

**Orchard Hill College Academy Trust**

**REGISTRAR OF COMPANIES**

**ORCHARD HILL COLLEGE ACADEMY TRUST**

**A Company Limited by Guarantee**

**Annual Report and Financial Statements**

**Year ended 31 August 2019**



**Company Registration Number: 08476149 (England and Wales)**

# **Orchard Hill College Academy Trust**

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# Orchard Hill College Academy Trust

## Reference and Administrative Details

Members	K Coello (Chairman) S Howlett (appointed 26.9.2018) Dr K Tay J Mercer (Chair of OHCAT Board) Orchard Hill College
Directors (Trustees)	J Mercer (Chair) K Finnigan (Vice Chair) C Allen (CEO and Accounting Officer – resigned 31.08.19) Y Burgess S Lawes B McIntosh R Mills (resigned 01.09.2018) J Prior (CEO and Accounting Officer – appointed 01.09.19) D Winkler (appointed 01.01.19)
Company Secretary	T Goodsell
Executive Senior Leadership Team CEO (resigned 31 August 2019) CEO (appointed 1 September 2019) Executive Principal/Deputy CEO To 31 August 2019 From 1 September 2019 Executive Director, OHC&AT Finance (until 31 August 2019 and Chief Financial Officer from 1 September 2019) Executive Director, OHC&AT Services (until 31 August 2019 and Chief Operating Officer from 1 September 2019):	C Allen J Prior  J Prior L Cornwell C Jenkins  J Sherborne
Principal and Registered Office	8 <sup>th</sup> Floor Quadrant House The Quadrant Sutton Surrey SM2 5AS
Company Registration Number	08476149 (England and Wales)
Independent Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Bankers	Lloyds Bank Plc 49/53 High Street Sutton Surrey SM1 1DT
Solicitors	Veale Wasborough Vizards Orchard Court Orchard Lane Bristol BS1 5WS

# Orchard Hill College Academy Trust

## Trustees' Report

The Trustees present their annual report together with the financial statements and auditors' report of Orchard Hill College Academy Trust (the "Trust" or "OHCAT" or the "charitable company") for the year to 31 August 2019. The annual report serves the purposes of both a trustees' report and a directors' report under company law.

The Trust currently operates 13 special academies and one academy alternative provision:

- Carew Academy, in Sutton, for pupils aged 7-18 years with moderate learning difficulties;
- Young People's Academy, in Hillingdon, for pupils aged 11-16 with social, emotional and mental health needs;
- The Skills Hub, in Hillingdon, an alternative provision for pupils aged 11-16;
- Dysart School, in Kingston-upon-Thames, for pupils aged 4-19 with severe learning difficulties including autistic spectrum disorder;
- Bedelsford School, in Kingston-upon-Thames, for pupils aged 2-19 with profound and multiple learning difficulties;
- St Philip's School, in Kingston-upon-Thames, for pupils aged 9-19 with moderate learning difficulties;
- Nightingale Community Academy, in Wandsworth, for boys aged 5-18 with social, emotional and mental health needs;
- The Link Primary School, in Sutton, for pupils aged 4-11 with speech, language and communication needs;
- The Link Secondary School, in Sutton, for pupils aged 11-19 with speech, language and communication needs;
- St Dominic's School, in Surrey, a day and residential school for pupils aged 7-19 with specific learning difficulties, speech, language and communication difficulties, and autistic spectrum disorder;
- Grafham Grange School, in Surrey, a day and residential school for pupils aged 10-16 with social, emotional and mental health needs;
- Brantridge School, in West Sussex, a day and residential school for boys aged 6-11 with social, emotional and mental health needs;
- Arbour Vale School, in Slough, for pupils aged 2-19 with a range of special educational needs including severe learning difficulties and profound and multiple learning difficulties; and
- Chart Wood School, in Surrey, for boys aged 9-16 with social, emotional and mental health needs.

The academies' pupil capacity and numbers on roll as at the January 2019 school census are shown below.

Academy	Capacity	Numbers on roll
Carew Academy	230	220
Young People's Academy	60	61
The Skills Hub	110	121
Dysart School	97	106
Bedelsford School	96	114
St Philip's School	143	167
Nightingale Community Academy	107	96
Link Primary School	50	53
Link Secondary School	56	44
St Dominic's School	110	105
Grafham Grange School	40	35
Brantridge School	54	33
Arbour Vale School	304	289
Chart Wood School	105	90

## Structure, Governance and Management

### Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Trustees of Orchard Hill College Academy Trust are also the Directors of the charitable company for the

# **Orchard Hill College Academy Trust**

## **Trustees' Report (continued)**

purposes of company law. The charitable company is known as Orchard Hill College Academy Trust (OHCAT).

Details of the Trustees who served throughout the year are included in the Reference and Administrative Details on page 1.

### **Members' Liability**

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

### **Trustees' Indemnities**

The Academy Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The Trustees are covered under this insurance policy for the following: Governors' Liability for the sum of £10,000,000, which by any virtue of any rule of law would otherwise attach to them, in respect of any negligence, default, breach of trust or breach of duty which they may be guilty of in relation to the Academy Trust.

### **Method of Recruitment and Appointment of Trustees**

The Members may appoint up to 7 Trustees (Directors) using such process as they may determine. The total number of Trustees, including the Chief Executive Officer, who are employees of the company shall not exceed one third of the total number of Trustees. All Trustees are appointed for a four year term of office.

The Trustees may appoint co-opted Trustees who may not be an employee of the company.

The Trustees have set up procedures that will enable regular reviews regarding the mix of skills that should be available to the Trustees. Co-opted Trustees will be sought where particular skills and knowledge are considered advantageous to the Trust's development.

Individual Trustees attend relevant training in order to ensure their knowledge and understanding is fully up to date and receive regular briefings from the CEO and the Principal of each Academy.

All Local Governing Body (LGB) members are appointed by the Trustees, including two parent governors at each academy. The membership of each academy's LGB is provided on the academies' websites.

### **Policies and Procedures Adopted for the Induction and Training of Trustees**

All new Trustees attend an induction day on appointment and receive regular briefings from the CEO and other senior leaders. All Members, Trustees and Governors have access to the Trust's governance portal which includes online training and resources. All Members, Trustees and Governors have access to Educare, a comprehensive online training package, as well as the National Governance Association's online training modules, both of which offer key compliance modules around safeguarding, health and safety and equality and diversity, as well as wider areas of interest. The Trust also offers bespoke training sessions on request. Additionally, OHCAT and Orchard Hill College ("OHC" or the "College") jointly hold an annual governors' conference, offering Trustees and LGB governors across both organisations the chance to take part in training and development opportunities as well as networking.

All new Governors receive a comprehensive induction pack and an introductory training session and are actively encouraged to participate in the relevant training offered, enabling them to understand their role within the Academy Trust and the individual academies.

As part of the portfolio governance arrangements, Trustees are also paired with academy members of staff and expected to meet two to three times each year or more as required, to discuss progress and any issues concerning areas under their specific remit. This is to aid knowledge of the Trust's processes and day-to-day operations. Governors are also encouraged to play a full part in the life of the school through regular visits over and above the requirements of their portfolio role, for example attending school events, and conducting learning

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

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### Organisational Structure

As a charity and company limited by guarantee, Orchard Hill College Academy Trust is governed by a Board of Trustees who are responsible for, and oversee, the management and administration of the Trust and the academies run by the Trust. The Trustees have overall responsibility and ultimate decision making authority for all the work of the Trust, including the establishment and running of schools. This is largely exercised through strategic planning and the setting of policy. Supported by the Executive Senior Leadership Team (ESLT), it is managed through business planning, monitoring of budgets, performance management, the setting of standards and the implementation of quality management processes.

The Local Governing Body of an academy is a committee formed by the Trustees and derives its power from the Trustees. The Local Governing Body is responsible for fulfilling a largely strategic role in the conduct of an academy (or federation of academies) in conjunction with a Principal who is responsible for the internal organisation, management and control of the academy (or federation of academies). The Trustees may also delegate responsibility to the Principal.

The Trust has five Members, to whom the Board of Trustees reports.

OHCAT operates a portfolio governance system, assigning strategic areas to Trustees and Governors via skills matching. The portfolio governance arrangements for Trustees during the period of report were as follows:

<b>Portfolio</b>	<b>OHCAT Trustee</b>
Ethos, Vision and Strategy	Jay Mercer
Teaching and Learning	Kevin Finnigan
Finance and Resources	Stephen Lawes
Health and Safety, Safeguarding and Child Protection	Barbara McIntosh
HR and Organisational Development	Yolande Burgess
Business Development and Marketing	David Winkler (appointed 01.01.19)

Administration of the Academy Trust's finances is delegated to the Chief Financial Officer who has direct access to the Finance and Resources Portfolio holder on the Board of Trustees. In addition, Buzzacott LLP have been appointed to perform an annual Internal Audit programme to provide Trustees with additional assurances on key risks.

### Arrangements for Setting Pay and Remuneration of Key Management Personnel

The OHCAT Trustees have appointed the Orchard Hill College and Academy Trust (OHC&AT) Remuneration Committee to consider salaries for senior post holders. These posts include the CEO and the Executive Head/Directors (collectively referred to as the Executive Senior Leadership Team) and the Principals of each OHC&AT provision.

The OHC&AT Remuneration Committee comprises four members as follows:

- OHCAT Portfolio Director for Finance and Resources
- OHC Portfolio Director for Finance and Resources
- Chair of OHCAT Trustees
- Chair of OHC Trustees

The quorum for the meeting is two members (one member from each board). The Remuneration Committee makes recommendations to the OHC&AT Trustees for approval.

The members of the Executive Senior Leadership Team are awarded a spot salary.

The following factors are taken into account when considering the level of remuneration:

- Skills, experience and responsibilities;
- Performance appraisals;

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

- Annual turnover;
- Range of salaries for senior post holders in similar organisations;
- Average cost of living and incremental pay for all staff; and
- Role changes.

Other than the CEO, no other OHCAT Trustee receives any remuneration for their services to the Academy Trust.

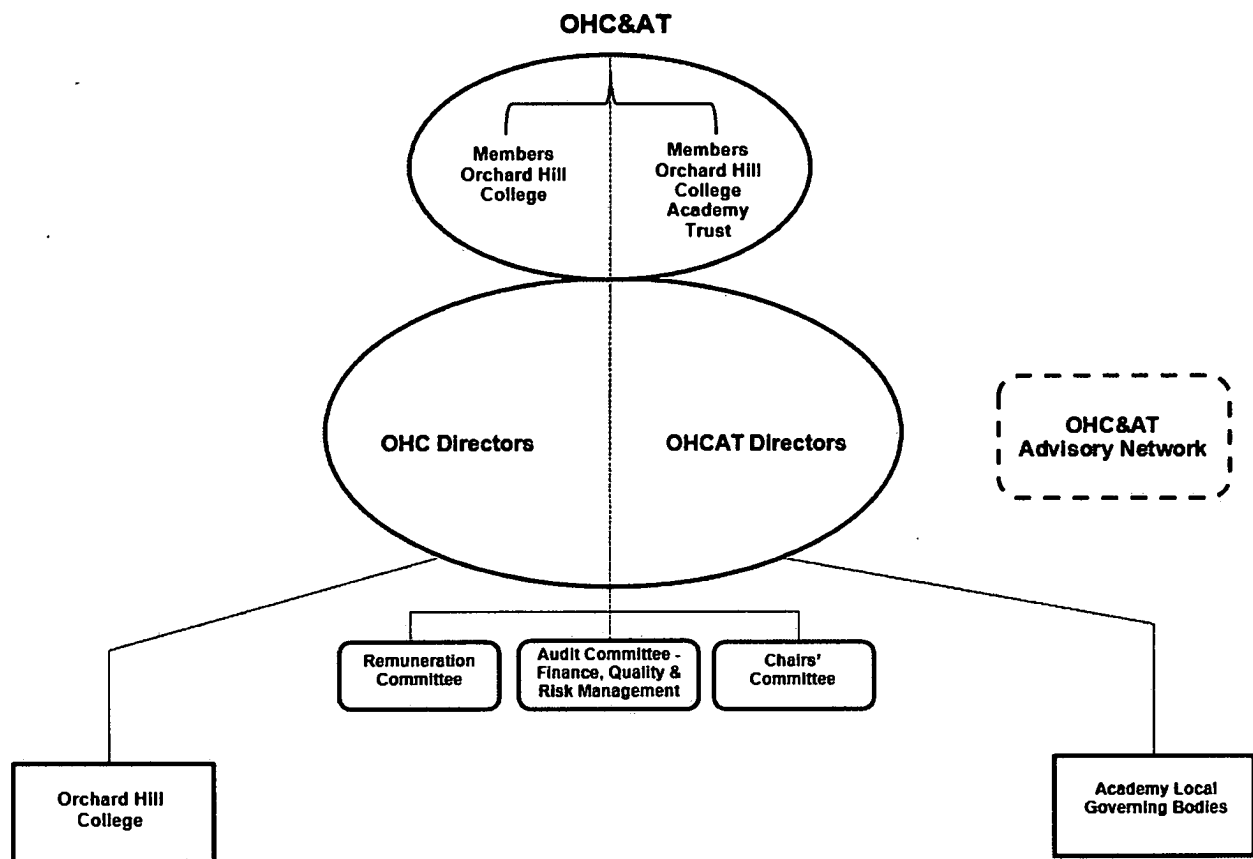
### Trade union facility time

No employees of the Academy Trust were relevant union officials during the relevant period.

### Connected Organisations, including Related Party Relationships

Orchard Hill College Academy Trust was established in 2013 by Orchard Hill College, in response to a request from the London Borough of Sutton and the DfE to sponsor Carew Manor School (now Carew Academy). The College and the Trust are independent legal entities that form a family of providers, collectively known as Orchard Hill College and Academy Trust (OHC&AT), working for the benefit of students and pupils in local communities.

