21

Secondary

To improve attendance across all academies. Attendance has fallen since the pandemic therefore it is necessary to reset high expectations as the norm.

Target: All secondary academies, as a minimum, to return to pre-pandemic attendance figures with the aspiration that all will be at or above the 2019 national attendance figure.

Outcome: Overall attendance was 92.28% compared to a national average of 92.65% which is 0.32% less than average. In line with national trends, schools with above average numbers of children eligible for Free School Meals had lower attendance. Harris has a disproportionately large number of children eligible for Free Meals and this remains an improvement priority.

All secondary academies to achieve in line with pre-pandemic 2019 Progress 8 levels and at least 0.4 for 2022. The current Year 11 have been adversely affected by school closures and lockdown. Significant resourcing has been deployed to mitigate any effect on examination results.

Target: All secondary academies achieve Progress 8 = 0.4.

Outcome: At the time of writing (before final School Performance Tables are published), draft P8 for the group looks to be very close to +0.4 which is well above the national average of just below zero. Thirteen out of 24 Harris Academies beat the +0.4 figure, another nine, while below +0.4 are still well above the national average. This score is likely to make Harris one of the top performing large multi-academy trusts in England.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Performance against Harris Federation Priorities 2020/21 (continued)

Secondary (continued)

All secondary academies are compliant regarding evidence for Free School Meals, Contracts Register and Medical Provision.

Target: Compliance Reviews and Finance Business Partner sign off visits indicate no significant issues regarding Free School Meals (FSM), Contracts Registers and Medical Provision.

Outcome: Significant progress has been made towards achieving compliance in FSM, Contracts Registers and Medical Provision across both Primary and Secondary. However, work still needs to be done and is being progressed. The new Compliance Management Reviews (CMR's) have highlighted gaps to be addressed in compliance. The CMR tool drills down into these areas and will provide the evidence to drive focus both in Head Office and in academies. With regards to medical provision, 83% are now using medical tracker, which is an online first aid and medical condition management programme. This has greatly enhanced the monitoring of compliance centrally and focused the Health & Safety Team's effort in addressing any legal and policy issues arising. The appointment of Quadrant Compliance Managers in Secondary has significantly improved compliance as the Federation is now more aware of any compliance shortfalls, which need to be addressed. The intention is to replicate this structure with the appointment of two Primary Operations Managers across the three Primary Clusters.

Primary

To improve attendance across all Primary academies. Attendance has fallen since the pandemic; it is necessary to reset high expectations as the norm.

Target: All Primary academies, as a minimum, to return to pre-pandemic attendance figures with the aspiration that all will be at or above the 2019 national attendance figure.

Outcome: In line with national trends attendance did not return to 2019 levels but was still above the 2022 national average. Overall primary attendance was 94.36% which is +1.76 above the national average of 92.6% for 2022. All but one Harris primary exceeded the national average with one school falling below by 0.12%.

Restore or improve on pre-pandemic levels of achievement.

Target: Fewer than three primary academes to get less than 95% in phonics screening check with 100% for Year 2 retakes.

Outcome: The national average Phonics attainment fell from 91% in 2019 to 87% in 2022.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Performance against Harris Federation Priorities 2020/21 (continued)

Primary (continued)

However, the Harris Phonics score was 93.8% overall or 6.8% above the national average. Within this, 9 academies scored above 95% and all the others achieved more than the national average.

Target: Year 6 SAT tests to be 8% above 2022 national average, with the proportion working at Greater Depth to be 3% above national average.

Outcome: The national average pass rate fell by 6% from 65% to 59%. However, Harris Primary schools increased the percentage pass rate from 71% to 72% which is 13% above the national average.

Target: 85% of pupils across the Federation attain a GLD (Good Level of Development) (Good Level of Development) in EYFS (Early Years Foundation Stage) – Summer 2022.

Outcome: 81.4% of children achieved a Good Level of Development. At the time of writing the national average is unknown.

All Primary academies are compliant regarding evidence for Free School Meals, Safeguarding / SCR, and Medical Provision.

Target: Compliance Reviews and Finance Business Partner sign off visits indicate no significant issues regarding FSM, Safeguarding/SCR, and Medical Provision.

Outcome: See under secondary section.

Finance

Agree short and long-term strategy for upgrade of finance systems and new budgeting and reporting tools.

Target: strategy, project plan and resources agreed by Finance and User Group by mid-Spring term – reported user satisfaction further improves.

Outcome: Finance and HR systems (including budgets and purchase to pay) were reviewed during the year. A number of 'best in breed' and ERP (Enterprise Resource Planning) systems were considered. An ERP was judged to be the best match for Harris given our size and the need for an integrated system with Finance and HR. We commissioned an ERP external consultancy firm to prepare a target operating model in readiness. Following several presentations with both Oracle and Microsoft it was decided that the all-round best fit for Harris was the Oracle ERP system which was a more established and mature product.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Performance against Harris Federation Priorities 2020/21 (continued)

Finance (continued)

Develop the Schools Finance Officer Model to further improve efficiency and service delivery.

Target: Formal review of Finance Officer role and structure, by Spring term, project plan for change created and implemented. User satisfaction further improves.

Outcome: In readiness for the system upgrade we have established a Primary Finance Officer pilot scheme to manage finances centrally rather than in schools. Given the initial success of the project the scheme has been extended until December 2022 with more schools being added to the pilot.

Harris Federation priorities for 2022/23

Secondary

- ♦ Secondary attendance matches the national average for 2022-23 (with high proportions of children eligible for free school meals in our schools it is a challenging target to recover post covid).

- ♦ Progress 8 is + 0.45 and no academy achieves below 0.

- ♦ White disadvantaged students make expected progress based on ability and achieve a result close to 0 Progress 8.

- ♦ Further Prioritise Literacy across Secondary Academies.

Target All academies to be actively using Bedrock Scheme to improve students' vocabulary acquisition (minimum 75% engagement) and working to significantly improve the percentage of students reading at their chronological age so that 70% or more are at their chronological age.

In addition, each academy to devise a clear literacy strategy which outlines how all aspects of the literacy audit will be addressed with a specific drive on disciplinary literacy.

STRATEGIC REPORT (continued)

Achievements, performance and plans for future periods (continued)

Harris Federation priorities for 2022/23 (continued)

Primary

- ◆ Attainment at Key Stage 2 Combined score to rise to 74% from 72% and no schools to be below the 2023 national average.
- ◆ Attainment in Maths at both Key Stage 1 and Key Stage 2 to be in line with attainment in Reading.
- ◆ To increase all school's pupil roll numbers by 5%.
- ◆ Prioritise Writing and consolidate the good 2022 Reading performance with particular emphasis on phonics, ensuring all schools are above the national score in the phonics screen check.

Central Services

- ◆ People Services to devise a recruitment and retention strategy which outlines a proactive, innovative, and dynamic plan to recruit the highest calibre of staff by end of the Autumn term 2022. This is to include working with multiple stakeholders to consider a marketing refresh and review of branding by the end of the Autumn term (Director of People).
- ◆ Further increase the efficiency and effectiveness of Federation Central Services, including the adoption of the refreshed Federation Risk Management Strategy (with impact plans for each service area to achieve this produced by the end of the Autumn term) (Directors).
- ◆ Phase One of implementation of the Enterprise Resource Planning system, Oracle. Finance and Human Resources modules are scheduled to go live from 1 September 2023, with further phases of implementation to follow.
- ◆ Embark on a series of Information Security and Cyber Security improvement initiatives that harden the Federation's resiliency to a cyber-attack, whilst minimising the impact of any successful attack.

Directors' report Year to 31 August 2022

STRATEGIC REPORT (continued)

Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period	1 September 2021 to 31 August 2022	1 September 2020 to 31 August 2021
Energy consumption used to calculate emissions (kWh)	55,027,299	54,681,858
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	6,563.10	6,911.12
Owned transport mini-buses	55.0	23.58
<u>Total</u>	6,618.10	6,934.70
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	3,625.4	3,950.03
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	58.4	14.36
Total gross emissions in metric tonnes CO2e	10,301.90	10,899.08
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.27	0.29

Quantification and Reporting Methodology

We have followed the 2020 HM Government Environmental Protocol – Corporate Standard and have used the 2021 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, we have invested in LED lighting across the Federation's estate and we have installed PV panels on the roofs of Federation academies.

Going concern

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

Directors' report Year to 31 August 2022

STRATEGIC REPORT (continued)

Promoting the success of the company

As directors of the charitable company, the directors have considered the interests of the Federation and its stakeholders in their decision making. The Federation has a wide range of key stakeholders, including students and their parents, its employees, local communities and government. Directors are highly cognisant of their role and the role of the schools in their communities as agents of transformation.

Directors receive feedback through many channels, including in particular:

- ◆ From local governing bodies who act as a local link between schools, parents and communities;
- ◆ From expert professional advisors; and
- ◆ From the Federation Senior Management Team as those with delegated responsibility for the day to day running of the Federation.

Where appropriate to do so, stakeholders including community groups and unions are consulted on specific policy decisions prior to their approval. The Federation Board is robust in its commitment to its own code of conduct and that of its staff. It is aware of the potential for conflicts of interest and puts in place mechanisms to counter these where they apply. The Directors place a high premium on ethical practice, and making decisions that are right for the communities and children they serve.

Financial review

Financial report for the year

Most of the Federation's income comes from the Education and Skills Funding Agency (ESFA), in the form of recurrent grants for particular purposes. These grants and the associated expenditure are shown as restricted funds in the consolidated statement of financial activities.