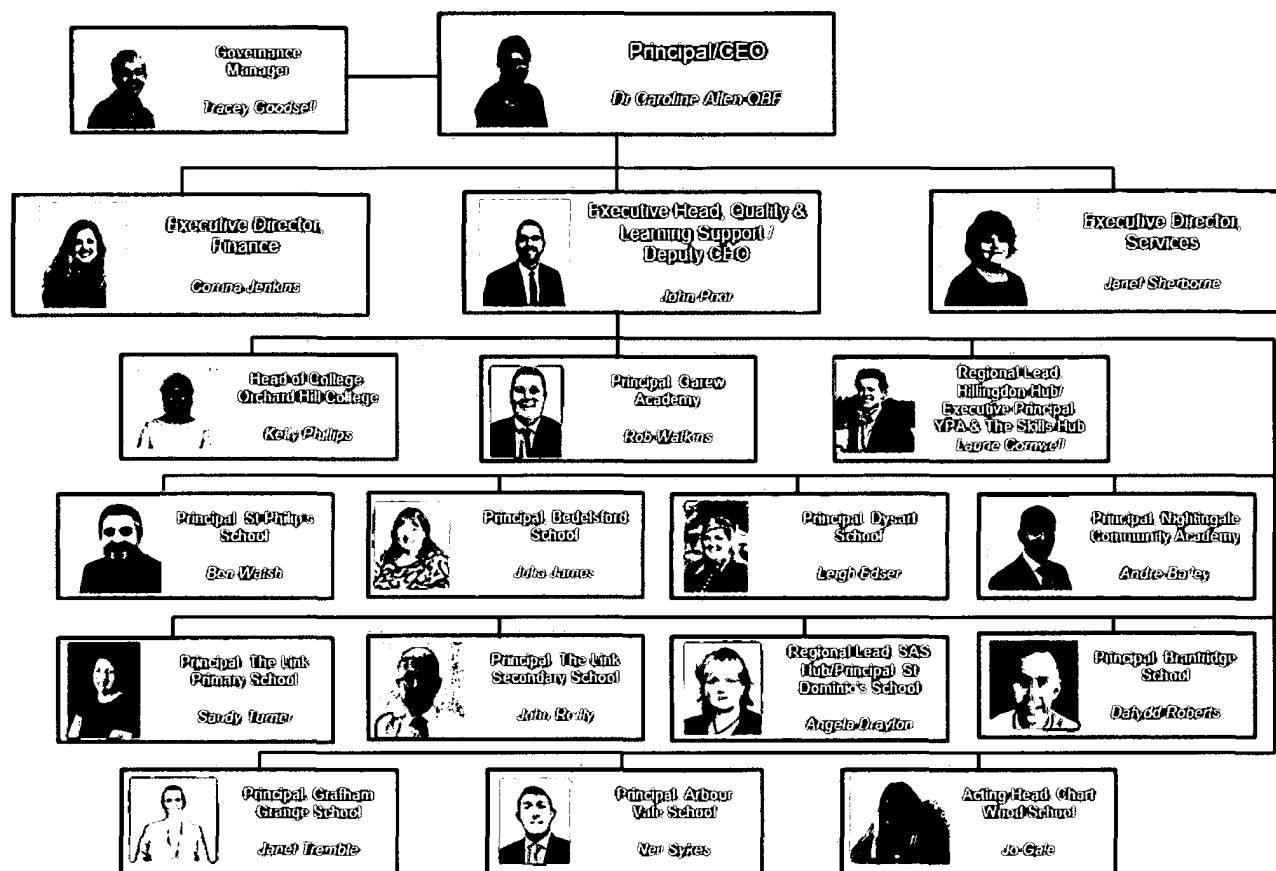
The Academy Trust and the College operate a collaborated 'family' Board of Trustees, as shown below. This model of governance continues to be a great success, allowing greater coherence in decision-making and greater clarity of communication while retaining the individuality of each organisation. Risk continues to be managed separately and collaboratively, allowing either organisation to retract from the collaboration if required while at the same time promoting transparency. In addition to the Remuneration Committee, the collaborated Board of Trustees also operates an Audit Committee and a Chairs' Committee, and has access to a group of professional advisors collectively known as the OHC&AT Advisory Network:



This collaborated model is reflected in the structure of the Executive Senior Leadership Team and Principals of academies (below):

# Orchard Hill College Academy Trust

## Trustees' Report (continued)



The Principal/CEO and Executive Head/Directors manage the business of both the Academy Trust and the College, which promotes responsive cross-organisational working between Academy Trust and College at all levels. The Executive Senior Leadership Team maintains a close working relationship with each academy's Senior Leadership Team and operational support is provided to the academies by both OHCAT and OHC staff in a number of areas, including HR, IT and Facilities.

The College is represented as one of the five members of the Academy Trust, and may appoint Directors to the Trustees of the Academy Trust in agreement with all other Trust members. During the period under discussion, Dr Caroline Allen was Chief Executive Officer for OHCAT, a Trustee of the Academy Trust and Principal of the College.

## Objectives and Activities

The charitable objectives for which OHCAT was established are set down in the governing document as follows:

- to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing schools ("the mainstream academies") offering a broad and balanced curriculum or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative provision academies") or 16 to 19 academies offering a curriculum appropriate to the needs of its students ("the 16 to 19 academies") or schools specially organised to make special educational provision for pupils with Special Educational Needs ("the Special Academies"); and
- to promote for the benefit of the inhabitants of the local authority areas (and surrounding areas) in which any of the academies are situated, the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and the object of improving the condition of life of the said inhabitants.



# **Orchard Hill College Academy Trust**

## **Trustees' Report (continued)**

### **Mission and Vision**

Orchard Hill College Academy Trust, together with academy trust sponsor Orchard Hill College, forms a family of specialist providers with a focus on pupils and students achieving their maximum potential within their local communities. By working together as a family, we are able to offer our members the mutual benefits of strength and value from larger volume, especially for smaller providers. Our collegiate approach ensures the free flow of knowledge and expertise between members, allowing everyone to maximise value and reduce duplication.

The Trust and the College aim to contribute further to improving the education offer for all pupils in our communities, including pupils and students with special educational needs and disabilities (SEND). Currently, the Trust operates 14 academies while Orchard Hill College offers specialist educational programmes for pupils and students aged 16 and over in six main centres and additional satellite provision in London and Surrey. Provision is organised on a hub model, with schools and College centres clustered around five main hubs in Sutton, Kingston, Hillingdon, Wandsworth/Southwark and Surrey/Sussex; from September 2019, these have been reorganised into four hubs: Sutton and Croydon, NW London and Slough, SW London and Surrey and Sussex. The hub model supports effective cross-organisational working and best use of resources to benefit pupils and students. The Academy Trust and the College work together to build on and extend the scope of work in these and other geographical areas, in order that our pupils and students benefit from the collective expertise of both organisations and can access a greater range of opportunities arising from strong community and stakeholder networks.

### **Objectives, Strategies and Activities**

Following last year's successful expansion of the Academy Trust to include St Dominic's School, Grafham Grange School and Brantridge School, this year OHCAT has welcomed a further two schools into the family: Arbour Vale School joined the Trust on 1 November 2018 and Chart Wood School joined the Trust on 1 January 2019.

Each OHCAT Academy defines its individual vision, ethos and aims in line with the Trust's overarching commitment to furthering learning, work and life opportunities to pupils and students with SEND in their local communities.

### **Public Benefit**

The Trustees of the Academy Trust have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission in exercising their powers or duties in defining the strategic direction of OHCAT and its constituent academies.

### **Fundraising**

The Trust raises funds for specific projects that will benefit existing and future pupils and students where funds for these projects cannot be accessed via existing channels i.e. government education funding. The Trust fundraises for projects that provide opportunities and enhance the learning experience and environment for pupils and students. Any fundraising materials used states what the funds will be used for and the beneficiaries of the project.

The code of fundraising practice is followed <https://www.fundraisingregulator.org.uk/code>

The Trust does not use a commercial organisation or professional fundraiser. There were no complaints concerning the Academy Trust fundraising activities during the year.

# **Orchard Hill College Academy Trust**

## **Trustees' Report (continued)**

### **Strategic Report**

#### **Achievements and Performance and Key Performance Indicators**

##### **1.1 Overview of development**

Continuing on from developments reported in previous Annual Reports and Accounts, this year has seen two schools join the Trust as a result of directed academy orders. Staff at Arbour Vale School were TUPE'd in November 2018 and staff at Chart Wood School were TUPE'd in January 2019 when the respective schools converted to academy status.

Following an extensive review of support services in 2017, the Board of Trustees approved the transfer of 73 members of operational staff from Orchard Hill College to Orchard Hill College Academy Trust, in order to more appropriately reflect the staff resources utilised by the two separate legal organisations. The TUPE transfer was completed on 1 October 2018.

The Board of Trustees is responsible for quality, finance and the appointment of Principals. The Trustees have approved the company policies. The CEO reports to the Trustees. Each academy has a Local Governing Body to support the Principal and to provide a local governance role. The Principal of each academy reports to the Executive Head, Quality and Development/Deputy CEO, who seeks input from the LGB Chair with regard to Principals' appraisals. The Executive Head, Quality and Development/Deputy CEO, Chief Financial Officer and Chief Operating Officer all report to the CEO.

During the period under discussion, succession plans were enacted following the CEO's decision to retire at the end of August 2019. Trustees worked with OHCAT HR and senior leaders to implement a robust and competitive recruitment and selection process for the post of CEO; following this process, John Prior (OHCAT's Deputy CEO) was appointed to the role of CEO from 1 September 2019. Subsequently, Laurie Cornwell (Executive Principal at Young People's Academy and The Skills Hub) was appointed to the role of Deputy CEO from 1 September 2019, following a similarly robust and competitive process. Phased handovers were enacted between all parties once recruitments were confirmed, ensuring a smooth transition of leadership for this next stage of OHCAT's development.

##### **1.2 OHCAT strategy**

OHCAT and OHC strategies are aligned by a shared purpose: enabling positive outcomes for pupils and students. We define this as pupils and students achieving exciting destinations which match their individual ambitions and contribute to home, community and work.

In order to achieve these outcomes, OHCAT and OHC jointly focus on four key strands of strategic activity:

- Excellence in teaching and learning: differentiated teaching and excellent specialist facilities; learning and skills development leading to the achievement of ambitious outcomes; shared practice enhancing pedagogy across the Trust.
- Reputation for partnership working: high quality specialist expertise and partnership working with real impact; closer partnership working to facilitate better outcomes for students.
- Local Authority offer: responding to local demand as a local provider; extending capacity and adapting to requirements; working with community partners and employers; evidencing success to LAs.
- Shared services: the alignment and expansion of the work of Trust and College to benefit pupils and students and to streamline and share services effectively.

The OHCAT/OHC family includes:

- SEN academies and college provision;
- Teacher training and specialist CPD;
- Shared services;
- Social enterprise;
- Digital enterprise;
- Home based SEN learning and progression.

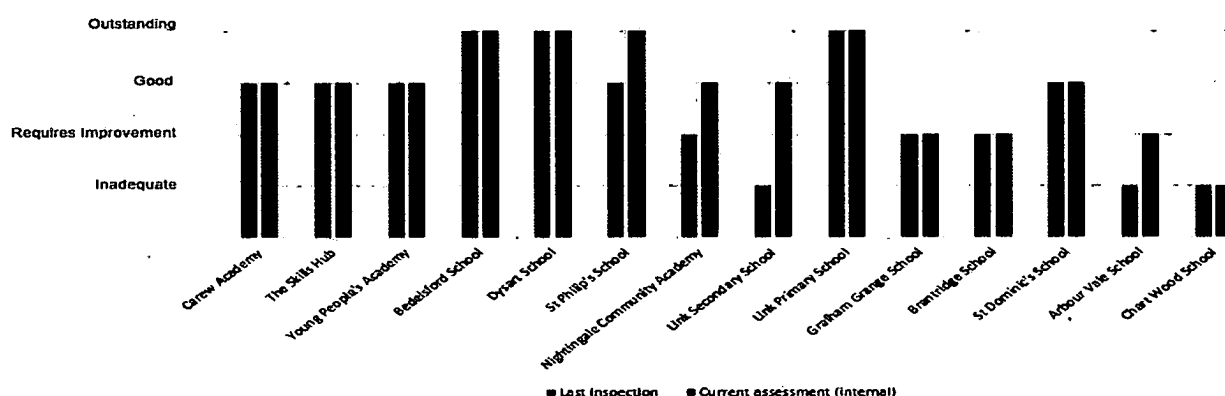
# Orchard Hill College Academy Trust

## Trustees' Report (continued)

### 1.3 Achievements and Performance

Since inception in 2013, eight of OHCAT's fourteen academies have received a post conversion Ofsted inspection. Three improved their grade from a position of inadequate or RI and four maintained their good or outstanding grade. In addition, one school that has a residential provision maintained its outstanding judgement post-conversion. In all but one of the academies that have received a post-conversion inspection, Leadership and Management was judged to be either good or outstanding, including in schools that were previously in special measures. The one exception to this is an academy that was inspected just three months after conversion from an inadequate position as a maintained school.

Amongst our six academies that are yet to receive their first inspection, robust internal assessment, that includes the judicious use of Ofsted-trained external verifiers, evidences that we expect that all will have improved by at least one grade at the first inspection, with four of those six schools being at least 'good' overall.



Summer 2018 and 2019 results and outcomes show that all academies, including Alternative Provision, at least maintained, and in some cases improved, the standard of GCSE outcomes, despite more challenging syllabus and demanding exam arrangements for students with SEND. This included, for the first time, grades between 6-7 in some subjects, as well as A-level success. The total number of GCSE passes in all subjects across the Trust increased by 34% between summer 2018 and 2019. The number of GCSE passes across the Trust within the 5-8 grade band increased by 50% between 2018 and 2019.

Alongside GCSEs, we continuously diversify and expand the range and breadth of accredited L1 and L2 non-GCSE outcomes across the Trust. Functional Skills passes in English and maths increased by 62% between summer 2018 and 2019, particularly at Level 1, which shows a greater emphasis on attainment beyond Entry Level. Overall, the total point score of all combined GCSE, A-level and Functional Skills Level 1 and 2 results across the Trust increased by 33% between summer 2018 and 2019. This figure is revised to 29% when Entry Levels 1-3 are included in the data set.

In 2019, fourteen alternative accredited pathways were offered, including Entry Levels, City & Guilds, BTEch and VCerts, Arts Award, Duke of Edinburgh, Youth Award Schemes and Sports Leaders, to name a few. This sits alongside an increasingly rich and diverse curriculum offer that includes numerous vocational and technical subjects. This means that more students are achieving accredited outcomes, sometimes considerably earlier than Y11, which are relevant, meaningful and prepare them well for the next stage of their learning.

Our outstanding academies that provide for some of our students with the most profound disabilities continued to deliver exemplary outcomes year-on-year for all key stages, including a range of external accreditation at Entry Level and Level 1 set alongside excellent progress measures. These academies have also been pilots for the DfE's Pre-Key Stage Standards and saw some primary pupils exceeding expectations at the end of KS2 relative to their KS1 baselines in English, communication and maths.

NEET (not in education, employment or training) rates across OHCAT continue to be very low and compare favourably against national and regional data. DfE NEET data for Dec 2018 shows the NEET rate (England) for

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

16-24 year olds at 11.3% and for 18-24 year olds 13.1%. For 16-17 year olds, this figure is 4.2% and 7.0% for 16-18 year olds. In London, the 'NEET or unknown' rate at July 2019 was 4.2% for 16-17 year olds.

Pupils are effectively twice as likely to be NEET in the 16-24 age range if you have mental health and/or learning difficulties. DfE NEET data for Dec 2017 to Feb 2018 shows the 'NEET or not known' rate for young people with SEND (16-17 year olds) as 9.6% (England), 6.8% (London) and 8.4% (South East). The consolidated NEET rate for all OHCAT leaver (16-24) in summer 2019 was 8.3%. This shows that students with complex needs across the Trust are exceptionally well-prepared for their next destination.

77% of OHCAT academies further improved their headline attendance in 2018-19. Seven academies exceeded the national average for special schools and where this was not the case (most generally due to complex medical needs and mental health challenges) were within 1-3% of this benchmark.

Residential boarding provisions were inherited from the predecessor non-maintained Trust of three schools who joined OHCAT in January 2018. However, due to lack of financial viability, the strategic decision was taken by the Board to discontinue the residential provision at these three schools. This change has been phased, with the provision in the last of these three schools closing in summer 2020. In January 2019, another directed academy order saw Chart Wood School convert to become an OHCAT academy with an associated residential provision. As with the other three residential provisions, this residential aspect to Chart Wood faces challenges with its viability and further consideration is being given to its future.

### Apprenticeships

Currently, only 13% of businesses in London employ apprentices (down from 17% in 2018). OHCAT employed its first apprentices in 2018 with 19 apprentices. This has increased to 26 apprentices as of Sept 2019. Across this coming three year period the objective is for every academy to employ at least one apprentice. Apprenticeships are currently offered at Level 2 and beyond in Healthcare, Teaching and Learning, Customer Service, Human Resources and Finance.

OHCAT has 2.4% of its current workforce as apprentices (Nov 2019), against a government target of 2.3%.

### 1.4 Academy updates

The regional model is now well embedded within the Trust, and continued to operate in five regional hubs during the year to under review:

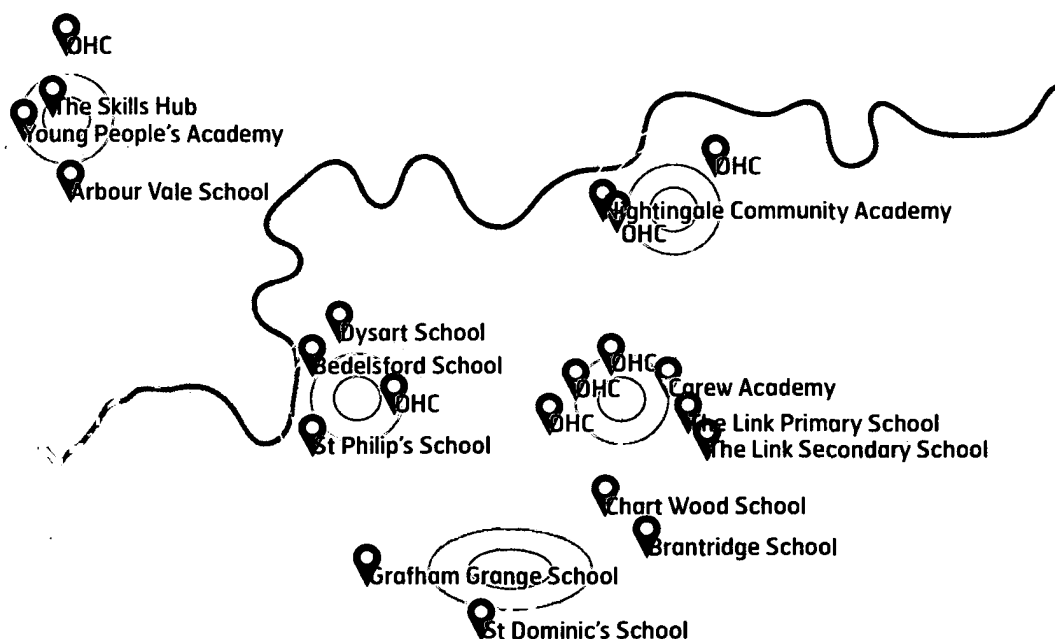
Hub	Academies
Sutton and surrounding boroughs	Carew Academy, The Link Primary School, The Link Secondary School
Kingston and surrounding boroughs	Bedelsford School, Dysart School, St Philips' School
Hillingdon and surrounding boroughs	Young People's Academy, The Skills Hub, Arbour Vale School
Wandsworth	Nightingale Community Academy
Surrey and Sussex	St Dominic's School, Grafham Grange School, Brantridge School, Chart Wood School

From September 2019, the geographical hubs have been reorganised as follows:

Hub	Academies
Sutton and Croydon	Carew Academy, The Link Primary School, The Link Secondary School
NW London and Slough	Young People's Academy, The Skills Hub, Arbour Vale School
SW London	Bedelsford School, Dysart School, Nightingale Community Academy
Surrey and Sussex	St Philips' School, St Dominic's School, Grafham Grange School, Brantridge School, Chart Wood School

# Orchard Hill College Academy Trust

## Trustees' Report (continued)



The development of the hub model has supported the Trust to offset potential limitations associated with geographical dispersion. By growing local excellence alongside College centres, the Trust has been able to smooth transitions for students, provide additional learning opportunities through shared facilities and resources, and enable staff to build networks and share expertise. Angela Drayton, Principal of St Dominic's School, and Laurie Cornwell, Executive Head of Young People's Academy and The Skills Hub, have continued in their roles as Regional Leads for Surrey/Sussex and Hillingdon respectively, building on the previous year's work to ensure that quality assurance, compliance processes and responsive localised support for schools in their hubs are robust. There are plans to expand the Regional Lead model during the next phase of development, using this initial phase to inform and shape the offer.

Quality monitoring systems are well embedded across the Trust: each school provides data every half term via the Trust's Management Information System (MIS), covering attendance, progress, behaviour, safeguarding, exclusions, quality of teaching and learning, staff sickness absence and a high level budget snapshot; this data then forms part of the regular in-depth monitoring meetings between Principals and the Executive Head, Quality & Development/Deputy CEO. Every OHCAT Academy uses a standardised Teacher Evaluation Schedule (TES) to monitor the quality of teaching and learning within their own school, which provides a robust data set to identify strengths and any areas for development, as well as providing comparative data for Trust-wide performance monitoring at ESLT and Board level. Quality remains good across the Trust, with 86% of teaching within OHCAT Academies graded as Good or above during the summer term.

The Trust continues to support its schools to develop their offer in response to local need. Some notable developments during the period under discussion:

- Significant work was carried out across the organisation to refine and improve upon our proactive safeguarding and wellbeing offer. Responding to the growing national concerns around children and young people's mental health as well as the desire to attract and retain high quality staff by providing a supportive and rewarding working environment, OHCAT and OHC convened a Safeguarding and Wellbeing working group, led by the Director of Safeguarding, Wellbeing & Learning Support and including senior nursing, therapy and Training School staff, to develop a mental health and wellbeing strategy. Staff were consulted via such mechanisms as inset day workshops and group discussions, in order to ensure that the wellbeing of students and staff remains a key consideration at every level of operation. Initial outputs have included: the production and implementation of comprehensive Mental Health & Wellbeing policies for both students and staff; improvements to the appraisal process to ensure any staff wellbeing concerns are picked up at an early stage; and senior staff becoming qualified to deliver Mental Health First Aid (MHFA) training. Going forward, there are plans to deliver specialised MHFA training to staff in every OHCAT provision, and to roll out delivery of an in-house resilience

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

programme developed by an experienced therapist and designed to be differentiated for students, staff and families.

- Also stemming from the focus on safeguarding and wellbeing was the development of local safeguarding and wellbeing offers. The Director of Safeguarding, Wellbeing and Learning Support worked closely with Principals, Designated Safeguarding Leads, OHCAT ESLT and the Head of Research & Policy Development to create a format in which schools could record and communicate the proactive work they do to safeguard their students. The offer is a live document, reviewed and updated by Principals, DSLs and Governors on a regular basis in order to ensure that what they are doing is relevant and effective for their students, and schools have already found it a useful tool in communicating with families, Local Authorities and other stakeholders such as Ofsted. Going forward, an overarching OHCAT Safeguarding & Wellbeing Offer will be produced, ensuring that focus on this key area of activity is embedded from Trustee level downwards.
- Additionally, Carew Academy is part of South West London Health & Care Partnership's trailblazer group for NHS England's Mental Health Support Teams project. This national pilot is being conducted following the government's green paper recommendations in 'Transforming children and young people's mental health provision'; schools in trailblazer areas have access to an Educational Wellbeing Practitioner in order to provide early support to students with emerging mental health issues. During 2018-19 Carew staff worked in partnership with mainstream schools in the borough as well as SW London HCP to plan for delivery of the service, which will be rolled out in 2019-20.
- OHCAT worked with Orchard Hill College to deliver a commissioned programme of support to Nash College, a specialist provider in Bromley, following that provision being graded Inadequate by Ofsted in November 2018. Julia James, Principal at Bedelsford School, stepped in as Acting Principal at Nash and worked closely with colleagues to implement a rapid improvement programme informed by the combined expertise of OHC and OHCAT. An Ofsted monitoring visit in May 2019 noted clear signs of improvement in leadership and management, curriculum provision and outcomes for students.

### 1.5 Potential Academies

While the Trust continues to receive interest from schools wishing to join a strong academy chain, following the addition of two new schools during the period under discussion there are no current plans to actively grow the Trust through additional academy conversions.

The Trust continues to progress its plans to open five new DfE-approved free schools:

- The Futures Academy, a 246-place special school for pupils aged 5-18 with a range of additional learning needs including autistic spectrum disorders, is due to open in Sutton in 2020, and will absorb the existing provision at Carew Academy as well as extending the specialist offer for local pupils with SEND;
- The Young People's Academy and The Young People's Hub, a special school and an alternative provision for pupils aged 5-19 with social, emotional and mental health needs and related learning needs (220 places in total), are due to open in Hillingdon in 2021. They will absorb the existing provisions at Young People's Academy and The Skills Hub respectively, as well as extending the specialist offer for local pupils experiencing barriers to learning;
- Addington Valley Academy, a 150-place special school for pupils aged 2-19 with autistic spectrum disorders and related learning needs, is due to open in Croydon in 2020.
- Wings Academy, a 90-place special school for pupils aged 2-19 with autistic spectrum disorders and related learning needs, is due to open in Hounslow in 2022.

In addition, the Academy Trust submitted a bid for a new special school in Kingston during the period under discussion.

### Going Concern

Future significant financial uncertainties affecting the Trust in the next few years have been identified as:

- Introduction of a fair funding formula and the uncertainty of long-term Government funding;
- Solvency of Local Authorities and difficult in securing capital for investment in estates;
- Increases to teachers' pay scales and employer pension costs in the Teachers' Pension Scheme;

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

- Likelihood of increased employer pension costs for the Local Government Pension Scheme;
- Widening gaps in long term deficits of the Local Government Pension Scheme; and
- Impact and effect of Brexit with specific regards to procurement, contracts and supplies.

The Board, on considering these uncertainties, feels the Trust has adequately protected its position to continue operating with appropriate reserve levels and embedded financial monitoring of budgets and risks evidenced by the Executive Senior Leadership Team's responsiveness to business changes.

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

### Financial Review

The main sources of funding for the Trust is from:

- the Education and Skills Funding Agency (ESFA), in the form of recurrent grants restricted to delivering the core purpose of education;
- Local Authorities fund Element 3 (Top-Up) grants per pupil in relation to their specialist need.

During the year to 31 August 2019, the grants receivable from the ESFA and Local Authorities and the associated expenditure is reflected in the restricted general funds in the Statement of Financial Activities (SOFA) on page 29.

#### *General reserves*

Income for the year to 31 August 2019 (excluding restricted fixed asset income and pension liability transferred on conversion) was £48.2m (2018: £32.2m) and was derived principally from ESFA and local authority funding but also includes start up grants relating to the opening of Arbour Vale School (joined November 2018) and Chart Wood School (joined January 2019); these were in the most part used for system implementation, leadership support, legal fees and quality improvement advice.

Expenditure (excluding depreciation, the pension liability transfer from OHC to the Academy Trust following the transfer of central services staff in October 2018 and other FRS102 pension adjustments) for the year ended 31 August 2019 was £45.6m (2018: £30.8m). The major part of the Academy Trust's expenditure is in relation to its staff costs (excluding FRS102 pension current service cost and the pension liability transferred from OHC) which amounted to £37.8m (2018: £23.3m).