The Federation also receives grants for fixed assets from the Department for Education (DfE). In accordance with 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 United Kingdom and Republic of Ireland (the Charities SORP FRS 102), these grants are shown in the statement of financial activities as restricted income in the fixed asset fund. The restricted fixed asset fund balance is reduced by annual depreciation charges over the expected useful life of the assets concerned.

During the year ended 31 August 2022, total income (excluding fixed asset fund income) was £292.4m (2021 - £261.0m) and total expenditure (excluding depreciation) was £294.0m (2021 - £266.7m). The operational surplus for the year, excluding transfers to the Federation, movements on the pension reserve and restricted fixed assets funds, was £5.1m (2021 - surplus of £8.1m).

STRATEGIC REPORT (continued)

Financial review (continued)

Financial report for the year (continued)

The Federation has reported an operational surplus for 2021/22 due to a variety of factors and does not anticipate making a similar surplus for 2022/23. The main reasons for this surplus are:

- ◆ Tendering of a Trust-wide IT improvement contract that meant a temporary stop on new IT procurement was put in place. Significant spend is anticipated for 2022/23; and
- ◆ Due to uncertainty around teacher pay rises, energy bills and wider inflation impact, the Federation took a cautious approach to spend in the latter half of the year. This led to savings that it is now clear will be required during the 2022/23 year.

At 31 August 2022 the net book value of fixed assets was £614.3m (2022 - £623.3m). These assets were used exclusively for providing education to the Federation's pupils and related support services.

Financial and risk management objectives and policies

Harris Federation has cash balances and other working capital balances. The main risk arising from the use of financial instruments is liquidity risk.

Liquidity risk

The Federation manages its cash resources, including sufficient working capital, so that all its operating needs are met without the need for short-term borrowing. Surplus cash is invested through appropriate use of financial instruments with our principal bankers so as to maximise interest income without incurring undue risk.

Interest rate risk

In the absence of borrowings and with low prevailing interest rates, the Federation is not exposed to significant interest rate risk.

Other risks

The group is exposed to price risks, but is funded by government on the same basis as other academies and budgets accordingly. Nearly all funding comes from government so credit risk is considered to be negligible.

STRATEGIC REPORT (continued)

Financial review (continued)

Financial position and reserves policy

The Federation held fund balances at 31 August 2022 of £640.4m (2021 - £552.6m) comprising £621.2m (2021 - £538.1m) of restricted funds including a pension reserve deficit of £10.6m (2021 - £96.5m) and £19.3m (2021 - £14.6m) of unrestricted general funds.

The unrestricted general funds form part of the Federation's revenue reserves. Total revenue reserves, which exclude the fixed asset fund of £624.4m (2021 - £627.5m) and the pension reserve deficit of £10.6m (2021 - £96.5m), were £26.7m as at 31 August 2022 (2021 - £21.6m). This equates to an average of £524,000 per school (2021 - £432,000 per school). This is equal to approximately 1.1 months' revenue expenditure and the directors consider that this is sufficient for the working capital and operational needs of the Federation based on historic levels of activity.

The risk policy ensures that each Academy sets aside reserves so that in unforeseen circumstances the Academy will still have the resources to deliver its essential aims.

Operating reserves are determined by the risks facing that Academy and therefore the level of reserve both as an absolute amount and as a percentage of income will vary from Academy to Academy. The minimum operating reserve at Primary academies should be between 1% to 3% and Secondary academies between 3% to 5%.

Investment policy

The Harris Federation policy is to hold any surplus funds in a mix of deposit and notice accounts at the best possible rates, with a maximum term of 12 months.

Principal risks and uncertainties

Risk management

The directors are responsible for identifying risks faced by the Federation, assessing the likelihood of the risk occurring and its potential impact, and taking steps to mitigate and control these risks, and ensuring that employees are aware of any risk management procedures and of the implications of failing to implement them.

They are satisfied that these procedures are consistent with guidelines issued by the Charity Commission.

STRATEGIC REPORT (continued)

Principal risks and uncertainties (continued)

Risk management (continued)

The directors acknowledge they have overall responsibility for ensuring that the Federation has an effective and appropriate system of controls, financial and otherwise. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Federation and enable them to ensure the financial statements comply with the Companies Act. The directors also acknowledge responsibility for safeguarding the assets of the Federation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and to provide reasonable assurance that:

- ◆ the Federation is operating efficiently and effectively;
- ◆ its assets are safeguarded against unauthorised use or disposal;
- ◆ proper records are maintained and financial information used within the Federation or for its publication is reliable; and
- ◆ the Federation complies with relevant laws and regulations.

The risks identified are recorded in the Federation Risk Register which is prepared annually and reviewed at every meeting of the Audit and Risk Committee. Risks are classified as Strategic, Reputational and Governance; Financial; Operational; and Compliance.

The directors have assessed the major risks and uncertainties to which the Harris Federation is exposed, in particular:

- ◆ The increase in teacher starting salaries and associated costs. The impact of this is being addressed through several cost-saving initiatives including the pooling of resources and a purchasing strategy designed to maximise the economies of scale we benefit from.
- ◆ Demographic trends mean that despite the overall increase in the school population, some academies are at risk of being undersubscribed. This is being addressed through individual academies working with their communities to demonstrate their values and achievements and therefore to build demand for places.
- ◆ The nationwide shortage of qualified teachers. This is being addressed by developing a Recruitment and Retention resource within the Federation and the expansion of the Initial Teacher Training programme to provide more newly qualified staff to our academies.
- ◆ The long term impact of the COVID-19 pandemic. Whilst government funding for schools has not been immediately impacted, there is a risk that the overall strain on public finances leads to a real terms reduction in school funding. Further, in 2021/22 the Federation has already experienced increases to supply teaching and cleaning costs and it is unclear to what extent these costs can be claimed back.


Directors' report Year to 31 August 2022

AUDITORS

In so far as the directors are aware:

- ◆ There is no relevant audit information of which the charitable company's auditor is unaware; and
- ◆ The directors 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.

Directors' report, incorporating a strategic report, approved by order of the board of directors and signed on its behalf by:



Paul Jacobs

Director.

Approved by the directors on: 15 December 2022

Governance statement Year to 31 August 2022

Scope of responsibility

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

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

Governance

The information on governance included here supplements that described in the directors' report and in the statement of directors' responsibilities.

As described in the directors' report, the directors delegate a number of functions to the Academy Governing Body (AGB) of each academy. These AGBs meet a minimum of three times a year, in order to provide scrutiny and challenge of the overall education management and direction of each academy. As described in the directors' report, the chairs of several of the AGBs are also directors of the Federation. There is a Federation Financial Committee which oversees the financial performance of each academy. The directors are supported in this by the Executive Leadership.

Once a year each AGB undertakes a review of its own effectiveness comprising an assessment of its past activities, aims and objectives. The results of the review and in particular measures decided on to improve performance are incorporated into the planning cycle.

The board of directors has formally met 3 times during the year. Whilst the Federation's directors have met fewer than six times during the course of the financial year, the directors are of the opinion that that they have been able to maintain sufficient oversight of the Federation's finances through the establishment of the Audit and Risk Committee, Finance Committee and Remuneration Committee. The purpose of these sub-committees is to assist the decision-making of the full Board of Directors by enabling more detailed consideration of the Federation's finances and resources. The Committees draw any matters of significance or concern to the attention of the full Board of Directors. Attendance during the year at meetings of the board of directors was as follows:

Governance statement Year to 31 August 2022

Governance (continued)

Director	Number of meetings attended	Out of a possible
Lord Harris of Peckham	3	3
Sir Will Adderley	0	2
Mr P Carr	2	3
Ms D Deakin-Elliott	3	3
Mr K J Hoods	1	3
Mr P Jacobs	3	3
Mrs A Kaij	2	3
Ms Claire Lemer	2	3
Mr T D Moore	2	3
Sir D Moynihan	3	3
Dr N Rata	2	3
Mr P J Saunders	3	3
Lord C Terrington	2	3
Ms R Wilton	1	1
Mrs D Wright	1	3

Conflicts of interest

The Federation's compliance team ensures that a register of interests is maintained for all directors and school governors. This is shared with central finance staff. All directors and governors are aware that they must declare any potential conflicts of interest as and when they arise. Where this occurs, they are removed from all associated decision-making.

Governance reviews

The Federation Finance Handbook for 2022/23 in the Financial Planning section contains the following:

Each year the Governors (local governing bodies) must agree a planning cycle and timetable which allows for:

- ◆ A review of past activities, aims and objectives – "did we get it right?"
- ◆ Definition or redefinition of aims and objectives – "are the aims still relevant?"
- ◆ Development of the plan and associated budgets – "how do we go forward?"
- ◆ Implementation, monitoring and review of the plan – "who needs to do what by when to make the plan work and keep it on course?"
- ◆ Feedback into the next planning cycle – "what worked successfully and how can we improve?"

In order to further strengthen the Federation's governance structure, work began in 2021/22 to differentiate the Finance Committee from the Audit & Risk Committee members. This work concluded in early 2022/23.

Governance statement Year to 31 August 2022

Finance Board Sub-committee

The Finance Board sub-committee is also a sub-committee of the main board of directors. Its purpose is to assist the Board with financial oversight and risk management.

Member	Meetings attended	Out of a possible
Ms D Deakin-Elliott	7	7
Mr P Jacobs	5	7
Mr P J Saunders (Chair)	7	7
Mrs D Wright	4	7

Audit and Risk Committee

The Audit and Risk Committee is also a sub-committee of the main board of directors. Its purpose is to provide assurance to the directors that adequate controls are in place to safeguard the Federation's assets and to ensure regularity and propriety in all its transactions.