The net position for the year, therefore, was a revenue surplus of £2.59m (2018: £1.371m); of this, £756k (2018: £1.022m) was invested in fixed assets. The overall net increase in general reserves was £1.834m (2018: £349k), which have increased from £5.188m to £7.022m during the year to 31 August 2019.

As at 31 August 2019 the Trust had unrestricted reserves of £3.335m (2018: £3.284m), being accumulated net funds generated from trading activities outside providing education and surpluses transferred to the Trust on the conversion of new academies.

#### *Fixed asset fund*

Within the restricted fixed asset funds section of the SOFA are amounts relating to the assets funded by condition improvement grants of £139k awarded to St Dominic's School to fund emergency fire safety works. In addition, the school has been awarded Priority Schools Building Projects (PSBP) capital funding to rebuild the performing arts block; capital funding of £823k was received during the year to 31 August 2019.

There were no fixed assets transferred on the conversion of Arbour Vale School. The building occupied by the school and all other assets are part of a Private Finance Initiative (PFI) scheme and the agreement was transferred to OHCAT on conversion of the school. Ownership of the building will transfer to the Academy Trust at the end of the contract in 2035; the current value of the site is approximately £28m.

Chart Wood School is currently occupying a temporary site while the Local Authority refurbish an existing building on a second site in Dorking. The school is due to re-locate to the refurbished premises in July 2020, when the asset will transfer from the local authority to the Academy Trust. Other assets transferred to the academy trust

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

on conversion amount to £20k.

As at 31 August 2019 the net book value of Fixed Assets was £78.359m (2018: £77.744m). These assets were used exclusively for providing education and the associated support services to the pupils of the academies within the Trust.

### *Pension reserve*

The Trust had a defined benefit pension scheme liability of £29.7m (2018: £10.5m) as at 31 August 2019. During the year, the Trust inherited the liabilities of the two new converter schools (£4.6m) from the predecessor local authorities, and the pension liability in relation to the operational staff who transferred from OHC (£4.3m). The pension reserve is under continuous review by independent actuaries and regular adjustments will be made to contribution rates in order to balance the fund.

The Trust will use reserves wisely and will be investing and addressing the immediate needs of the schools. The in-year aim is to continue to invest in quality educational resources and to improve the social facilities for our pupils. The long term plan is to build reserves to reinvest in capital programmes and development of our buildings.

The Trust produces a 3 year plan to predict the impact of business changes and funding stream uncertainties to enable pro-active decisions to be made to our staff and non-staff resource structure in line with these predictions.

## **Reserves Policy**

The Trustees review the level of reserves of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of the reserves. The policy of the Trustees is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Trust and to deal with unexpected emergencies. The target level of reserves is set out in the Finance Regulations document. The current requirement is 90 days of expenditure (excluding depreciation) in general reserves.

The Trust needs to hold reserves for a number of reasons, for example:

- Contingency – to deal with unforeseen events that cannot be covered in the annual approved budget;
- The cost intensive nature of the provision, particularly given the dependency on income from local authorities many of whom are also facing significant financial pressure;
- A planned build-up of funds to pay for some major work, project or replacement programme;
- Funds held from one year to the next to manage variations in funding levels or specifically allocated grants for which carry forward is allowed; and
- To support future education purposes in line with the Improvement Plan of each Academy within the Trust.

The Trustees are satisfied that the Trust's reserves are sufficient for its current purposes. The general reserves (excluding fixed assets and pension liability) as at 31 August 2019 amounted to £7.0m (2018: £5.2m), of which £3.7m is held in restricted general funds (2018: £1.9m) and £3.3m is held in unrestricted general funds (2018: £3.3m).

## **Investment Policy**

The Trustees' current policy is to manage, control and track financial exposure and ensure value for money exercising care and skill in all investment decisions and to ensure that security takes precedence over revenue maximisation.

The Trust therefore invests surplus funds in low-risk, short term bank deposit accounts with Lloyds bank (the Trust's own bank).



# Orchard Hill College Academy Trust

## Trustees' Report (continued)

### Principal Risks and Uncertainties

The following key principles outline the Trust's approach to risk management and internal control:

- The Trustees have responsibility for overseeing risk management within the Trust as a whole.
- An open and receptive approach to solving risk problems is adopted by the Trustees.
- The CEO and the Executive Senior Leadership Team support, advise on and implement policies approved by the Trustees.
- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- Senior and middle management Academy staff are responsible for encouraging good risk management practice within their designated managed area.
- Key risk indicators are identified and closely monitored on a regular basis.

Principal risks are detailed in the risk register, which is reviewed by the Trustees each term. Key risks include:

#### 1. Academy performance

The Trust currently operates 14 Academies, the most recent conversion taking place in January 2019. Ensuring the delivery of high quality teaching and learning at OHCAT Academies is the central mission of the Trust and crucial to its continued success and growth. The Trust works closely with Academy staff and students at all levels to improve standards, including: recruitment and development of staff; upgrading of premises and facilities; regular reviews of teaching and learning by Trust staff and each Academy Principal; expert curriculum and operational support from both OHCAT and Orchard Hill College staff. This strategy has previously effected rapid improvement, as reflected in Carew's 2015 Ofsted grading of Good with Outstanding features, Young People's Academy moving from Requires Improvement (pre-conversion) to Good in 2018, and most recently, Nightingale Community Academy's grading of Requires Improvement in February 2019 against a pre-conversion judgement of Inadequate. The Trust's robust quality and progression monitoring framework is now fully embedded, enabling a deep understanding, at executive level, of each school's strengths and weaknesses to inform targeted improvement initiatives that are underpinned by robust quantitative and qualitative data.

#### 2. Reputation

The Trust provides learning opportunities for vulnerable pupils and students. It is critical that the Trust maintains a reputation for high quality and for sound and responsible practice. The Trust has robust and regularly reviewed policies and procedures in place for child protection and safeguarding, and the OHCAT Director of Safeguarding, Wellbeing & Learning Support oversees all safeguarding practice within the Trust, including regular supervision of Designated Safeguarding Leads in each Academy. Additionally, the Trust invests heavily in training and mentoring to ensure that all staff and students work together with mutual respect and that pupil and student achievements are recognised and celebrated.

#### 3. Overexpansion

Any multi academy trust that expands too rapidly risks downturns in the quality of provision and financial overstretch, to the detriment of its reputation as a provider. The Trust has agreed a five year strategy that allows for growth while retaining the focus on quality. Prospective academies undergo a thorough due diligence process before a decision is made by Trustees on whether to proceed with conversion.

#### 4. Funding

The Trust is reliant on Government funding to support pupils and students whose additional support needs carry costs which exceed most other forms of ongoing funding. Variations in the funding methodology and levels of resource, as well as changes in eligibility criteria and uncertainty associated with major political events such as Brexit, create potential risk. The Trust engages proactively with funding bodies to raise awareness of the potential impact of planned actions, and maintains strong working relationships external agencies such as Local Authorities and Regional Schools Commissioners in order to ensure that productive dialogue takes place at local, regional and national level.

### Risk Management

The Trust regularly reviews the key risks to which its operations are exposed, together with the operating,

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks. In addition, factors are in place that provide the Trustees with the capacity to deal with issues or problems that occur, for example, calling on an experienced, capable Executive Senior Leadership Team which is able to act quickly and early in response to unexpected events through forward planning, policies and insurance and through holding appropriate reserves. Additionally, the Board of Trustees has established an Audit Committee (which considers Finance, Quality and Risk Management) whose membership is drawn from both OHCAT and OHC Trustees and which reports to the Trustees as a whole.

The overall requirements for the Audit Committee, on behalf of the OHC&AT Trustees, are:

- Internal scrutiny – to have in place a process for checking financial systems, controls, transactions and risks and quality of provision.
- To achieve internal scrutiny which delivers objective and independent assurance.
- To provide assurance to Trustees that risks are being adequately identified and managed by:
  - reviewing the risks; and
  - agreeing a programme of work to address, and provide assurance on those risks.
- To inform the governance statement that accompanies the annual accounts and, so far as is possible, provide assurance to the external auditors.

A risk report is submitted to the Trustees at each meeting and operational risks are reviewed at regular meetings of the Executive Senior Leadership Team and the CEO.

### Plans for Future Periods

OHCAT has a clear five-year strategy for growth and development, which includes but is not limited to the following activities:

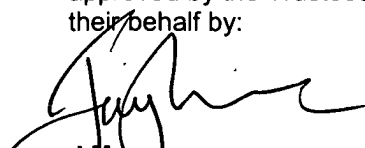
- Quality and standards: a good or outstanding school for every student, with life changing outcomes and meaningful destinations.
- Innovation and specialism: engaging with the evidence to ensure best practice across the Trust, and providing opportunities for staff to share and develop their knowledge and expertise both internally and in the wider education community.
- System leadership: ensuring compliance and accountability at every level through dynamic governance, and using our collective influence to advocate for young people with SEND.
- Development and growth: working in partnership with local, regional and national stakeholders to provide high quality education for our students; building capacity within the organisation in order to facilitate targeted expansion.
- Nurturing talent: ensuring that OHCAT attracts and retains the highest quality staff, providing exciting career pathways and a strong staff development offer.

### Statement as to Disclosure of Information to Auditors

In so far as each of the Trustees is aware:

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

The Trustees' report is approved by order of the Trustees and the Strategic Report (included therein) is approved by the Trustees in their capacity as the directors at a meeting on 13 December 2019 and signed on their behalf by:



J Mercer  
Chair

# Orchard Hill College Academy Trust

## Governance Statement

### Scope of Responsibility

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

The Trustees have delegated the day-to-day responsibility to the Chief Executive Officer (CEO) 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 Orchard Hill College Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the Trustees any material weaknesses or breakdowns in internal control.

### Governance

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

In 2018-19, the Trustees have formally met three times during the period. Attendance during the period at meetings of the Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Jay Mercer	3	3
Caroline Allen	3	3
Barbara McIntosh	3	3
Stephen Lawes	3	3
Kevin Finnigan	1	3
Yolande Burgess	2	3
David Winkler (appointed 1.1.19)	0	2

The Audit Committee has formally met three times during the period. Attendance was as follows:

Committee Member	Meetings attended	Out of a possible
Stephen Lawes (OHCAT Trustee)	2	3
Kevin Finnigan (OHCAT Trustee)	3	3

The Remuneration Committee has formally met once during the period. Attendance was as follows:

Committee Member	Meetings attended	Out of a possible
Jay Mercer (OHCAT Trustee)	1	1
Stephen Lawes (OHCAT Trustee)	1	1

The Chairs' Committee has formally met once during the period. Attendance was as follows:

Committee Member	Meetings attended	Out of a possible
Jay Mercer (OHCAT Trustee)	1	1

The Trustees' overall attendance at committee meetings from September 2018 to August 2019 was 77.42%.

The Board meets formally three times a year during the second half of each term. To maintain financial oversight, the Chief Financial Officer also meets with the Finance Portfolio holder during the first half of each term; the Finance Portfolio holder will feedback on these meetings to other Board members between formal meetings.

In addition to Trustees and Committee meetings, Trustees also have regular input into Trust activities outside of the meeting schedule, including regular one to one meetings with the CEO of the Trust, portfolio visits to OHCAT provision, feedback on policy development etc.

There will also be an analysis of skills and expertise of the Trustees in the autumn term 2019.

# **Orchard Hill College Academy Trust**

## **Governance Statement (continued)**

The Board of Trustees held its annual conference on 28. June 2019.

The portfolio governance system continues to be monitored and reviewed in response to further growth and development within the Trust.

The Trustees also reviewed and evaluated their portfolio activity over the academic year, which has included:

- Visits, learning walks, events
- Meetings, interviews, appraisals
- Data and information scrutiny, emails, messaging
- Negotiations with stakeholders e.g. Local Authorities
- 1:1 meetings/discussions
- Policy review
- Training

Portfolio input between Trustees' meetings has facilitated growth with the continuity of inter-meeting sense/risk checks. The ethos has been retained and better articulated following Trustee input and the reputation strengthened by clarity of strategy, target delivery and quality.

Trustees have posed regular questions, which has prepared the management team with a demonstration of risk assurance for external audiences and has impacted significantly on planning/process e.g. balanced growth risks, governance model and structure, and succession planning and leadership capacity.

### **Review of Value for Money**

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

The Accounting Officer considers how the Academy Trust's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where available. The Accounting Officer for the Academy Trust has delivered improved value for money during the year by:

### **Improving Educational Results through Targeted Intervention and Collaboration**

Resources are directed where they are most needed to meet education requirements. As detailed in the Strategic Report section of the Trustees' Report, pupils and students across OHCAT have continued to make good progress and achieve exciting outcomes. OHCAT academies serve a pupil population characterised by a wide range of additional needs and other barriers to learning; their achievements stand both as testament to their abilities and determination, and as a marker of our continued drive to provide excellent educational opportunities.

The academies have in place a strong system for tracking student progress and achievement coupled with a programme of early and appropriate intervention. In addition, targeted support is provided for students such as booster groups, lunchtime and after school revision clubs, and bespoke and highly personalised work with children and families as appropriate. The Senior Leaders monitor the performance of staff and ensure that appropriate actions are taken to address any weaknesses.

The Academy Trust has engaged with other educational providers and experts to share delivery or good practice, and to drive up standards for the least cost. This includes working with an increasing number of schools within the Local Authorities, as well as other similar (and increasingly different) schools outside of the Local Authority. One external consultant has been periodically used to further support improvement in key areas of school improvement.

### **Financial Governance**

The governance arrangements include regular monitoring by Local Governing Bodies and overview by the Board of Trustees. The Board of Trustees meet three times per year and on each occasion receive relevant financial management reports (including budget, monthly management accounts and cash flow forecasts) relevant to the

# **Orchard Hill College Academy Trust**

## **Governance Statement (continued)**

Trust as a whole and ask questions as detailed in the minutes. The Board of Trustees also receive and approve the Annual Accounts and the external auditors' Findings Report. The Audit Committee meets three times a year in order to perform an internal scrutiny role, as previously discussed, and to receive the report of the internal auditors.