Member	Meetings attended	Out of a possible
Mr P Burgess	3	4
Ms D Deakin-Elliott	4	4
Mr P Jacobs (Chair)	4	4
Mr P Rosen	4	4

Review of value for money

During the year the Federation has given due regard to PPN 02/20 and PPN 04/20, in particular when engaging with its catering supplier during the lockdown period when schools were open for vulnerable children and the children of key workers.

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

The Accounting Officer considers how the Federation's use of its resources has provided good VFM during the academic year, and reports to the board of directors where VFM can be improved, including the use on benchmarking data where available. The Accounting Officer for the Federation has provided the framework for achieving VFM during the year by:

- ♦ Tendering the trust-wide Multi Function Device contract to achieve savings in 2022/23 and beyond;
- ♦ Securing £5m in grants to complete energy-efficiency upgrades across our schools;
- ♦ Contracting with RM Education for consolidated procurement of IT devices and infrastructure, leading to significant savings due to greater purchasing power; and
- ♦ Bringing the lettings provision for one of our largest secondary schools in-house. This has been very successful with the Federation both increasing lettings and keeping a greater share of profits.

Governance statement Year to 31 August 2022

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Federation's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place at the Federation for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The board of directors has reviewed the key risks to which the Federation is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is an ongoing process for identifying, evaluating and managing the Federation's significant risks that has been in place for the year ended 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The risk and control framework

The Federation'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 directors;
- ◆ regular reviews by the Finance Committee and the Audit and Risk 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; and
- ◆ identification and management of risks.

The directors have considered the need for a specific internal audit function and have appointed an in-house internal auditor, who reports to the Audit and Risk Committee on their work.

Governance statement Year to 31 August 2022

The risk and control framework (continued)

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

- ◆ Review of the Trust-wide supplier onboarding process;
- ◆ Review and testing of contract management procedures; and
- ◆ Review and testing of payroll amendments.

On a quarterly basis, the internal auditor reports to the board of trustees via the Audit and Risk Committee, including preparation of an annual summary outlining the work performed and key findings. The internal auditor has completed their work as planned.

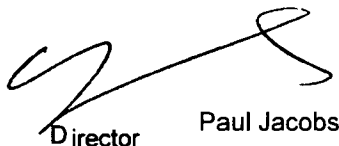
Review of effectiveness

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

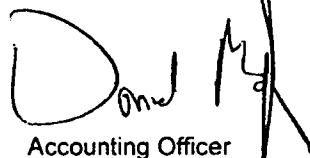
- ◆ the work of the internal and external auditors;
- ◆ the financial management and governance self assessment process; and
- ◆ the work of the Senior Management Team within the Federation who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of directors and signed on its behalf by:


Director Paul Jacobs

Date: 15 December 2022


Accounting Officer Sir D Moynihan

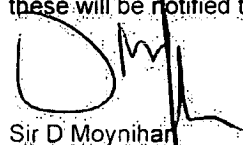
Date: 15 December 2022

Statement on regularity, propriety and compliance 31 August 2022

As Accounting Officer of Harris Federation, I have considered my responsibility to notify the Federation board of directors and the ESFA of material irregularity, impropriety and non-compliance with ESFA terms and conditions of funding, under the funding agreement in place between the Federation and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2021.

I confirm that I and the Federation board of directors are able to identify any material irregular or improper use of funds by the Federation, or material non-compliance with the terms and conditions of funding under the Federation's funding agreement and the Academy Trust Handbook 2021.

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



Sir D Moynihan
Accounting Officer

Date: 15 December 2022

Statement of directors' responsibilities: 31 August 2022

The directors (who act as trustees for the charitable activities of the Federation) are responsible for preparing the directors' report and the financial statements in accordance with the Annual Accounts Requirements issued by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

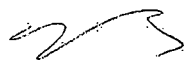
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP FRS 102 and the Academies Accounts Direction 2021 to 2022;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Federation will continue in operation.

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

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

The directors are responsible for the maintenance and integrity of the charity and financial information included on the Federation'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 board of directors and signed on its behalf by:



Paul Jacobs

Director

Date: 15 December 2022

Independent auditor's report on the financial statements 31 August 2022

Independent auditor's report to the members of Harris Federation

Opinion

We have audited the financial statements of Harris Federation (the 'charitable parent company') for the year ended 31 August 2022 which comprise the group statement of financial activities, the group and charitable parent company balance sheets, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (the Charities SORP FRS102) and the Academies Accounts Direction 2021 to 2022.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the group's and of the charitable parent company's affairs as at 31 August 2022 and of the group's income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP FRS102 and Academies Accounts Direction 2021 to 2022.

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 group 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.

Independent auditor's report on the financial statements 31 August 2022

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

Independent auditor's report on the financial statements 31 August 2022

Matters on which we are required to report by exception (continued)

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the charitable parent 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 directors either intend to liquidate the group or the charitable parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- ◆ the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;

Independent auditor's report on the financial statements 31 August 2022

Auditor's responsibilities for the audit of the financial statements (continued)

- ◆ we identified the laws and regulations applicable to the charitable parent company through discussions with management, and from our knowledge of the academy trust sector;
- ◆ the identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit;
- ◆ we considered the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102, the Academies Accounts Direction 2021 to 2022, the Academy Trust Handbook 2021, and the Federation's funding agreement with the ESFA as well as legislation pertaining to safeguarding in the UK;
- ◆ we understood how the charitable parent company is complying with those legal and regulatory frameworks by making inquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of the minutes of directors' meetings and papers provided to the directors;
- ◆ we planned and carried out a separate limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions;
- ◆ tested the authorisation of expenditure as part of our substantive testing thereon;
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- ◆ used data analytics to identify any significant or unusual transactions and identify the rationale for them.

Independent auditor's report on the financial statements 31 August 2022

Auditor's responsibilities for the audit of the financial statements (continued)

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of directors' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims;
- ◆ reviewing any available correspondence with Ofsted, ESFA and HMRC; and
- ◆ the work undertaken in relation to the limited assurance engagement in respect of regularity, propriety and compliance in accordance with the Framework and Guide for External Auditors and Reporting Accountants of Academy Trusts issued by the ESFA, as set out in our separate independent reporting accountant's assurance report on regularity.

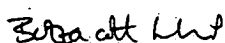
There are inherent limitations in our audit procedures described above. The more removed those laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any. A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

Use of our report

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



20 December 2022

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

Independent reporting accountant's report on regularity 31 August 2022

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

In accordance with the terms of our engagement letter dated 22 September 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Harris Federation during the period from 1 September 2021 to 31 August 2022 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 Harris Federation and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Harris Federation 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 Harris Federation and the ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Harris Federation's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Harris Federation's master funding agreement with the Secretary of State for Education dated 31 August 2007 and the Academies Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA.

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.

Independent reporting accountant's report on regularity 31 August 2022

Approach (continued)

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

The work undertaken to draw to our conclusion includes:

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

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period from 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Buzzacott LLP
Chartered Accountants
130 Wood Street
London
EC2V 6DL

Date: 20 December 2022

Consolidated statement of financial activities Year to 31 August 2022

(including Consolidated Income and Expenditure Account)

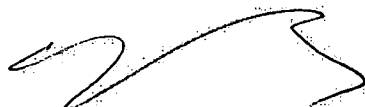
	Notes	Un-restricted general fund £'000	Restricted funds		2022 Total Funds £'000	2021 Total Funds £'000
			General £'000	Fixed assets £'000		
Income from:						
Donations and capital grants	1	—	2,643	11,035	13,678	68,506
Transfer of existing academies	24	—	—	—	—	41,105
Charitable activities						
. Funding for Harris Federation's educational operations	3	—	280,790	—	280,790	253,293
. Teaching Schools		—	2,928	—	2,928	4,286
Other trading activities	2	2,947	—	—	2,947	1,373
Interest receivable		48	—	—	48	63
Other	4	3,012	—	—	3,012	2,035
Total income		6,007	286,361	11,035	303,403	370,661
Expenditure on:						
Charitable activities						
. Harris Federation's educational operations	6	1,309	289,722	23,320	314,351	280,794
. Teaching Schools		—	2,932	—	2,932	3,825
Total expenditure	5	1,309	292,654	23,320	317,283	284,619
Net income (expenditure) before transfers		4,698	(6,293)	(12,285)	(13,880)	86,042
Gross transfers between funds	16	—	(9,139)	9,139	—	—
Net income (expenditure) before other recognised gains and losses		4,698	(15,432)	(3,146)	(13,880)	86,042
Actuarial gains (losses) on defined benefit pension scheme	19	—	101,682	—	101,682	(7,421)
Net movement in funds		4,698	86,250	(3,146)	87,802	78,621
Fund balances brought forward at 1 September 2021		14,571	(89,425)	627,496	552,642	474,021
Fund balance carried forward at 31 August 2022		19,269	(3,175)	624,350	640,444	552,642

All of the group's activities derived from continuing operations during the above financial periods. There is no difference between the net movement in funds stated above, and its historical cost equivalent.

Balance sheets 31 August 2022

	Notes	2022		2021	
		Group £'000	Federation £'000	Group £'000	Federation £'000
Fixed assets					
Tangible assets	12	614,300	614,300	623,338	623,338
Current assets					
Debtors	14	7,899	7,899	9,914	9,914
Cash at bank and in hand		71,427	71,427	61,555	61,555
		79,326	79,326	71,468	71,468
Creditors: amounts falling due within one year	15	(42,546)	(42,546)	(45,709)	(45,709)
Net current assets		36,780	36,780	25,759	25,759
Net assets excluding pension liability		651,080	651,080	649,097	649,097
Pension scheme liability	19	(10,636)	(10,636)	(96,456)	(96,456)
Total net assets		640,444	640,444	552,642	552,642
The funds of the academy:					
Funds and reserves					
Restricted funds					
Fixed asset fund	16	624,350	624,350	627,496	627,496
Restricted income fund	16	5,015	5,015	4,699	4,699
Pension reserve	16	(10,636)	(10,636)	(96,456)	(96,456)
Other restricted funds	16	2,446	2,446	2,332	2,332
		621,175	621,175	538,071	538,071
Unrestricted funds	16	19,269	19,269	14,571	14,571
		640,444	640,444	552,642	552,642

Approved by the directors and signed on their behalf by:



Director Paul Jacobs

Approved on: 15 December 2022

Harris Federation

Company Registration Number: 06228587 (England and Wales)

Consolidated statement of cash flows Year to 31 August 2022

		2022 £'000	2021 £'000
Net cash flows from operating activities			
Net cash provided by operating activities	A	11,535	19,755
Cash flows from investing activities	B	(1,663)	(1,386)
Cash flows from schools transferring into the Federation	24	—	1,622
Change in cash and cash equivalents in the year		9,872	19,991
Reconciliation of net cash flow to movement in net funds:			
Cash and cash equivalents at 1 September 2021		61,555	41,564
Cash and cash equivalents at 31 August 2022	C	71,427	61,555

A Reconciliation of net income to net cash flow from operating activities

	2022 £'000	2021 £'000
Net income for the year (as per the statement of financial activities)	(13,880)	86,042
Adjusted for:		
Inherited fixed assets	—	(101,651)
Depreciation (note 12)	21,619	17,927
Capital grants from DfE and other capital income	(11,035)	(7,977)
Loss on disposal of fixed assets	165	—
Interest receivable	(48)	(63)
Defined benefit pension scheme obligation inherited (note 19)	—	3,886
Defined benefit pension scheme cost less contributions payable (note 19)	13,946	10,141
Defined benefit pension scheme finance cost (note 19)	1,916	1,528
Decrease in debtors	2,015	65
(Decrease) increase in creditors	(3,163)	9,857
Net cash provided by operating activities	11,535	19,755

B Cash flows from investing activities

	2022 £'000	2021 £'000
Dividends, interest and rents from investments	48	63
Purchase of tangible fixed assets	(12,746)	(9,426)
Capital grants from DfE/ESFA	11,035	7,977
Net cash (used in) investing activities	(1,663)	(1,386)

Consolidated statement of cash flows Year to 31 August 2022

C Analysis of cash and cash equivalents

	2022 £'000	2021 £'000
Cash at bank and in hand	71,427	61,555
Total cash and cash equivalents	71,427	61,555

D Analysis of changes in net debt

	At 1 September 2021 £'000	Cash flows £'000	At 31 August 2022 £'000
Cash at bank	61,555	9,872	71,427
Total	61,555	9,872	71,427

Principal accounting policies 31 August 2022

Statement of accounting policies

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

Basis of preparation

The financial statements of the Federation 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Harris Federation meets the definition of a public benefit entity under FRS 102.

The financial statements are presented in sterling to the nearest thousand pounds.

Basis of consolidation

The consolidated statement of financial activities and group balance sheet consolidate the financial statements of the company and those of its subsidiaries, Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services, made up at the balance sheet date.

No separate statement of financial activities has been presented for Harris Federation alone, as permitted by section 408 of the Companies Act 2006 and SORP FRS102.

Going concern

The directors 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 Federation to continue as a going concern.

The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Federation has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Federation's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Income

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

Principal accounting policies 31 August 2022

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.

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

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

Where an asset is being constructed under the ESFA Free School or Priority Schools Building Programme, the Federation recognises the value of the work completed as an asset under construction at the balance sheet date. On completion and handover of the asset, it is transferred to the relevant asset class and depreciated.

Donations

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

Other income

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Federation has provided the goods or services. This is stated, where applicable, after trade discounts, other sales taxes and net of VAT.

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.

Principal accounting policies 31 August 2022

Expenditure (continued)

Charitable activities

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

All expenditure is stated net of recoverable VAT.

Tangible fixed assets

All IT equipment costing more than £500 and all other assets costing more than £1,000 and with an expected useful life exceeding one year are capitalised.

Depreciation is charged on a straight line basis beginning in the year in which the asset is brought into use at the following annual rates:

- ♦ Freehold and long leasehold buildings 2% p.a
- ♦ Furniture and equipment 25% p.a.
- ♦ Computer equipment 33% p.a.
- ♦ Motor vehicles 25% p.a.

Freehold land is not depreciated.

Where fixed assets have been acquired with the aid of specific grants, they are included in the balance sheet at cost and are depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund (on the statement of financial activities and carried forward in the balance sheet). The depreciation on such assets is charged in the statement of financial activities over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Grants provided to acquire fixed assets may be paid either to the Federation or directly to meet the cost of the fixed asset. Where costs have been paid directly and are part of the capital project, they have been recognised as restricted fixed asset funding.

The cost of buildings constructed under the UK Government's programmes as funded by Local Authorities, are recognised in the statement of financial activities as voluntary income in the period in which the Federation takes ownership of these buildings.

The cost of buildings that were not previously capitalised as part of capital projects at the Academies are introduced at an amount valued by the ESFA.

Principal accounting policies 31 August 2022

Investments

The Federation's shareholding in its wholly owned subsidiaries, Harris Academies Project Management Limited, HCTC Enterprises Limited and Harris Professional Services, are included in the balance sheet at the cost of the share capital owned. There is no readily available market value and the cost of valuation exceeds the benefit derived.

Debtors

Debtors are recognised at their settlement amount less any provision for non-recoverability. Prepayments are valued at the amounts prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand.

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

Leased assets

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

Financial instruments

The Federation only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Federation 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. Amounts due to the Federation's wholly owned subsidiary are held at face value less any impairment.

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in note 15. 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. Amounts due to the Federation's wholly owned subsidiaries are held at face value less any impairment.

Principal accounting policies 31 August 2022

Private Finance Initiative

Harris Academy Morden is subject to a contract under the Private Finance Initiative (PFI). Under this contract, the school premises are maintained and managed for a period of 25 years by the PFI contractor subject to contractual annual fees paid by the Academy. Upon expiry of the PFI contract the residual benefit of the premises passes to the Academy as a result of a 125 year lease granted to them.

The transaction is accounted for as a leasing transaction. As the Academy only enjoys the benefits of the premises subject to the restrictions under the PFI agreement, in the opinion of the directors, the Academy does not hold substantially all of the risks and rewards of ownership of the premises and the property is therefore accounted for as an operating lease. The premises are therefore not recognised as asset in the financial statements of Harris Federation. The annual charges under the PFI agreement are expensed to the Statement of Financial Activities in the year they relate to as this treatment is considered to be more appropriate than recognition on a strict straight line basis.

Taxation

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

Pensions benefits

Retirement benefits to employees of the Federation 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 Federation in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 19, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

Principal accounting policies 31 August 2022

Pensions benefits (continued)

The LGPS is a funded scheme and the assets are held separately from those of the Federation 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

The unrestricted general fund represents monies which may be applied for any purpose within the Federation's objects at the discretion of the directors.

Restricted funds are grants from the DfE and other donors which are to be used for specific purposes.

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

Schools joining the Federation

Schools joining the Federation transfer identifiable assets and liabilities and the operation of the predecessor School for £nil consideration, which has been accounted for under the acquisition accounting method.

The assets and liabilities transferred on conversion from the predecessor school to the Federation have been valued at their fair value being a reasonable estimate of the current market value that the directors would expect to pay in an open market for an equivalent item. Their fair value is in accordance with the accounting policies set out for the Federation. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in voluntary income as net income in the statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Principal accounting policies 31 August 2022

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, assumptions and judgements

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 19, 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 2022. 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 net book value of tangible fixed assets is based on the original cost of the assets net of provision for depreciation. The depreciation provision to date is based on the directors' assessment of the estimated useful economic lives of such assets.

Building valuations

Where buildings are transferred to the Trust without a reliable valuation, their value is estimated by reference to other, similar buildings held by the Federation. Other than the estimates discussed above, the directors do not consider that there are any key judgements made in the preparation of the financial statements.

Notes to the financial statements 31 August 2022

1 Donations and capital grants

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2022 Total funds £'000	2021 Total funds £'000
Donations	—	2,643	—	2,643	3,284
Donated assets	—	—	—	—	57,245
Capital grants	—	—	11,035	11,035	7,977
Academy transfers (note 24)	—	—	—	—	41,105
	—	2,643	11,035	13,678	109,611

	Unrestricted funds £'000	Restricted funds £'000	Restricted fixed assets funds £'000	2021 Total funds £'000
Donations	—	3,284	—	3,284
Donated assets	—	—	57,245	57,245
Capital grants	—	—	7,977	7,977
Academy transfers (note 24)	463	(3,764)	44,406	41,105
	463	(480)	109,628	109,611

Donated assets is comprised of buildings, fixtures and fittings at Clapham and Sutton schools gifted to the Trust by the ESFA.