At individual academy level, financial information relevant to the academy (including budget, monthly management accounts and cash flow forecasts) are shared with the relevant Local Governing Body (LGB) for comment and review. The LGBs meet three times year. The Chief Financial Officer works closely with the Academy Heads/Principals to ensure that any resource requirements to support teaching and learning are adequately met. Financial information and variances are discussed and approved and issues raised on the risk register to ensure senior leaders are aware of any issues in order to remedy promptly.

This governance work is further supported by the appointment of a member of the Board as a Portfolio holder for Finance and Resources. His role involves working more closely with the Chief Financial Officer and ensuring he is fully abreast of financial information at a more detailed level to inform the Board of Trustees.

The Chief Financial Officer produces data for high level dashboards which includes financial information in a clear, pictorial format to include benchmarking data and year on year comparatives to assist with achieving value for money.

### **Effective Purchasing**

Services and contracts are appraised or renegotiated in a timely manner to ensure the best mix of quality and cost effectiveness. Major purchases and contracts are always tendered.

In the year, three schools joined the Academy Trust, this has enabled us to further share administrative and "back office" functions such as Facilities, Finance, IT and HR. This has also enabled us to ensure that more pupils benefit from sharing leadership expertise across our family. There has also been added value from sharing resources to cover absence periods, sharing skills, focusing capacity and delivering training.

In addition to sharing staff resources we have started to consolidate all contracts across our academies and College sites to enable us to utilise "economies of scale" and procure as a group going forward as contract renewal periods fall due, for example we have achieved group discounts across the group for printers and cleaning contracts. In the next financial period we have positioned the following contracts to end across the individual academies with a view of achieving cash savings and negotiate better pricing: gas and electric, printers and catering services. We will also be installing smart meters for utilities and will have the ability to monitor and analyse our energy use going forward.

We have been working with an external company who are going to help us identify group procurement savings and set up our new group purchasing strategy to include identification of preferred suppliers and benchmarking. In the first term of the new financial year the company will be looking at agency costs specifically which make up a large part of the cost structure.

As the Academy Trust grows it is anticipated that greater economies of scale will be achieved through collective purchasing and we will continue to work with our sponsor to look at ways in which shared services can be developed to provide best value together with quality of service and reliability and show impact for the academy and pupil experience.

We will be looking at ways to better introduce external and internal benchmarking into our financial data and further develop financial information with dashboards and key performance indicators to assist decision making at local school level and at Academy Trust level.

### **Income generation**

Throughout the year the Trust has worked closely with schools and the Local Authorities to ensure maximisation of income streams. This has been most successful in negotiating Element 3 funding and 1:1 additional support at appropriate levels to allow the schools to deliver the bespoke learning package required for the individual pupil needs.

We have also put in place robust recording systems and reconciliation steps to track funding and claims to the operational activity and chase payment efficiently.

# **Orchard Hill College Academy Trust**

## **Governance Statement (continued)**

The Trust plans to seek out substantial fundraising partners for future planned capital projects and was successful in year in receiving grants from the Capital Improvements Fund and the Schools Priority Buildings Projects fund for projects at St Dominic's School (for emergency fire safety works and a new performing arts block, respectively). Total funding awarded for these two projects is £1.25m, of which £962k had been received at the year end.

### **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 academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Orchard Hill College Academy Trust for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements.

### **Capacity to Handle Risk**

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

### **The Risk and Control Framework**

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Directors;
- regular reviews by the finance portfolio holder 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 Trustees have considered the need for a specific internal audit function and have decided to appoint Buzzacott LLP to perform an annual planned schedule of works.

Buzzacott's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. During 2018-19, the internal audit work focussed on tangible fixed assets and no material weaknesses were identified.

On an annual basis, Buzzacott reports to the Board of Trustees, through the Audit Committee, on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

Management responded and addressed the issues raised in the report and satisfied the Trustees that appropriate steps had been taken to remedy the findings and were reflective of the rapid growth experienced during the year.

# Orchard Hill College Academy Trust

## Governance Statement (continued)

### Review of Effectiveness

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

- the work of the external auditor;
- the work of the internal auditor;
- the financial management and governance self-assessment process;
- a review conducted by the ESFA's School Resource Management Advisor;
- a VAT review conducted by HM Revenue and Customs; and
- the work of executive managers within the Academy Trust who have the responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the Board of Trustees on 13 December 2019 and signed on its behalf by:



**J Mercer**

Trustee



**J Prior**

Accounting Officer

## Orchard Hill College Academy Trust

### Statement on Regularity, Propriety and Compliance

As Accounting Officer of Orchard Hill College Academy Trust I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Academy Trust, under the funding agreement in place between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2018.

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



**J Prior**

Accounting Officer

13 December 2019



## Statement of Trustees' Responsibilities

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

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

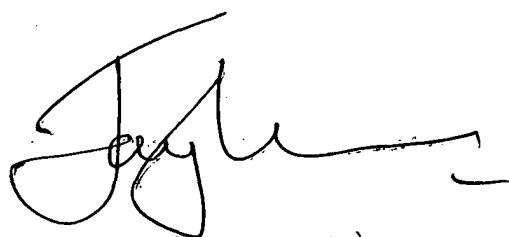
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the Board of Trustees on 13 December 2019 and signed on its behalf by:



**J Mercer**  
Chair of Trustees

# Orchard Hill College Academy Trust

## Independent Auditor's Report to the Members of Orchard Hill College Academy Trust

### Opinion

We have audited the financial statements of Orchard Hill College Academy Trust (the 'charitable company') for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the related notes to the financial statements. 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 2015) and the Academies Accounts Direction 2018 to 2019.

In our opinion, the financial statements:

- ◆ give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its income and expenditure for the year then ended;
- ◆ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- ◆ have been prepared in accordance with the requirements of the Companies Act 2006; and
- ◆ have been prepared in accordance with the Charities SORP 2015 and Academies Accounts Direction 2018 to 2019.

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information (covering the reference and administrative details, the Trustees' report including strategic report and the governance statement)

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

# Orchard Hill College Academy Trust

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

We have nothing to report in this regard.

## Opinions on other matters prescribed by the Companies Act 2006

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

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

## Matters on which we are required to report by exception

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

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

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

## Responsibilities of Trustees

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

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

## 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.

## Orchard Hill College Academy Trust

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

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



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

18 December 2019

# Orchard Hill College Academy Trust

## Independent reporting accountant's assurance report on regularity to Orchard Hill College Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 12 July 2018 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Orchard Hill College Academy Trust (the 'Academy Trust'), during the period from 1 September 2018 to 31 August 2019 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 Orchard Hill College Academy Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Orchard Hill College Academy Trust and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Orchard Hill College Academy Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

### Respective responsibilities of Orchard Hill College Academy Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of Orchard Hill College Academy Trust's funding agreement with the Secretary of State for Education dated 10 March 2008 and the Academies Financial Handbook 2018, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period from 1 September 2017 to 31 August 2018 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

### Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2018 to 2019 issued by the ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- ◆ An assessment of the risk of material irregularity and impropriety across all of the Academy Trust's activities;

## Orchard Hill College Academy Trust

- ◆ 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 2018 to 31 August 2019 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 Accountant  
130 Wood Street  
London  
EC2V 6DL

18 December 2019

# Orchard Hill College Academy Trust

## Statement of Financial Activities for the year ended 31 August 2019 (including Income and Expenditure Account)

	Notes	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total for year ended 2019 £000	Total for year ended 2018 £000
<b>Income from:</b>						
Donations and capital grants	2	-	28	1,358	1,386	1,647
Transfer on conversion	22	2	(4,553)	20	(4,531)	13,609
Charitable activities:						
Funding for the Academy Trust's educational operations	3	149	47,271	-	47,420	31,094
Provision of boarding activities	24	-	407	-	407	192
Other trading activities	4	336	8	-	344	352
Investment income	5	11	-	-	11	4
<b>Total</b>		<b>498</b>	<b>43,161</b>	<b>1,378</b>	<b>45,037</b>	<b>46,898</b>
<b>Expenditure on:</b>						
Charitable activities:						
Academy trust educational operations	6	340	48,217	1,347	49,904	33,146
Provision of boarding activities	24	-	421	-	421	497
Other items: pension liability inherited	20	-	4,278	-	4,278	-
<b>Total</b>	6	<b>340</b>	<b>52,916</b>	<b>1,347</b>	<b>54,603</b>	<b>33,643</b>
<b>Net income / (expenditure) before transfers</b>		<b>158</b>	<b>(9,755)</b>	<b>31</b>	<b>(9,566)</b>	<b>13,255</b>
<b>Transfers between funds</b>	15	(107)	(649)	756	-	-
<b>Net income / (expenditure)</b>		<b>51</b>	<b>(10,404)</b>	<b>787</b>	<b>(9,566)</b>	<b>13,255</b>
<b>Other recognised gains</b>						
Actuarial (losses)/gains on defined benefit pension schemes	20	-	(7,027)	-	(7,027)	3,136
<b>Net movement in funds</b>		<b>51</b>	<b>(17,431)</b>	<b>787</b>	<b>(16,593)</b>	<b>16,391</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		3,284	(8,573)	78,137	72,848	56,457
<b>Total funds carried forward</b>	15 & 16	<b>3,335</b>	<b>(26,004)</b>	<b>78,924</b>	<b>56,255</b>	<b>72,848</b>

All of the Trust's activities derive from continuing operations.

All recognised gains and losses are included in the above Statement of Financial Activities.


# Orchard Hill College Academy Trust

## Balance Sheet as at 31 August 2019

Company Number 08476149

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
<b>Fixed assets</b>					
Tangible assets	12		78,359		77,744
<b>Current assets</b>					
Debtors	13	2,107		1,732	
Cash at bank and in hand		11,110		8,693	
		<u>13,217</u>		<u>10,425</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14a	<u>(5,592)</u>		<u>(4,799)</u>	
<b>Net current assets</b>			<u>7,625</u>		<u>5,626</u>
<b>Total assets less current liabilities</b>			<b>85,984</b>		<b>83,370</b>
Creditors: Amounts falling due after more than one year	14b		<u>(38)</u>		<u>(45)</u>
<b>Net assets excluding pension liability</b>			<b>85,946</b>		<b>83,325</b>
Defined benefit pension scheme liability	20		<u>(29,691)</u>		<u>(10,477)</u>
<b>Total net assets</b>			<u><b>56,255</b></u>		<u><b>72,848</b></u>
<b>Funds of the Academy trust:</b>					
<b>Restricted funds</b>					
- Fixed asset fund	15	78,924		78,137	
- Restricted income fund	15	3,687		1,904	
- Pension reserve	15	<u>(29,691)</u>		<u>(10,477)</u>	
<b>Total restricted funds</b>			52,920		69,564
<b>Unrestricted income funds</b>	15		<u>3,335</u>		<u>3,284</u>
<b>Total funds</b>			<u><b>56,255</b></u>		<u><b>72,848</b></u>

The financial statements on pages 29 to 53 were approved by the Trustees and authorised for issue on 13 December 2019 and are signed on their behalf by



**J Mercer**  
Chair



# Orchard Hill College Academy Trust

## Statement of Cash Flows for the year ended 31 August 2019

	2019 £000	2018 £000
<b>Cash flows from operating activities</b>		
Net cash provided by operating activities	2,995	3,657
<b>Cash flows from investing activities</b>	(571)	(595)
<b>Cash flows from financing activities</b>	(7)	41
<b>Change in cash and cash equivalents in the reporting period</b>	<b>2,417</b>	<b>3,103</b>
<b>Cash and cash equivalents at 1 September 2018</b>	<b>8,693</b>	<b>5,590</b>
<b>Cash and cash equivalents at 31 August 2019</b>	<b>11,110</b>	<b>8,693</b>
<b>Reconciliation of net (expenditure)/income to net cash flow from operating activities</b>		
	2019 £000	2018 £000
Net (expenditure)/income for the reporting period (as per the statement of financial activities):	(9,566)	13,255
Adjusted for:		
Depreciation (note 12)	1,347	1,151
Capital grants from DfE and other capital income	(1,358)	(1,610)
Amounts received on conversion (note 22)	4,531	(13,609)
Interest receivable (note 5)	(11)	(4)
Defined benefit pension scheme cost less contributions payable (note 20)	2,847	1,376
Defined benefit pension scheme finance cost (note 20)	509	298
Net pension liability transferred from Orchard Hill College (note 20)	4,278	-
(Increase)/decrease in debtors (note 13)	(375)	600
Increase in creditors (note 14)	793	2,200
<b>Net cash provided by operating activities</b>	<b>2,995</b>	<b>3,657</b>
<b>Cash flows from investing activities</b>		
	2019 £000	2018 £000
Interest	11	4
Purchase of tangible fixed assets	(1,942)	(2,719)
Capital grants received from DfE/ESFA	1,295	764
Capital funding received from sponsors and others	63	846
Cash received on conversion	2	510
<b>Net cash provided by investing activities</b>	<b>(571)</b>	<b>(595)</b>
<b>Cash flows from financing activities</b>		
	2019 £000	2018 £000
Cash inflow from new borrowing	-	42
Repayments of borrowing	(7)	(1)
<b>Net cash provided by financing activities</b>	<b>(7)</b>	<b>41</b>
<b>Analysis of cash and cash equivalents</b>		
	2019 £000	2018 £000
Cash in hand and at bank	11,110	8,693
	<b>11,110</b>	<b>8,693</b>

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### 1 Statement of Accounting Policies

Orchard Hill College Academy Trust is a charitable company. The address of the Trust's principal place of business is given on page 1. The nature of the Academy Trust's operations are set out in the Trustees' Report.

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

#### ***Basis of Preparation***

The financial statements of the Academy Trust 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 2017 to 2018 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Orchard Hill College Academy Trust meets the definition of a public benefit entity under FRS 102.