2 Other trading activities

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Lettings and other income	2,835	—	2,835	1,302
School uniform and book sales income	112	—	112	71
	2,947	—	2,947	1,373

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
Lettings and other income	1,302	—	1,302
School uniform and book sales income	71	—	71
	1,373	—	1,373

Notes to the financial statements 31 August 2022

3 Funding for Harris Federation's educational operations

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
ESFA revenue grants				
. General Annual Grant (GAG)	—	241,404	241,404	212,832
. Start Up	—	826	826	1,174
. Pupil Premium	—	14,273	14,273	11,766
. UIFSM	—	1,051	1,051	1,155
. Other ESFA grants	—	12,178	12,178	13,702
	—	269,732	269,732	240,629
Other grants				
. LEA and other grants	—	10,402	10,402	9,457
COVID-19 additional funding (DfE/ESFA)				
Catch-up premium	—	—	—	1,730
COVID-19 additional funding (non-DfE /ESFA)				
Mass Testing	—	—	—	1,033
	—	—	—	2,763
Other income from the Federation's educational operations	—	656	656	444
	—	280,790	280,790	253,293

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
ESFA revenue grants			
. General Annual Grant (GAG)	—	212,832	212,832
. Start Up	—	1,174	1,174
. Pupil Premium	—	11,766	11,766
. UIFSM	—	1,155	1,155
. Other ESFA grants	—	13,702	13,702
	—	240,629	240,629
Other grants			
. LEA and other grants	—	9,457	9,457
COVID-19 additional funding (DfE/ESFA)			
Catch-up premium	—	1,730	1,730
COVID-19 additional funding (non-DfE /ESFA)			
Mass Testing	—	1,033	1,033
	—	2,763	2,763
Other income from the Federation's educational operations	—	444	444
	—	253,293	253,293

Notes to the financial statements 31 August 2022

4 Other income

	Unrestricted funds £'000	Restricted funds £'000	2022 Total funds £'000	2021 Total funds £'000
Academy trips	799	—	799	162
Primary clubs	1,151	—	1,151	636
Sundry income	1,062	—	1,062	1,237
	<u>3,012</u>	<u>—</u>	<u>3,012</u>	<u>2,035</u>

	Unrestricted funds £'000	Restricted funds £'000	2021 Total funds £'000
Academy trips	162	—	162
Primary clubs	636	—	636
Sundry income	1,237	—	1,237
	<u>2,035</u>	<u>—</u>	<u>2,035</u>

Notes to the financial statements 31 August 2022

5 Expenditure

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2022 £'000	Total 2021 £'000
Federation's educational operations (note 6)					
. Direct costs	197,336	23,320	21,250	241,906	215,661
. Allocated support costs	39,552	17,472	15,421	72,445	65,133
Teaching school					
. Direct costs	872	—	1,730	2,602	3,481
. Allocated support costs	231	—	99	330	344
	237,991	40,792	38,500	317,283	284,619

	Staff costs £'000	Premises £'000	Other costs £'000	Total 2021 £'000
Federation's educational operations (note 6)				
. Direct costs	178,516	17,927	19,218	215,661
. Allocated support costs	38,123	16,200	10,810	65,133
Teaching School	1,088	—	2,737	3,825
	217,727	34,127	32,765	284,619

Net income for the year includes:

	2022 £'000	2021 £'000
Operating lease rentals	809	815
Depreciation	21,619	17,116
Fees payable to auditor for:		
. Audit	91	89
. Other services	24	37

6 Harris Federation's educational operations

	2022 Total funds £'000	2021 Total funds £'000
Direct costs		
. Teaching and educational support staff costs	197,336	178,516
. Educational resources	21,250	21,955
. Depreciation	23,320	15,190
	241,906	215,661
Support costs		
. Support staff costs	39,552	38,123
. Technology costs	169	379
. Premises costs	17,472	16,200
. Governance costs	956	580
. Other support costs	14,296	9,851
	72,445	65,133
	314,351	280,794

Notes to the financial statements 31 August 2022

7 Comparative information

Analysis of income and expenditure in the year ended 31 August 2021 between restricted and unrestricted funds:

	Un-restricted general fund £'000	Restricted funds		2021 Total Funds £'000
		General £'000	Fixed assets £'000	
Income from:				
Donations and capital grants	—	3,284	65,222	68,506
Transfer of existing academies	463	(3,764)	44,406	41,105
Charitable activities				
Funding for Harris Federation's educational operations	—	253,293	—	253,293
Teaching Schools	—	4,286	—	4,286
Other trading activities	1,373	—	—	1,373
Interest receivable	63	—	—	63
Other	2,035	—	—	2,035
Total income	3,934	257,099	109,628	370,661
Expenditure on:				
Charitable activities				
Harris Federation's educational operations	35	262,832	17,927	280,794
Teaching Schools	—	3,825	—	3,825
Total expenditure	35	266,657	17,927	284,619
Net income (expenditure) before transfers	3,899	(9,558)	91,701	86,042
Gross transfers between funds	—	(1,178)	1,178	—
Net income (expenditure) before other recognised gains and losses	3,899	(10,736)	92,879	86,042
Actuarial losses on defined benefit pension scheme	—	(7,421)	—	(7,421)
Net movement in funds	3,899	(18,157)	92,879	78,621
Fund balances brought forward at 1 September 2020	10,672	(71,268)	534,617	474,021
Fund balance carried forward at 31 August 2021	14,571	(89,425)	627,496	552,642

Notes to the financial statements 31 August 2022

8 Staff

a) Staff costs

Staff costs during the year were as follows:

	2022 Total funds £'000	2021 Total funds £'000
Wages and salaries	164,613	156,183
Social security costs	18,425	16,714
Pension contributions	31,203	29,352
	214,241	202,249
Supply staff costs	6,510	3,181
Recruitment and other staff related costs	17,014	11,659
Restructuring costs	226	638
Total staff costs	237,991	217,727

Staff restructuring costs comprise

	2022 £'000	2021 £'000
Statutory redundancy payments	73	426
Non-statutory / non-contractual severance payments	153	212
	226	638

b) Severance payments

The academy trust paid 31 severance payments in the year disclosed in the following bands:

	2022 No.
£0 - £25,000	31
£25,001 - £50,000	—
£50,001 - £100,000	—
£100,001 - £150,000	—
£150,000+	—

c) Staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £3,000 (2021 - £212,871). The non-statutory/non-contractual payments individually were for £3,000.

Notes to the financial statements 31 August 2022

8 Staff (continued)

d) Staff numbers

The average number of persons (including the senior management team) employed by the Federation during the year ended 31 August 2022 was as follows:

	2022 Number	2021 Number
Activities		
Teachers	2,565	2,522
Administration and support	1,825	1,875
Management	72	68
School sports partnership	5	5
	4,467	4,470

e) Higher paid staff

The number of employees who earned more than £60,000 per annum (including taxable benefits but excluding employer pension contributions) during the year was as follows:

	2022 Number	2021 Number
£60,001 - £70,000	254	220
£70,001 - £80,000	84	78
£80,001 - £90,000	33	32
£90,001 - £100,000	13	17
£100,001 - £110,000	9	9
£110,001 - £120,000	9	10
£120,001 - £130,000	5	4
£130,001 - £140,000	2	3
£140,001 - £150,000	2	2
£150,001 - £160,000	5	4
£160,001 - £170,000	2	2
£170,001 - £180,000	1	1
£180,001 - £190,000	1	1
£190,001 - £200,000	3	—
£210,001 - £220,000	—	1
£220,001 - £230,000	1	—
£230,001 - £240,000	1	—
£240,001 - £250,000	—	1
£250,001 - £260,000	1	—
£300,001 - £310,000	—	1
£450,001 - £460,000	1	1
	427	387

All of the above employees earning more than £60,000 per annum participated in either the Teachers' Pension Scheme or the Local Government Pension Scheme.

8 Staff (continued)

f) Key management personnel

The key management personnel of the Federation comprise the directors 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 Federation was £2,139,413 (2021 - £2,324,993).

The pay and remuneration of key management personnel is set by the Remuneration Committee which includes the Chairman of the Board. The pay and remuneration of the Chief Executive Officer is determined by the Remuneration Committee.

9 Directors' emoluments and expenses

One director has been paid remuneration and employer's pension contributions from full time employment with the Federation.

The employed director only receives remuneration in respect of services they provide undertaking the roles under their contract of employment and not in respect of their services as director. The value of director's remuneration and other benefits was as follows:

Chief Executive Officer:

- ♦ Remuneration £455,000 - £460,000 (2021 - £455,000 - £460,000).
- ♦ Employer's pension contributions £75,000 - £80,000 (2021 - £70,000 - £75,000).

No other directors of the company received any payment or other emoluments from the Federation in the period. No directors received any payment for reimbursement of travel and subsistence expenses incurred in the course of their duties as directors in the period (2021-none). Other related party transactions involving the directors are set out in note 20.

10 Directors', Governors' and Officers' Insurance

In accordance with normal commercial practice the Federation has purchased insurance to protect directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Federation business. The insurance provides cover up to £2 million on any one claim and the cost for the year ended 31 August 2022 was £3,150 (2021 - £3,150).

Notes to the financial statements 31 August 2022

11. Central services

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

- ♦ **Careers advice** and support from a central careers service for all secondary Academies;
- ♦ **Compliance team** assisting Academies with GDPR, admissions and Health and Safety;
- ♦ **Data team** providing analysis of data for academy and Federation use remotely extracted from Academy ICT systems;
- ♦ **Educational Support from:**
 - i. a team of 60 subject experts across primary and secondary who coach and mentor, produce work schemes, model excellent teaching and take classes as needed for extended periods; and
 - ii. a team of highly experienced Executive Principals.
- ♦ **Finance** including Finance Business Partners providing finance support across groups of schools leading to significant savings. This includes preparing monthly accounts, budgets and meeting all external reporting requirements;
- ♦ **IT services** including a low cost cloud network and common Management Information System, central software and hardware procurement driving economies of scale;
- ♦ **Legal support and advice;**
- ♦ **Post 16** central team managing admissions across ten Academies and advice and training across all secondary academies;
- ♦ **Procurement service** for contracts and group purchasing generating significant savings and provision of advice and contract management;
- ♦ **Projects team** management of all build projects, maintenance and estates;
- ♦ **Public Relations and marketing** from media handling to web sites and prospectuses;
- ♦ **Recruitment and retention** using a range of media including extensive use of social media and highly effective cost reducing methods;
- ♦ **Talent Management** including suites of National Professional Qualifications for middle leaders, senior leaders, aspiring Head teachers and Executive Leaders; and
- ♦ **Human resources** of providing advice and guidance and case work. Business partner model for groups for schools providing high quality advice at low cost.

Notes to the financial statements 31 August 2022

11 Central services (continued)

The Federation charges for these services on the following basis: between 3.7% and 5.5% (2021 – between 3.7% and 5.5%) of School Budget Share. The actual amounts charged during the year were as follows:

	2022 £'000	2021 £'000
Harris Aspire Academy	13	15
Harris Academy Battersea	372	340
Harris Academy Beckenham	285	288
Harris Primary Academy Beckenham	40	40
Harris Primary Academy Beckenham Green	69	59
Harris Primary Academy Benson	47	49
Harris Academy Bermondsey	426	399
Harris Academy Bromley	262	245
Harris Academy Chafford Hundred	309	290
Harris Primary Academy Chafford Hundred	104	97
Harris Academy Clapham	147	76
Harris Clapham Sixth Form	54	—
Harris Primary Academy Coleraine Park	110	106
Harris Academy Chobham	609	624
Harris Primary Academy Croydon	105	110
Harris City Academy Crystal Palace	307	297
Harris Primary Academy Crystal Palace	77	79
Harris Boys' Academy East Dulwich	353	341
Harris Girls' Academy East Dulwich	365	353
Harris Primary Academy East Dulwich	98	101
Harris Academy Falconwood	283	280
Harris Garrard Academy	361	337
Harris Academy Greenwich	448	389
Harris Primary Academy Haling Park	70	63
Harris Invictus Academy Croydon	235	256
Harris Junior Academy Carshalton	59	57
Harris Primary Academy Kenley	74	71
Harris Primary Academy Kent House	79	83
Harris Primary Academy Mayflower	157	137
Harris Academy Merton	360	332
Harris Primary Academy Merton	93	91
Harris Academy Morden	253	247
Harris Academy Ockendon	305	289
Harris Academy Orpington	193	215
Harris Primary Academy Orpington	76	82
Harris Academy Peckham	267	247
Harris Primary Free School Peckham	73	84
Harris Primary Academy Peckham Park	82	86
Harris Primary Academy Philip Lane	100	99
Harris Professional Skills	51	50
Harris Academy Purley	335	299
Harris Primary Academy Purley Way	65	48
Harris Academy Rainham	235	230
Harris Academy Riverside	240	170
Harris Primary Academy Shortlands	67	69
Harris Academy South Norwood	529	553
Harris Academy St John's Wood	520	491
Harris Academy Sutton	208	149
Harris Academy Tottenham	348	336
Harris Westminster Sixth Form	149	143
Harris Academy Wimbledon	187	137
	10,654	10,029

Notes to the financial statements 31 August 2022

12 Tangible fixed assets (group and Federation)

	Freehold land and buildings £'000	Long leasehold land and buildings £'000	Assets under constru- ction £'000	Furniture and equip- ment £'000	Computer equipment £'000	Motor vehicles £'000	Total £'000
Cost / valuation							
At 1 September 2021	214,781	488,520	2,428	33,842	35,099	374	775,044
Reclassification	(52,958)	52,958	—	—	—	—	—
Transfers	2,365	—	(2,530)	—	165	—	—
Additions	2,231	6,697	102	1,699	1,852	—	12,581
Disposals	—	—	—	—	(946)	(53)	(999)
At 31 August 2022	166,419	548,175	—	35,541	36,170	321	786,626
Depreciation							
At 1 September 2021	13,374	83,758	—	25,058	29,151	365	151,706
Reclassification	(1,688)	1,688	—	—	—	—	—
Charge for period	3,519	11,044	—	3,966	3,088	2	21,619
Disposals	—	—	—	—	(946)	(53)	(999)
At 31 August 2022	15,205	96,490	—	29,024	31,293	314	172,326
Net book values							
At 31 August 2022	151,214	451,685	—	6,517	4,877	7	614,300
At 31 August 2021	201,407	404,762	2,428	8,784	5,948	9	623,338

The leasehold land on which the individual academies are sited are leased from the Local Authorities at a peppercorn rent over various lease terms. No value has been placed on this land in the financial statements due to the restrictive covenants on the asset.

Harris Westminster Sixth Form resides in a building that was purchased by the ESFA. The Federation owns the freehold to the building and this is included within freehold land and buildings in the balance sheet at the value of the purchase by the ESFA. There is a legal charge over the freehold building that entitles the Secretary of State for Education to give notice to Harris Federation and for the building to revert to the government.

Assets under construction were academy buildings that have been funded from DfE capital grants.

13 Investments

(a) Harris Academies Project Management Limited

The issued share capital of Harris Academies Project Management Limited, a company registered in England and Wales (Company number 588735) was transferred to the company on 21 May 2007 and Harris Academies Project Management Limited began trading on that date. In the past, the company has been used for construction work on a number of Harris Federation academy buildings, however for the year ended 31 August 2022 and 2021, the company remained dormant.

The issued share capital of the company at 31 August 2022 was £1 (2021: £1).

Notes to the financial statements 31 August 2022

13 Investments (continued)

(b) Investments – HCTC Enterprises Limited

The issued share capital of HCTC Enterprises Limited, a company registered in England and Wales (Company number 2962551), was transferred to the Federation on 31 August 2007. The company is used to carry on business as a general commercial company for the benefit of Harris City Academy Crystal Palace. To this end, the company operates the Lewis Sports and Leisure Centre.

The following is a summary of the financial statements of HCTC Enterprises Limited for the year to 31 August 2022, which have been included in the consolidated financial statements.

	2022 £'000	2021 £'000
Turnover	—	—
Cost of sales	—	—
Gross profit	—	—
Administrative expenses	—	—
Losses for the year ended 31 August 2022	—	—
Retained profits brought forward at 1 September 2021	5	5
Loss for the year	—	—
Distribution	—	—
Retained profits carried forward at 31 August 2022	5	5
Called up share capital	—	—
Net assets at 31 August 2022	5	5

The issued share capital of the company at 31 August 2022 was £2 (2021: £2).

(c) Harris Professional Services Limited

The share capital of Harris Professional Services Ltd, a company registered in England and Wales (company number 08002423), was issued to the company on 22 March 2012. The company has been used for the provision of staff and support to Chobham Academy prior to the Academy joining the Federation on 1 April 2021.

	2022 £'000	2021 £'000
Turnover	—	6,045
Cost of sales	—	(5,428)
Gross profit	—	617
Administrative expenses	—	(617)
Profit for the year ended 31 August 2022	—	—
Retained profits brought forward at 1 September 2021	—	—
Retained profits carried forward at 31 August 2022	—	—
Called up share capital	—	—
Net assets at 31 August 2022	—	—

The issued share capital of the company at 31 August 2022 was £1 and represented its net assets at that date (2021: £1).

Notes to the financial statements 31 August 2022

14 Debtors

	Group 2022 £'000	Federation 2022 £'000	Group 2021 £'000	Federation 2021 £'000
Trade debtors	1,314	1,314	1,358	1,358
Prepayments and accrued income	1,025	1,025	1,263	1,263
Sundry debtors	457	457	2,429	2,429
VAT recoverable	1,524	1,524	1,616	1,616
Grant and other income	3,579	3,579	3,248	3,248
	7,899	7,899	9,914	9,914

15 Creditors: amounts falling due within one year

	Group 2022 £'000	Federation 2022 £'000	Group 2021 £'000	Federation 2021 £'000
Trade creditors	3,841	3,841	5,280	5,280
Taxation and social security	4,317	4,317	4,297	4,297
Sundry creditors	8,244	8,244	8,553	8,553
Accruals and deferred income	24,108	24,108	25,783	25,783
Retention building costs	176	176	450	450
ESFA creditor: Abatement of GAG	1,860	1,860	1,346	1,346
	42,546	42,546	45,709	45,709

Deferred income (included in creditors above)

	2022 £'000	2021 £'000
Deferred income at 1 September 2021	5,521	3,943
Amounts released from previous years	(5,521)	(3,943)
Resources deferred in the year	3,747	5,521
Deferred income at 31 August 2022	3,747	5,521

At the balance sheet date, the Federation was holding devolved formula capital and other government grants received for 2022/23.

Notes to the financial statements 31 August 2022

16 Funds

The income funds of the group include restricted funds comprising the following unexpended balances of grants for specific purposes:

	At 1 September 2021 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2022 £'000
General restricted fund					
General Annual Grant (GAG)	3,887	241,404	(231,949)	(9,139)	4,203
Pupil Premium	—	14,273	(14,273)	—	—
UIFSM	—	1,051	(1,051)	—	—
Start Up grants	280	826	(826)	—	280
Local authority grants	—	10,402	(10,402)	—	—
Other DfE/ESFA funding	532	12,178	(12,178)	—	532
Other restricted funds	2,332	6,227	(6,113)	—	2,446
Pension reserve	(96,456)	—	(15,862)	101,682	(10,636)
	<u>(89,425)</u>	<u>286,361</u>	<u>(292,654)</u>	<u>92,543</u>	<u>(3,175)</u>
Fixed asset fund					
Fixed asset fund	626,676	11,035	(23,320)	5,783	620,174
IT investment fund	820	—	—	3,356	4,176
Total restricted funds	<u>627,496</u>	<u>11,035</u>	<u>(23,320)</u>	<u>9,139</u>	<u>624,350</u>
Unrestricted funds	<u>14,571</u>	<u>6,007</u>	<u>(1,309)</u>	<u>—</u>	<u>19,269</u>
Total funds	<u>552,642</u>	<u>303,403</u>	<u>(317,283)</u>	<u>101,682</u>	<u>640,444</u>

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

General Annual Grant (GAG)

Under the funding agreement with the Secretary of State, academies within the Federation were not subject to a limit on the amount of GAG that it could carry forward at 31 August 2022.