#### ***Going Concern***

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

#### ***Income***

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

##### ☐ **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any unspent amount is reflected as a balance in the restricted fund.

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.

##### ☐ **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.

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

□ **Other income**

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

□ **Interest receivable**

Interest is recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

### ***Expenditure***

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

□ **Expenditure on raising funds**

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

□ **Charitable activities**

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

Expenditure is stated net of recoverable VAT.

### ***Tangible Fixed Assets***

Assets costing £2,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

- Freehold Buildings 2% (80 years) straight line.
- Leasehold Buildings – to match the length of the lease subject to impairment review.
- Motor Vehicles 25% (4 years) straight line.
- Furniture & Equipment 25% (4 years) straight line.
- Computer Hardware 33.33% (3 years) straight line
- Major Works (£50k - £100k) 10%-20% (5-10 years) straight line

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

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

# **Orchard Hill College Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2019**

### **(continued)**

#### ***Liabilities***

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

#### ***Provisions***

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

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

#### ***Leased Assets***

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

#### ***Financial Instruments***

The Academy Trust holds only basic financial instruments as defined in FRS102. The financial assets and financial liabilities of the Academy Trust and their measurement basis are as follows:

*Financial assets* – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

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

#### ***Taxation***

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

#### ***Pensions Benefits***

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. 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.

# **Orchard Hill College Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2019**

### **(continued)**

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit 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.

#### ***Short-term Employment benefits***

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

#### ***Fund Accounting***

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

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

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

There may be many reasons to make a transfer between funds but for the Academy Trust, it will often reflect the purchase of fixed assets from GAG.

#### ***Conversion to Academy from Local Authority or another Trust***

The conversion from a state maintained school or non-maintained school to the Academy Trust involved the transfer of identifiable assets and liabilities and the operation of the school for £nil consideration and has been accounted for under the acquisition method.

The assets and liabilities transferred on conversion to Orchard Hill College Academy Trust have been valued at their fair value being a reasonable estimate of the current market value that the trustees 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 Orchard Hill College Academy Trust. The amounts have been recognised under the appropriate Balance Sheet categories, with a corresponding amount recognised in voluntary income as appropriate in the Statement of Financial Activities and analysed under restricted general funds, unrestricted funds and restricted fixed asset fund.

#### ***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.

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

#### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, 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 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. 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.

Provision has been made for debts that have been outstanding for more than 90 days at 31 August 2019 and have not been received since the year end.

## 2 Donations and capital grants

	<b>Restricted funds</b>	
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Capital grants	1,358	1,610
Other donations	28	37
	<b>1,386</b>	<b>1,647</b>

## 3 Funding for the Academy Trust's educational operations

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
<b>DfE / ESFA revenue grants</b>				
General Annual Grant (GAG)	-	13,013	13,013	9,211
Start Up grants	-	255	255	433
Other DfE/ESFA grants	-	1,020	1,020	737
	-	<b>14,288</b>	<b>14,288</b>	<b>10,381</b>
<b>Other Government grants</b>				
Local authority grants	-	31,040	31,040	20,483
<b>Other income from the Academy Trust's educational operations</b>				
	149	1,943	2,092	230
	<b>149</b>	<b>47,271</b>	<b>47,420</b>	<b>31,094</b>
Year to 31 August 2018	156	30,938	31,094	

## 4 Other trading activities

	<b>Unrestricted Funds £000</b>	<b>Restricted Funds £000</b>	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
Hire of facilities	73	-	73	115
Catering income	142	-	142	102
Other income	121	8	129	135
	<b>336</b>	<b>8</b>	<b>344</b>	<b>352</b>
Year to 31 August 2018	345	7	352	

**Orchard Hill College Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2019**  
**(continued)**

**5 Investment income**

	<b>Unrestricted funds</b>	
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Interest on short term deposits	11	4
	<b>11</b>	<b>4</b>

**6 Expenditure**

	<b>Staff Costs</b>	<b>Non-pay</b>	<b>Expenditure</b>	<b>Total</b>	<b>Total</b>
	<b>(note 8)</b>	<b>Premises</b>	<b>Other</b>	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Academy's educational operations:					
- Direct costs	29,395	-	2,799	32,194	22,026
- Allocated support costs (note 7)	10,850	3,860	3,000	17,710	11,120
Boarding Activities					
- Direct costs	408	-	13	421	497
Other items: pension liability inherited from Orchard Hill College (notes 8,9 and 20)	4,278	-	-	4,278	-
	<b>44,931</b>	<b>3,860</b>	<b>5,812</b>	<b>54,603</b>	<b>33,643</b>

	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2018</b>
	<b>£000</b>	<b>£000</b>
Net income for the year includes:		
Operating lease rentals	122	31
Depreciation	1,347	1,151
Fees payable to auditor for:		
- audit	28	26
- other services	12	11
Net interest on defined benefit pension liability (note 20)	463	288

Included within expenditure are the following transactions:

	<b>Total</b>	<b>Total</b>
	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
Provision for doubtful debts	239	-

**Orchard Hill College Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2019**  
**(continued)**

**7 Charitable activities**

	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
Direct costs – educational operations	32,194	22,026
Direct costs – boarding	421	497
Support costs – educational operations	17,710	11,120
Pension liability inherited from Orchard Hill College (note 9)	4,278	-
	<b>54,603</b>	<b>33,643</b>

**Analysis of support costs**

Support staff costs	10,850	4,370
Depreciation	1,347	1,151
Technology costs	243	22
Premises costs	2,513	1,795
Other support costs	1,913	2,852
Governance costs	844	930
	<b>17,710</b>	<b>11,120</b>

**8 Staff**

**a) Staff costs**

	<b>Total 2019 £000</b>	<b>Total 2018 £000</b>
Staff costs during the period were:		
Wages and salaries	26,521	15,693
Social security costs	2,569	1,475
Pension costs	7,591	4,214
Pension liability inherited from Orchard Hill College (note 9)	4,278	-
	<b>40,959</b>	<b>21,382</b>
Supply staff costs	3,905	2,993
Severance payments	67	317
	<b>44,931</b>	<b>24,692</b>

**b) Non statutory/non-contractual staff severance payments**

Included in severance payments are non-contractual payments totalling £37,139 (2018: £216,880). Individually, the payments were: £9,750, £9,000, £5,902, £5,897, £4,243, £2,135 and £212.

**c) Staff numbers**

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

	<b>2019 No.</b>	<b>2018 No.</b>
Teachers	234	169
Educational support staff	519	354
Administration and other support	215	174
Management	52	43
	<b>1020</b>	<b>740</b>



# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

The average full time equivalent (FTE) of these employees during the period was as follows:

	2019 No.	2018 No.
Teachers	218	152
Educational support staff	364	265
Administration and other support	159	110
Management	50	42
	<b>791</b>	<b>569</b>

#### d) Higher paid staff

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

	2019 No.	2018 No.
£60,001 - £70,000	14	8
£70,001 - £80,000	7	6
£80,001 - £90,000	6	3
£90,001 - £100,000	3	1
£100,001 - £110,000	2	1
£120,001 - £130,000	1	-
	<b>33</b>	<b>19</b>

#### e) Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the Executive Senior Leadership Team listed on page 1.

The total employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel (excluding the CEO) for their services to the Academy Trust for the period from 1 October 2018 to 31 August 2019 was £333,402 (2018: NIL).

The services of the CEO, and other member of key management personnel until 30 September 2018, were purchased by the Academy Trust from the sponsor (Orchard Hill College) in the form of a Service Level Agreement for services including those of key management personnel, and the total amount of employee benefits (including employer pension contributions) received by key management personnel directly from the Academy Trust for their services was therefore £NIL in September 2018 (2018: £NIL for the full year).

On 1 October 2018, central services staff, including the key management personnel except for the CEO, transferred to Orchard Hill College Academy Trust from the sponsor (Orchard Hill College).

As disclosed in the financial statements of Orchard Hill College, the total remuneration of the CEO (for services to Orchard Hill College and Orchard Hill College Academy Trust) for the year ended 31 July 2019 (including employer pension contributions and employer national insurance contributions) was £229,823 (2018: £224,157). A split of the remuneration attributable to the College and the Academy Trust individually cannot be determined with sufficient reliability.

Further information regarding transactions with the sponsor is given in note 21.

## 9 Central services

Following an extensive review of support services in 2017, the Board of Trustees approved the transfer of 73 members of operational staff from Orchard Hill College to Orchard Hill College Academy Trust, in order to more appropriately reflect the staff resources utilised by the two separate legal organisations. The TUPE transfer was completed on 1 October 2018. As a result, the Academy Trust has provided the following central services to its academies for the period 1 October 2018 to 31 August 2019:

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

- Core services including: Executive Senior Leadership Team, governance and compliance, payroll services, HR. The Academy Trust charges for these services as a percentage of income, ranging between 4.7%-7.0% depending on the academies' OFSTED rating
- In addition, academies have the option to buy-into various other central support services including: finance, additional HR support, clerking, IT support services and premises.

The actual amounts charged during the year were as follows:

	2019 £000	2018 £000
Carew Academy	314	-
Young People's Academy	183	-
The Skills Hub	188	-
Bedelsford School	285	-
Dysart School	215	-
St Philips School	250	-
Nightingale Community Academy	278	-
The Link Primary School	158	-
The Link Secondary School	152	-
Brantridge School	150	-
Grafham Grange School	161	-
St Dominic's School	274	-
Arbour Vale School	576	-
Chart Wood School	154	-
<b>Total</b>	<b>3,338</b>	<b>-</b>

Prior to October 2018, the Academy Trust charged the academies a core service charge (CSC), 80% (2018: 80%) of which has been remitted to the Sponsor, Orchard Hill College, for the cost of central management services under Service Level Agreements; the remaining 20% (2018: 20%) was retained by the Trust for direct costs such as audit fees and legal and professional services.

The Sponsor has continued to deliver core learning support services (including safeguarding, the training school and apprenticeships) to the Academy Trust during the year under a Service Level Agreement, for which the sponsor has charged a core service charge that has been calculated at cost.

The CSC for the year to 31 August 2019 of £2.4m (2018: £1.3m) has been eliminated on the consolidation of the financial statements. The amount paid by the Academy Trust to the Sponsor during the year was £121k for central management services during September 2018 (2018: £1,010k) and £148k for core learning support services delivered between October 2018 and August 2019.

Further details of the transactions between the Trust and the Sponsor can be found in note 8e and note 21.

### 10 Related Party Transactions – Trustees' remuneration and expenses

The Principals and Staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff and not in respect of their services as Trustees. Other Trustees did not receive any payments, other than expenses, from the Trust in respect of their role as Trustees.

The Trust purchased core services from the sponsor (Orchard Hill College) in the form of a Service Level Agreement, which includes the services of the CEO (and Executive Senior Leadership Team for September 2018). Therefore, the cost of these services is not a separately identifiable component of the charge to the sponsor.

During the year ended 31 August 2019, travel and subsistence expenses totalling £132 were reimbursed to one Trustee (2018: NIL).

Other Related party transactions involving the trustees are set out in Note 21.

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

#### 11 Trustees' and officers' insurance

In accordance with normal commercial practice the Trust has purchased insurance to protect Trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on Trust business. The insurance provides cover up to £10,000,000 on any one claim and the cost for the period ended 31 August 2019 was £26,223 (2018: £17,946). The cost of this insurance is included in the total insurance cost.

#### 12 Tangible Fixed Assets

	Leasehold Improvements £000	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Motor Vehicles £000	Total £000
<b>Cost</b>							
At 1 September 2018	1,133	23,658	52,116	2,303	613	251	80,074
Additions	326	408	446	571	148	43	1,942
Transferred on conversion (note 22)	-	-	-	5	10	5	20
<b>At 31 August 2019</b>	<b>1,459</b>	<b>24,066</b>	<b>52,562</b>	<b>2,879</b>	<b>771</b>	<b>299</b>	<b>82,036</b>
<b>Depreciation</b>							
At 1 September 2018	155	467	929	318	366	95	2,330
Charged in year	56	247	417	413	147	67	1,347
<b>At 31 August 2019</b>	<b>211</b>	<b>714</b>	<b>1,346</b>	<b>731</b>	<b>513</b>	<b>162</b>	<b>3,677</b>
<b>Net book value</b>							
<b>At 31 August 2019</b>	<b>1,248</b>	<b>23,352</b>	<b>51,216</b>	<b>2,148</b>	<b>258</b>	<b>137</b>	<b>78,359</b>
At 31 August 2018	978	23,191	51,187	1,985	247	156	77,744

#### 13 Debtors

	2019 £000	2018 £000
Trade debtors	578	634
VAT recoverable	386	221
Other debtors	31	35
Prepayments and accrued income	1,112	842
	<b>2,107</b>	<b>1,732</b>

#### 14a Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	1,445	1,462
Other taxation and social security	1,283	841
Other creditors	1,116	603
Accruals	1,193	900
Deferred income (see below)	555	479
Amounts owed to ESFA	-	514
	<b>5,592</b>	<b>4,799</b>

**Orchard Hill College Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2019**  
**(continued)**

**Deferred income**

	2019 £000	2018 £000
Deferred income at 1 September	479	336
Released from previous years	(432)	(333)
Resources deferred in the year	508	476
	<b>555</b>	<b>479</b>

At the balance sheet date the Trust was holding funds received in advance for local authority top-up funding for the autumn term 2019. In addition, the Trust has received grant funding for four new free schools and environmental improvement capital grant for a new academy converter; in total, £94k (2018: £166k) has been deferred to the next academic year.

Included in other creditors are three Salix loans of £7k (2018: £7k) which are provided interest free; all loans will be repaid in full by 2026.

**14b Creditors: amounts falling due after more than one year**

	2019 £000	2018 £000
Other creditors	38	45

Included in other creditors are Salix loans of £38k (2018: £45k), interest free loans provided as part of the condition improvement funding received over the past two years. One loan will be repaid in full in 2025, and the other two will be repaid in 2026.