Other funds

Other grants include funding received from the DfE and Local Education Authorities for specific purposes.

Fixed asset fund

The fixed asset fund includes grants received from the DfE and other sources to finance the development and building of the new academy, assets transferred on conversion and other tangible fixed assets.

Transfers between funds

Transfers from the ESFA General Annual Grant Fund and from general funds to the fixed asset fund relate to fixed assets purchases from these funds.

Notes to the financial statements 31 August 2022

16 Funds (continued)

Comparative information

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

	At 1 September 2020 £'000	Income £'000	Expenditure £'000	Gains, losses and transfers £'000	At 31 August 2021 £'000
General restricted fund					
General Annual Grant (GAG)	—	212,832	(207,767)	(1,178)	3,887
Pupil Premium	—	11,766	(11,766)	—	—
UIFSM	—	1,155	(1,155)	—	—
Catch-up premium	—	1,730	(1,730)	—	—
Start Up grants	280	1,174	(1,174)	—	280
Local authority grants	—	9,457	(9,457)	—	—
Other DfE/ESFA funding	532	11,972	(11,972)	—	532
Other restricted funds	1,400	10,899	(9,967)	—	2,332
Pension reserve	(73,480)	(3,886)	(11,669)	(7,421)	(96,456)
	<u>(71,268)</u>	<u>257,099</u>	<u>(266,657)</u>	<u>(8,599)</u>	<u>(89,425)</u>
Fixed asset fund					
Fixed asset fund	533,966	109,628	(17,927)	1,009	626,676
IT investment fund	651	—	—	169	820
Total restricted funds	<u>534,617</u>	<u>109,628</u>	<u>(17,927)</u>	<u>1,178</u>	<u>627,496</u>
Unrestricted funds	<u>10,672</u>	<u>3,934</u>	<u>(35)</u>	<u>—</u>	<u>14,571</u>
Total funds	<u>474,021</u>	<u>370,661</u>	<u>(284,619)</u>	<u>(7,421)</u>	<u>552,642</u>

Notes to the financial statements 31 August 2022

16 Funds (continued)

Analysis of fund balance by academy

Fund balances at 31 August 2022 were allocated as follows:

	2022 £'000	2021 £'000
Harris Aspire Academy	68	168
Harris Academy Battersea	240	216
Harris Academy Beckenham	155	147
Harris Primary Academy Beckenham	26	16
Harris Primary Academy Beckenham Green	133	128
Harris Primary Academy Benson	71	62
Harris Academy Bermondsey	382	343
Harris Academy Bromley	18	—
Harris Academy Chafford Hundred	17	15
Harris Primary Academy Chafford Hundred	14	—
Harris Academy Chobham	456	422
Harris Academy Clapham	1	—
Harris Clapham Sixth Form	1	—
Harris Primary Academy Coleraine Park	171	166
Harris Primary Academy Croydon	201	201
Harris City Academy Crystal Palace	257	257
Harris Boys' Academy East Dulwich	390	390
Harris Girls' Academy East Dulwich	297	290
Harris Primary Academy East Dulwich	2	—
Harris Academy Falconwood	107	306
Harris Primary Free School Peckham	211	185
Harris Garrard Academy	41	40
Harris Academy Greenwich	128	117
Harris Primary Academy Haling Park	42	39
Harris Invictus Academy Croydon	33	4
Harris Junior Academy Carshalton	48	40
Harris Primary Academy Kenley	1	1
Harris Primary Academy Kent House	21	3
Harris Primary Academy Mayflower	141	125
Harris Academy Merton	417	701
Harris Primary Academy Merton	115	113
Harris Academy Morden	261	242
Harris Academy Ockendon	219	190
Harris Academy Orpington	74	74
Harris Primary Academy Orpington	49	49
Harris Academy Peckham	65	—
Harris Primary Academy Peckham Park	198	179
Harris Primary Academy Philip Lane	109	107
Harris Primary Academy Crystal Palace	13	—
Harris Primary Academy Purley Way	40	27
Harris Academy Purley	85	—
Harris Academy Rainham	38	5
Harris Academy Riverside	87	87
Harris Primary Academy Shortlands	15	2
Harris Academy South Norwood	245	221
Harris Academy St John's Wood	104	—
Harris Academy Sutton	2	1
Harris Academy Tottenham	6	1
Harris Westminster Sixth Form	50	50
Harris Academy Wimbledon	506	457
Merton Sports Partnership	529	498
Collective benefit and other Federation funds*	19,826	14,913
HCTC	4	4
Total before fixed assets and pension reserve	26,730	21,602
Restricted fixed assets fund	624,350	627,496
Pension liability	(10,636)	(96,456)
Total	640,444	552,642

* includes Harris Academies Project Management Limited and Harris Teaching School Alliance (HIT)

Notes to the financial statements 31 August 2022

16 Funds (continued)

Analysis of cost by academy

	Teaching and educational support costs £'000	Other support staff costs £'000	Educational supplies £'000	Other costs (excluding depreciation) £'000	Total 2022 £'000
Harris Aspire Academy	590	132	80	333	1,135
Harris Academy Battersea	6,056	577	381	1,431	8,445
Harris Academy Beckenham	5,702	326	343	1,411	7,782
Harris Primary Academy Beckenham	1,484	129	44	530	2,187
Harris Primary Academy Beckenham Green	787	126	39	273	1,225
Harris Primary Academy Benson	929	121	31	306	1,387
Harris Academy Bermondsey	6,007	461	379	1,141	7,988
Harris Academy Bromley	4,355	806	300	1,245	6,706
Harris Academy Chafford Hundred	6,049	577	250	1,135	8,011
Harris Primary Academy Chafford Hundred	1,941	269	62	618	2,890
Harris Academy Chobham	8,284	1,143	503	2,262	12,192
Harris Academy Clapham	2,249	213	178	1,117	3,757
Harris Clapham Sixth Form	953	49	82	367	1,451
Harris Primary Academy Coleraine Park	2,101	192	147	510	2,950
Harris Primary Academy Croydon	2,267	179	92	687	3,225
Harris Primary Academy Crystal Palace	5,763	699	356	1,570	8,388
Harris Boys' Academy East Dulwich	4,714	431	355	1,829	7,329
Harris Girls' Academy East Dulwich	5,108	508	267	1,468	7,351
Harris Primary Academy East Dulwich	1,715	166	50	555	2,486
Harris Academy Falconwood	5,587	647	380	1,168	7,782
Harris Primary Free School Peckham	1,230	173	52	430	1,885
Harris Garrard Academy	6,852	715	266	1,961	9,794
Harris Academy Greenwich	7,023	775	313	1,492	9,603
Harris Primary Academy Haling Park	1,401	139	43	554	2,137
Harris Invictus Academy Croydon	4,169	596	429	1,061	6,255
Harris Junior Academy Carshalton	1,369	135	45	248	1,797
Harris Primary Academy Kenley	1,561	147	55	417	2,180
Harris Primary Academy Kent House	1,646	190	45	517	2,398
Harris Primary Academy Mayflower	3,165	262	166	925	4,518
Harris Academy Merton	6,396	664	531	1,630	9,221
Harris Primary Academy Merton	2,402	242	35	720	3,399
Harris Academy Morden	4,655	584	331	1,011	6,581
Harris Academy Ockendon	5,751	749	356	1,042	7,898
Harris Academy Orpington	3,805	696	264	1,318	6,083
Harris Primary Academy Orpington	1,528	128	70	576	2,302
Harris Academy Peckham	3,707	657	174	1,120	5,658
Harris Primary Academy Peckham Park	1,346	123	64	583	2,116
Harris Primary Academy Phillip Lane	2,050	140	134	515	2,839
Harris Primary Academy Crystal Palace	1,815	123	63	437	2,438
Harris Professional Skills Sixth Form	1,415	99	9	212	1,735
Harris Academy Purley	5,737	576	487	1,359	8,159
Harris Primary Academy Purley Way	1,359	141	53	427	1,980
Harris Academy Rainham	4,308	559	263	768	5,898
Harris Academy Riverside	4,379	339	310	824	5,852
Harris Primary Academy Shortlands	1,360	126	78	533	2,097
Harris Academy South Norwood	9,441	1,062	765	2,452	13,720
Harris Academy St John's Wood	7,116	756	473	1,437	9,782
Harris Academy Sutton	4,022	323	136	998	5,479
Harris Academy Tottenham	6,839	587	189	1,883	9,498
Harris Westminster Sixth Form	3,288	399	231	870	4,788
Harris Academy Wimbledon	3,452	396	234	809	4,891
Central services	2,498	14,533	448	10,537	28,016
Total	189,726	34,885	11,431	59,622	295,664

Notes to the financial statements 31 August 2022

17 Analysis of net assets between funds

Group	Restricted funds			Total 2022 £'000
	General fund £'000	General £'000	Fixed asset fund £'000	
Fund balances at 31 August 2022 are represented by:				
Tangible fixed assets	—	—	614,300	614,300
Current assets	19,269	50,007	10,050	79,326
Current liabilities	—	(42,546)	—	(42,546)
Pension scheme liability	—	(10,636)	—	(10,636)
Total net assets	19,269	(3,175)	624,350	640,444

Group	Restricted funds			Total 2021 £'000
	General fund £'000	General £'000	Fixed asset fund £'000	
Fund balances at 31 August 2021 are represented by:				
Tangible fixed assets	—	—	623,338	623,338
Current assets	14,571	52,739	4,158	71,468
Current liabilities	—	(45,709)	—	(45,709)
Pension scheme liability	—	(96,456)	—	(96,456)
Total net assets	14,571	(89,425)	627,496	552,642

18 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.

19 Pension and similar obligations

The Federation'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 a number of Local Authorities in the London borough's and counties in which the Federation operates. 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 £2,466,000 were payable to the schemes at 31 August 2022 (2021 - £3,591,000) and are included within creditors.

19 Pension and similar obligations (continued)

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

- ♦ employer contribution rates set at 23.68% of pensionable pay (including a 0.08% administration levy);
- ♦ total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218,100 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196,100 million, giving a notional past service deficit of £22,000 million; and
- ♦ the SCAPE rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI. The 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 2024.

The employer's pension costs paid to TPS in the period amounted to £22,932,000 (2021 - £21,558,000). A copy of the valuation report and supporting documentation is on the Teachers' Pension Scheme website.

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

Notes to the financial statements 31 August 2022

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS)

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 £9,542,000 (2021 - £9,161,000), of which employer's contributions totalled £7,119,000 (2021- £6,798,000) and employees' contributions totalled £2,423,000 (2021 - £2,363,000). The agreed contribution rates for future years are between 7.2% and 25.5% for employers and between 5.5% and 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 academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal Actuarial Assumptions	At 31 August 2022	At 31 August 2021
Rate of increase in salaries	3.85%	3.95%
Rate of increase for pensions in payment / inflation	2.85%	2.95%
Discount rate for scheme liabilities	4.25%	1.75%
Inflation assumption (CPI)	2.85%	2.95%

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

	At 31 August 2022	At 31 August 2021
<i>Retiring today</i>		
Males	21.5	21.4
Females	23.9	23.8
<i>Retiring in 20 years</i>		
Males	22.7	22.6
Females	25.4	25.3

The sensitivity of the present value of defined benefit obligations is as follows:

	At 31 August 2022 £'000	At 31 August 2021 £'000
Discount rate +0.1%	(3,609)	(6,202)
Discount rate -0.1%	3,708	6,375
Mortality assumption – 1 year increase	4,482	6,999
Mortality assumption – 1 year decrease	(3,971)	(6,232)
CPI rate +0.1%	3,454	5,932
CPI rate -0.1%	(3,368)	(5,782)

Notes to the financial statements 31 August 2022

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

The Federation's share of the assets and liabilities in the scheme were:

	Fair value at 31 August 2022 £'000	Fair value at 31 August 2021 £'000
Equities	80,315	90,221
Gilts	19,829	21,129
Property	16,366	12,736
Cash and other liquid assets	3,631	2,752
Other	16,486	13,350
Total market value of assets	136,627	140,188

	2022 £'000	2021 £'000
Amounts recognised in statement of financial activities		
Service cost	13,946	10,141
Net interest cost	1,916	1,528
Total amount recognised in the SOFA	15,862	11,669

	2022 £'000	2021 £'000
Movement in deficit during the year		
Deficit at 1 September 2021	96,456	73,480
Upon conversion	—	3,886
Current service cost	21,065	16,939
Employer contributions	(7,119)	(6,798)
Net return on assets	1,916	1,528
Actuarial (gain) loss	(101,682)	7,421
Liabilities at 31 August 2022	10,636	96,456

	2022 £'000	2021 £'000
Changes in the present value of defined benefit obligations were as follows:		
At 1 September 2021	236,643	179,292
Upon conversion	—	5,359
Current service cost	21,065	16,939
Interest cost	4,145	3,127
Employee contributions	2,423	2,363
Actuarial (gain)/loss	(115,057)	31,463
Benefits paid	(1,956)	(1,900)
At 31 August 2022	147,263	236,643

19 Pension and similar obligations (continued)

Local Government Pension Scheme (LGPS) (continued)

Changes in the fair value of the Federation's share of scheme assets:	2022 £'000	2021 £'000
At 1 September 2021	140,187	105,812
Upon conversion	—	1,473
Interest income	2,229	1,599
Actuarial gain	(13,375)	24,042
Employer contributions	7,119	6,798
Employee contributions	2,423	2,363
Benefits paid	(1,956)	(1,900)
Administration expense	—	—
At 31 August 2022	136,627	140,187

20 Related party transactions

Owing to the nature of the Federation and the composition of the board of directors being drawn from local public and private sector organisations, transactions may take place with organisations in which the directors have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the ATH and with the Federation's financial regulations and normal procurement procedures relating to connected and related party transactions. The following related party transactions took place in the financial period.

Transactions with subsidiary companies

Harris Academies Project Management Limited generated taxable profits of £nil (2021 - £nil) during the year.

HCTC Enterprises Limited generated taxable profits of £nil (2021 - £nil) during the year.

Harris Professional Services Limited generated taxable profits of £nil (2021 - £nil) during the year

Transactions with connected companies

During the year a £500,000 loan facility was setup between the Federation and the newly formed National Institute of Teaching, of which Sir Dan Moynihan is a member. This loan facility was approved in advance by the ESFA. At 31 August 2022 no amounts had been drawn down and there were no other transactions with the National Institute of Teaching during the year end 31 August 2022.

Transactions with other related parties

During the year, donations from Lord Harris (Trustee, Member, and Sponsor) totalling £20,000 were recognised in income (2021: £14,027).

Notes to the financial statements 31 August 2022

21 Capital commitments

At 31 August 2022 the group had the following capital commitments:

	2022 £'000	2021 £'000
Contracted for, but not provided in the financial statements	4,429	—

22 Commitments under operating leases and PFI arrangements

Operating leases

At 31 August 2022, the total of the Federation's future minimum lease payments under non-cancellable operating leases was as follows:

Land and buildings	2022 £'000	2021 £'000
Amounts due within one year	217	217
Amounts due between two and five years inclusive	525	869
Amounts due after five years	—	91
	742	1,177
Other assets	2022 £'000	2021 £'000
Amounts due within one year	383	592
Amounts due between two and five years inclusive	349	642
Amounts due after five years	396	435
	1,128	1,669

Academies with Private Finance Initiative (PFI)

Harris Academy Morden joined the Federation on 1 March 2013. Its main school building was financed under a PFI arrangement which also provides services to the school including cleaning and catering. The school pays an annual amount based on pupil numbers which will run until 2030. In the year ended 31 August 2022, £427,417 (2021 - £489,295) of costs relating to this has been recognised in expenditure, being included in the total operating lease rentals figure in note 5.

At 31 August 2022, the total of the Federation's future minimum payments under PFI arrangements was as follows:

Land and buildings	2022 £'000	2021 £'000
Amounts due within one year	455	455
Amounts due between two and five years inclusive	1,741	1,741
Amounts due after five years	496	951
	2,692	3,147

Notes to the financial statements 31 August 2022

23 Agency arrangements

The Federation distributes 16-19 bursary funds to students as an agent for the ESFA. In the accounting period ending 31 August 2022 the trust received £508,645 (2021 - £906,658) and disbursed £822,274 (2021 - £577,783) from the fund. An amount of £331,199 (2021 - £644,828) is included in other creditors relating to undistributed funds that will be distributed in 2022/23.

24 Transfer of academies to the Federation

On 1 November 2020, Harris Primary Academy Croydon (previously Kingsley Academy) joined the Federation from Cirrus Academy Trust. The operations, buildings, pension obligations and fund balances from the academy were transferred to the Federation for £nil consideration. Chobham Academy transferred into the Federation from 1 April 2021. The operations, buildings, pensions obligations and fund balances were transferred to the Federation for £nil consideration.

The transfers have been accounted for using the acquisition method. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net incoming resources in the Statement of Financial Activities as voluntary income.

The following table sets out the fair values of the total identifiable assets and liabilities transferred from both schools and an analysis of their recognition in the statement of financial activities.

No fair value adjustments were made to the value reported by the transferring trusts.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2021 Total £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	44,154	44,154
· Other tangible fixed assets	—	—	252	252
Budget surplus on ESFA and LA funds	463	122	—	585
LGPS pension deficit	—	(3,886)	—	(3,886)
Net assets (liabilities)	463	(3,764)	44,406	41,105

Notes to the financial statements 31 August 2022

24 Transfer of academies to the Federation (continued)

Chobham Academy

On 1 April 2021 Chobham Academy joined the Trust.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2021 Total £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	28,977	28,977
· Other tangible fixed assets	—	—	235	235
Budget surplus on ESFA and LA funds (including cash balance of £1.6m)	463	122	—	585
Net assets (liabilities)	463	122	29,212	29,797

Kingsley Academy

On 1 November 2020 Kingsley Academy joined the Trust.

	Unrestricted funds £'000	Restricted general funds £'000	Restricted fixed asset funds £'000	2021 Total £'000
Tangible fixed assets				
· Leasehold land and buildings	—	—	15,177	15,177
· Other tangible fixed assets	—	—	17	17
LGPS pension deficit	—	(3,886)	—	(3,886)
Net assets (liabilities)	—	(3,886)	15,194	11,308

25 Post balance sheet events

On 1 September 2022, the assets, liabilities and activities of Harris Science Academy East London transferred to the Federation. Previously this academy was called East London Science Academy. The value of net assets transferred to the Federation was not material.