**15 Funds**

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2019 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,412	13,013	(10,619)	(708)	3,098
Transferred to MAT on conversion	438	-	-	-	438
Start Up Grant	54	255	(203)	-	106
Pupil Premium	-	633	(633)	-	-
Provision for boarding	-	407	(421)	59	45
Other grants	-	33,370	(33,370)	-	-
Other income	-	36	(36)	-	-
Pension reserve	(10,477)	(4,553)	(7,634)	(7,027)	(29,691)
	<b>(8,573)</b>	<b>43,161</b>	<b>(52,916)</b>	<b>(7,676)</b>	<b>(26,004)</b>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	74,438	20	(736)	-	73,722
DfE/ESFA capital grants	1,438	1,295	(286)	-	2,447
Capital expenditure from GAG	1,262	-	(242)	756	1,776
Other capital funding	999	63	(83)	-	979
	<b>78,137</b>	<b>1,378</b>	<b>(1,347)</b>	<b>756</b>	<b>78,924</b>
<b>Total restricted funds</b>	<b>69,564</b>	<b>44,539</b>	<b>(54,263)</b>	<b>(6,920)</b>	<b>52,920</b>
<b>Unrestricted funds</b>					
Transferred to MAT on conversion	2,621	2	-	(107)	2,516
Unrestricted funds	663	496	(340)	-	819
<b>Total unrestricted funds</b>	<b>3,284</b>	<b>498</b>	<b>(340)</b>	<b>(107)</b>	<b>3,335</b>
<b>Total funds</b>	<b>72,848</b>	<b>45,037</b>	<b>(54,603)</b>	<b>(7,027)</b>	<b>56,255</b>

# **Orchard Hill College Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2019**

### **(continued)**

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

#### **GAG funds:**

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019. £756k was transferred to restricted funds for the purchase of Fixed Assets (2018: £502k).

#### **Start-up funds:**

The Trust received £255k (2018: £433k) in relation to the new free schools and academy conversion for use in set-up and Shared Services. Start-up grants of £54k were brought forward from 2018. The balance at the year end (£106k) will be utilised to continue to progress the five new free schools in the next financial year.

#### **Unrestricted funds:**

The Trust did not receive any general reserves from the local authorities on conversion of Arbour Vale School or Chart Wood School.

Unrestricted general reserves of £107k have been transferred to restricted funds to cover operational losses generated by academies in the period, £59k of which is in respect of a loss-making residential provision that closed at the end of the summer term.

The Trust received net income of £151k (2018: £131k) in relation to academy activities such as lettings and parent contributions to pupil events; these funds will be used to further generate income for the academy and to continue to provide IT equipment and enrichment activities for pupils.

#### **Fixed Asset Restricted funds:**

The Trust received assets on conversion to the value of £20k (2018: £15.4m).

Capital income received in the year was £1,358k and comprised of:

- CIF funding (£224k; 2018: £639k) for roof works and toilet refurbishment works at Bedelsford School, Dysart School and Nightingale Community Academy;
- Priority Schools Building Projects (PSBP) funding (£823k) for a new performing arts centre at St Dominic's School;
- Other capital funding from the DfE/ESFA (£248k; 2018: £125k) for investment in capital equipment;
- Funding from two local authorities for: completion of the new primary provision at St Philips' School; and start up costs in relation to a new satellite provision from 2019-20 at Dysart School (£37k; 2018: £778k); and
- Capital funding from other sources (£26k; 2018: £68k) includes a minibus donated to Carew Academy.

£756k was transferred from restricted funds to support capital purchases (2018: £1,022k).

#### **Other restricted funds:**

The Trust received other restricted funds in the year to use for the purpose of carrying out educational services.

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

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

	Balance at 1 September 2017 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	1,207	9,211	(8,504)	(502)	1,412
Transferred to MAT on conversion	438	-	-	-	438
Start Up Grant	31	433	(410)	-	54
Pupil Premium	-	379	(379)	-	-
Provision for boarding	-	192	(497)	305	-
Other grants	-	20,915	(20,610)	(305)	-
Other income	-	44	(44)	-	-
Pension reserve	(9,645)	(2,294)	(1,674)	3,136	(10,477)
	<b>(7,969)</b>	<b>28,880</b>	<b>(32,118)</b>	<b>2,634</b>	<b>(8,573)</b>
<b>Restricted fixed asset funds</b>					
Transferred on conversion	59,861	15,393	(816)	-	74,438
DfE/ESFA capital grants	910	764	(149)	(87)	1,438
Capital expenditure from GAG	391	-	(151)	1,022	1,262
Other capital funding	101	846	(35)	87	999
	<b>61,263</b>	<b>17,003</b>	<b>(1,151)</b>	<b>1,022</b>	<b>78,137</b>
<b>Total restricted funds</b>	<b>53,294</b>	<b>45,383</b>	<b>(33,269)</b>	<b>(3,656)</b>	<b>69,564</b>
<b>Unrestricted funds</b>					
Transferred to MAT on conversion	2,631	510	-	(520)	2,621
Unrestricted funds	532	505	(374)	-	663
<b>Total unrestricted funds</b>	<b>3,163</b>	<b>1,015</b>	<b>(374)</b>	<b>(520)</b>	<b>3,284</b>
<b>Total funds</b>	<b>56,457</b>	<b>46,898</b>	<b>(33,643)</b>	<b>3,136</b>	<b>72,848</b>

#### Total fund analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	2019 £000	2018 £000
Carew Academy	725	577
Young People's Academy	356	264
The Skills Hub	740	498
Bedelsford School	1,112	730
Dysart School	657	459
St Philips School	795	696
Nightingale Community Academy	45	(14)
The Link Primary School	929	933
The Link Secondary School	381	612
Brantridge School	199	31
Grafham Grange School	351	76
St Dominic's School	966	174
Arbour Vale School	(195)	-
Chart Wood School	(111)	-
Central Services	72	152
Total before fixed assets and pension reserve	7,022	5,188
Restricted fixed asset fund	78,924	78,137
Pension reserve	(29,691)	(10,477)
<b>Total</b>	<b>56,255</b>	<b>72,848</b>

Due diligence work completed prior to the conversion of Arbour Vale and Chart Wood schools indicated that the schools were in poor financial health, and budget deficits were planned for the first year of conversion. Budgets for future years will be set to return the negative reserves to balanced positions.

Central reserves include £15k of cash received on conversion of Brantridge, Grafham Grange and St Dominic's Schools; this has been set aside and ring-fenced for these school and will be allocated in the next financial year according to the requirements of each school.

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

#### Total cost analysis by academy

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other costs (excluding Depreciation) £000	2019 £000	2018 £000
Carew Academy	3,354	227	147	413	4,141	3,822
Young People's Academy	1,384	124	218	219	1,945	1,844
The Skills Hub	1,342	86	117	200	1,745	2,023
Bedelsford School	2,760	563	237	338	3,898	3,707
Dysart School	2,480	339	140	402	3,361	3,151
St Philips School	2,272	225	108	406	3,011	2,726
Nightingale Community Academy	2,263	298	194	428	3,183	3,181
The Link Primary School	1,411	346	50	180	1,987	1,829
The Link Secondary School	1,097	110	68	140	1,415	1,413
Brantridge School	967	162	23	242	1,394	1,442
Grafham Grange School	865	237	65	335	1,502	1,025
St Dominic's School	2,978	596	61	559	4,194	2,848
Arbour Vale School	5,255	417	121	787	6,580	-
Chart Wood School	1,374	197	85	189	1,845	-
Central Services	-	4,073	-	1,348	5,421	1,807
	<b>29,802</b>	<b>8,000</b>	<b>1,634</b>	<b>6,186</b>	<b>45,622</b>	<b>30,818</b>
Pension service cost					2,847	1,376
Pension finance cost					509	298
Pension liability transferred					4,278	-
Depreciation					1,347	1,151
<b>Academy Trust</b>					<b>54,603</b>	<b>33,643</b>

#### 16 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets	-	-	78,359	78,359
Current assets	3,595	9,057	565	13,217
Current liabilities	(260)	(5,332)	-	(5,592)
Non-current liabilities	-	(38)	-	(38)
Pension scheme liability	-	(29,691)	-	(29,691)
	<b>3,335</b>	<b>(26,004)</b>	<b>78,924</b>	<b>56,255</b>

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

	Unrestricted Funds £'000	Restricted General Funds £'000	Restricted Fixed Asset Funds £'000	Total Funds £'000
Tangible fixed assets	-	-	77,744	77,744
Current assets	3,779	6,253	393	10,425
Current liabilities	(262)	(4,537)	-	(4,799)
Non-current liabilities	-	(45)	-	(45)
Pension scheme liability	-	(10,477)	-	(10,477)
	<b>3,517</b>	<b>(8,806)</b>	<b>78,137</b>	<b>72,848</b>

#### 17 Capital Commitments

	2019 £000	2018 £000
Contracted for, but not provided in the financial statements	9	236

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

#### 18 Commitments under operating leases

At 31 August 2019 the total of the future minimum lease payments under non-cancellable operating leases was:

	2019 £000	2018 £000
Amounts due within one year	83	32
Amounts due between one and five years	32	72
	<b>115</b>	<b>104</b>

#### Premises held under service concession arrangements

On conversion of Arbour Vale School, a PFI arrangement transferred from the predecessor local authority to the Academy Trust. The agreement expires on 31 August 2035 when ownership of the property will transfer to the Academy Trust under a long-term lease. The total of the future repayments 31 August 2019 was:

	2019 £000	2018 £000
Amounts due within one year	675	-
Amounts due between one and five years	3,578	-
Amounts after more than five years	7,418	-
	<b>11,671</b>	<b>-</b>

The latest available valuation of the site is £28.2m.

#### 19 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.

#### 20 Pension and similar obligations

Orchard Hill College Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff. Both schemes are multi-employer defined-benefit schemes.

The various LGPS schemes are managed as follows:

School	Managed by:
Carew Academy	London Borough of Sutton (LBS)
Young People's Academy	London Borough of Hillingdon (LBH)
The Skills Hub	London Borough of Hillingdon (LBH)
Dysart School	Royal Borough of Kingston upon Thames (RBK)
St Philip's School	Royal Borough of Kingston upon Thames (RBK)
Bedelsford School	Royal Borough of Kingston upon Thames (RBK)
Nightingale Community Academy	London Borough of Wandsworth (LBW)
The Link Primary School	London Borough of Sutton (LBS)
The Link Secondary School	London Borough of Sutton (LBS)
Brantridge School	London Pensions Fund Authority (LPFA)
Grafham Grange School	London Pensions Fund Authority (LPFA)
St Dominic's School	London Pensions Fund Authority (LPFA)
Arbour Vale School	Royal County of Berkshire Pension Fund
Chart Wood School	Surrey Pension Fund

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS was and of the LGPS was 31 March 2016.

Contributions amounting to £679,000 were payable to the schemes at 31 August 2019 (2018: £373,000) and are included within creditors.



# **Orchard Hill College Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2019**

### **(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 full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

#### **Valuation of the Teachers' Pensions Scheme**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools, colleges and other educational establishments. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

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

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the plan. Accordingly, the Academy Trust has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan.

The Academy Trust has set out below the information available on the plan and the implications for the Academy Trust in terms of the anticipated contribution rates. The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (DfE) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196 billion, giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). The Department for Education has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The employer's pension costs paid to TPS in the year amounted to £1,781,000 (2018: £1,152,000).

#### **Local Government Pension Scheme**

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 2019 was £3,881,000 (2018: £2,152,000), of which employer's contributions totalled £3,008,000 (2018: £1,685,000) and employees' contributions totalled £873,000 (2018: £467,000).

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

#### Local Government Pension Scheme (continued)

The agreed contribution rates for the future years are:

Academy	Employer contribution	Employee contribution
Carew Academy (LBS)	19.4%	5.5% - 12.5%
Young People's Academy (LBH)	29.6%	5.5% - 12.5%
The Skills Hub (LBH)	29.6%	5.5% - 12.5%
Dysart School (RBK)	25.5% to March 2018; 24.5% from April 2018; 23.5% from April 2019	5.5% - 12.5%
St Philip's School (RBK)	25.5% to March 2018; 24.5% from April 2018; 23.5% from April 2019	5.5% - 12.5%
Bedelsford School (RBK)	25.5% to March 2018; 24.5% from April 2018; 23.5% from April 2019	5.5% - 12.5%
Nightingale Community Academy	19%	5.5% - 12.5%
The Link Primary School (LBS)	19.4%	5.5% - 12.5%
The Link Secondary School (LBS)	19.4%	5.5% - 12.5%
Brantridge School	17.8%	5.5% - 12.5%
Grafham Grange School	17.8%	5.5% - 12.5%
St Dominic's School	17.8%	5.5% - 12.5%
Arbour Vale School	19.6%	5.5% - 12.5%
Chart Wood School	24.25%	5.5% - 12.5%

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 2019	At 31 August 2018
Rate of increase in salaries	3.15%	3.32%
Rate of increase for pensions in payment/inflation	2.15%	2.3%
Discount rate for scheme liabilities	1.9%	2.73%
Inflation assumption (CPI)	2.15%	2.3%
Commutation and all other demographic assumptions are consistent with those used in the statutory valuations of the relevant LGPS funds		

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 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.8	22.3
Females	23.9	24.9
<i>Retiring in 20 years</i>		
Males	23.1	24.4
Females	25.4	27.0

#### Sensitivity analysis

The follow table illustrates the effect a change in the various assumptions may have on the pension liability:

	2019 £000	2018 £000
Discount rate +0.1%	(1,523)	(789)
Discount rate -0.1%	1,570	542
Mortality assumption – 1 year increase	1,465	648
Mortality assumption – 1 year decrease	(1,312)	(882)
CPI rate +0.1%	1,384	411
CPI rate -0.1%	(1,347)	(658)

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

The Academy Trust's share of the assets in the schemes were:

	2019 £000	2018 £000
Equities	14,219	9,781
Gilts	438	254
Corporate bonds	3,013	1,350
Property	1,982	1,045
Cash and other liquid assets	801	616
Other	4,572	2,143
<b>Total market value of assets</b>	<b>25,025</b>	<b>15,189</b>
Defined benefit obligation	(54,716)	(25,666)
<b>Net pension liability</b>	<b>(29,691)</b>	<b>(10,477)</b>

The actual return on scheme assets was £1,528,000 (2018: £310,000)

#### Amount recognised in the statement of financial activities

	2019 £000	2018 £000
Current service cost (net of employer contributions)	(2,447)	(1,373)
Past service cost	(400)	(3)
Interest income	572	343
Interest cost	(1,035)	(631)
Administration expenses	(46)	(10)
<b>Total amount recognised in the SOFA</b>	<b>(3,356)</b>	<b>(1,674)</b>

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

	2019 £000	2018 £000
<b>At 1 September</b>	<b>25,666</b>	<b>15,105</b>
Current service cost	5,445	3,061
Past service cost	400	3
Interest cost	1,035	631
Employee contributions	874	478
Actuarial loss/(gain)	7,983	(2,613)
Benefits paid net of transfers in	(461)	(377)
Effect of business combinations	7,612	9,378
Defined benefit obligations in relation to staff TUPE'd from Orchard Hill College	6,162	-
<b>At 31 August</b>	<b>54,716</b>	<b>25,666</b>

#### Changes in the fair value of the Academy Trust's share of scheme assets:

	2019 £000	2018 £000
<b>At 1 September</b>	<b>15,189</b>	<b>5,460</b>
Interest income	572	343
Return on plan assets (excluding net interest on the net defined pension liability)	956	523
Employer contributions	2,998	1,688
Employee contributions	874	478
Benefits paid	(461)	(377)
Administration expenses	(46)	(10)
Effect of business combinations	3,059	7,084
Scheme assets transferred in relation to staff TUPE'd from Orchard Hill College	1,884	-
<b>At 31 August</b>	<b>25,025</b>	<b>15,189</b>

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

Central business support staff were transferred from Orchard Hill College to Orchard Hill College Academy Trust on 1 October 2019 and the pension liability and assets transferred to the Academy Trust in relation to these members of staff are reflected in the tables above. The net liability transferred to the Academy Trust was £4,278,000.

### 21 Related Party Transactions

Owing to the nature of the Trust's operations and the composition of the Board of Trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the trust's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

#### Expenditure related party Transaction

##### *Orchard Hill College – Academy Sponsor*

A Service Level Agreement was in place between the Sponsor and the Trust to provide the following core learning support services to the Trust:

- Safeguarding Lead
- Family Liaison Officer (limited access);
- Training Support;
- Co-ordination of apprenticeships;
- Digital Learning support (limited access); and
- Health and Safety.

As disclosed in note 9, 73 members of business support staff from Orchard Hill College to Orchard Hill College Academy Trust, in order to more appropriately reflect the staff resources utilised by the two separate legal organisations. The TUPE transfer was completed on 1 October 2018.

Business support services include:

- Strategic Leadership / Governance / Compliance and School Improvement;
- Clerking (not at LGB level);
- Legal services;
- Finance & Audit;
- Finance system;
- Payroll;
- Procurement;
- Capital Bid writing and treasury management;
- Management Information Service;
- IT Infrastructure including remote support;
- Facilities Management;
- HR support and advice incl. pre-employment checks and DBS; and
- Marketing & Web Development;

These services were provided by the Sponsor until 30 September 2018.

Under the service level agreement for business and learning support core services, the costs incurred by the Trust were as follows:

	2019	2018
	£	£
Core Service Contribution	269,286	1,009,874
Leadership support to school outside of Academy Trust	-	145,951
<b>TOTAL</b>	<b>269,286</b>	<b>1,155,825</b>

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

In addition to the core service contribution, a Service Level Agreement was in place between the Sponsor and the academies until 30 September 2018 (2018: full year), which provided for the provision of the following services:

Service Provided	2019 £	2018 £
Therapy service	178,165	114,026
Family liaison service	-	12,994
Premises service	10,000	221,993
Health and Safety	10,710	4,899
IT Support	24,878	213,337
Digital School	27,016	25,195
HR service	725	3,375
Clerking / PA service	584	10,200
Finance services	38,333	397,400
Marketing service	-	110
Training	-	10,800
Occupational Health	16,500	-
Other	-	3,940
<b>TOTAL</b>	<b>306,911</b>	<b>1,018,269</b>

Included in creditors is £522,352 due to Orchard Hill College at 31 August 2019 (2018: £620,236).

Services were provided 'at cost' during the period. A pro-forma statement of assurance has been completed and signed. In entering into the original transaction the trust has complied with the requirements of ESFA's Academies Financial Handbook.

Support from bespoke services has enabled the Academy Trust to make rapid improvements. Services have been provided at cost and have been assessed against similar services available externally at current market value. The Trust considers the service level agreements to be Value for Money both in terms of pricing and in terms of the service offered. In all service areas the Academy Trust has a wider range of skills available, greater capacity and more flexibility. As the Academy Trust grows it is anticipated that individual academies will benefit from economies of scale.

*Silica Associates* – a company in which Mr R Venchard (Trustee of the Sponsor, Orchard Hill College) has a majority interest:

- The Trust purchased project management services from Silica Associates totalling £46,600 (2018: £46,600) during the period. The amount outstanding at 31 August 2019 was NIL (2018: £3,800).
- Services were provided 'at cost' during the period. A pro-forma statement of assurance has been completed and signed.
- In entering into the original transaction the Trust has complied with the requirements of ESFA's Academies Financial Handbook.

### Income Related Party Transaction

Following the transfer of staff from the Sponsor, Orchard Hill College, service level agreements were in place between the Academy Trust and the Sponsor to provide business support services (core and additional as described on page 50) for the period from 1 October 2018 to 31 August 2019.

# Orchard Hill College Academy Trust

## Notes to the Financial Statements for the year ended 31 August 2019

### (continued)

The total income received from Orchard Hill College during the period is as follows:

	2019	2018
	£	£
<b>Business support service</b>		
Premises service	213,120	-
IT Support	190,916	-
HR service	98,026	-
MIS	94,195	-
Finance services	101,178	-
PA support	42,267	-
Marketing service	68,902	-
Digital school	47,869	-
Senior leadership and school improvement	35,331	-
Core service contribution	837,250	-
<b>TOTAL</b>	<b>1,729,054</b>	<b>-</b>

During the year two academies received income from the Sponsor, Orchard Hill College:

- The Young People's Academy received £1,764 (2018: £20,135, including rental income for letting an area of the site to the College) for providing catering services to College students; and
- Nightingale Community Academy received £99,000 (2018: £49,000) being: rental income from letting an area of the building to the College to create a centre in Wandsworth; and for providing vocational courses to College students.

## 22 Conversion to an Academy Trust

On 1 November 2018, Arbour Vale School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Hill College Academy Trust Ltd from Slough Borough Council for £nil consideration.

On 1 January 2019, Chart Wood School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Orchard Hill College Academy Trust Ltd from Surrey County Council for £nil consideration.

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

As summary of assets transferred to the Academy Trust on conversion of two schools is given below:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000
Arbour Vale School	2	(3,428)	-	(3,426)
Chart Wood School	-	(1,125)	20	(1,105)
<b>Net assets</b>	<b>2</b>	<b>(4,553)</b>	<b>20</b>	<b>(4,531)</b>

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000
<b>Arbour Vale School</b>				
Budget surplus on other school funds	2	-	-	2
<b>Net assets</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>2</b>

**Orchard Hill College Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2019**  
**(continued)**

<b>Chart Wood School</b>	<b>Unrestricted Funds £000</b>	<b>Restricted General Funds £000</b>	<b>Restricted Fixed Asset Funds £000</b>	<b>Total 2019 £000</b>
Tangible Fixed Assets				
- Other tangible assets	-	-	20	20
<b>Net assets</b>	<b>-</b>	<b>-</b>	<b>20</b>	<b>20</b>

**23 Events after the balance sheet date**

There were no other events after the balance sheet date that would require adjustment to these financial statements in accordance with FRS 102 (Events after the balance sheet date).

**24 Provision of boarding activities**

	<b>2019 £000</b>	<b>2019 £000</b>	<b>2018 £000</b>	<b>2018 £000</b>
<b>Income</b>				
Fee income	394		181	
Other income	13		11	
		407		192
<b>Expenditure</b>				
<b>Direct costs</b>				
Staff costs	408		486	
Other direct costs	13		11	
<b>Total operating costs</b>		<b>(421)</b>		<b>(497)</b>
<b>Deficit on Boarding</b>		<b>(14)</b>		<b>(305)</b>

During the year, the Academy Trust operated three residential provision, all of which had been inherited at conversion. Due to lack of financial viability, the strategic decision was taken by the Board to discontinue two of the provisions; one closed on 31 August 2019 and the other will close at the end of the next academic year.

The third provision was inherited from the predecessor local authority of the new convertor joining the Academy Trust in January 2019. The residential offering at this school is currently under review.

**Orchard Hill College Academy Trust**  
**Notes to the Financial Statements for the year ended 31 August 2019**  
**(continued)**

**25 Comparative information**

**Statement of Financial Activities for the year to 31<sup>st</sup> August 2018**

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total for year ended 2018 £000
<b>Income and endowments from:</b>				
Donations and capital grants	-	37	1,610	1,647
Transfer on conversion	510	(2,294)	15,393	13,609
Charitable activities:				
Funding for the Academy				
Trust's educational operations	156	30,938	-	31,094
Provision of boarding activities	-	192	-	192
Other trading activities	345	7	-	352
Investment income	4	-	-	4
<b>Total</b>	<b>1,015</b>	<b>28,880</b>	<b>17,003</b>	<b>46,898</b>
<b>Expenditure on:</b>				
Charitable activities:				
Academy trust educational operations	374	31,621	1,151	33,146
Provision of boarding activities	-	497	-	497
<b>Total</b>	<b>374</b>	<b>32,118</b>	<b>1,151</b>	<b>33,643</b>
<b>Net income / (expenditure) before transfers</b>	<b>641</b>	<b>(3,238)</b>	<b>15,852</b>	<b>13,255</b>
<b>Transfers between funds</b>	<b>(520)</b>	<b>(502)</b>	<b>1,022</b>	<b>-</b>
<b>Net income / (expenditure)</b>	<b>121</b>	<b>(3,740)</b>	<b>16,874</b>	<b>13,255</b>
<b>Other recognised gains</b>				
Actuarial gains on defined benefit pension schemes	-	3,136	-	3,136
<b>Net movement in funds</b>	<b>121</b>	<b>(604)</b>	<b>16,874</b>	<b>16,391</b>
<b>Reconciliation of funds</b>				
Total funds brought forward	3,163	(7,969)	61,263	56,457
<b>Total funds carried forward</b>	<b>3,284</b>	<b>(8,573)</b>	<b>78,137</b>	<b>72,848</b>



# Orchard Hill College Academy Trust

## Trustees' Report (continued)

financial and compliance controls that have been implemented to mitigate those risks. The Trustees are of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy Trust's significant risks. In addition, factors are in place that provide the Trustees with the capacity to deal with issues or problems that occur, for example, calling on an experienced, capable Executive Senior Leadership Team which is able to act quickly and early in response to unexpected events through forward planning, policies and insurance and through holding appropriate reserves. Additionally, the Board of Trustees has established an Audit Committee (which considers Finance, Quality and Risk Management) whose membership is drawn from both OHCAT and OHC Trustees and which reports to the Trustees as a whole.

The overall requirements for the Audit Committee, on behalf of the OHC&AT Trustees, are:

- Internal scrutiny – to have in place a process for checking financial systems, controls, transactions and risks and quality of provision.
- To achieve internal scrutiny which delivers objective and independent assurance.
- To provide assurance to Trustees that risks are being adequately identified and managed by:
  - reviewing the risks; and
  - agreeing a programme of work to address, and provide assurance on those risks.
- To inform the governance statement that accompanies the annual accounts and, so far as is possible, provide assurance to the external auditors.

A risk report is submitted to the Trustees at each meeting and operational risks are reviewed at regular meetings of the Executive Senior Leadership Team and the CEO.

### Plans for Future Periods

OHCAT has a clear five-year strategy for growth and development, which includes but is not limited to the following activities:

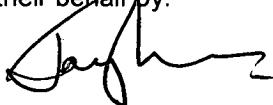
- Quality and standards: a good or outstanding school for every student, with life changing outcomes and meaningful destinations.
- Innovation and specialism: engaging with the evidence to ensure best practice across the Trust, and providing opportunities for staff to share and develop their knowledge and expertise both internally and in the wider education community.
- System leadership: ensuring compliance and accountability at every level through dynamic governance, and using our collective influence to advocate for young people with SEND.
- Development and growth: working in partnership with local, regional and national stakeholders to provide high quality education for our students; building capacity within the organisation in order to facilitate targeted expansion.
- Nurturing talent: ensuring that OHCAT attracts and retains the highest quality staff, providing exciting career pathways and a strong staff development offer.

### Statement as to Disclosure of Information to Auditors

In so far as each of the Trustees is aware:

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

The Trustees' report is approved by order of the Trustees and the Strategic Report (included therein) is approved by the Trustees in their capacity as the directors at a meeting on 13 December 2019 and signed on their behalf by:



**J Mercer**  
Chair

# Orchard Hill College Academy Trust

## Trustees' Report (continued)

### Principal Risks and Uncertainties

The following key principles outline the Trust's approach to risk management and internal control:

- The Trustees have responsibility for overseeing risk management within the Trust as a whole.
- An open and receptive approach to solving risk problems is adopted by the Trustees.
- The CEO and the Executive Senior Leadership Team support, advise on and implement policies approved by the Trustees.
- The Trust makes conservative and prudent recognition and disclosure of the financial and non-financial implications of risks.
- Senior and middle management Academy staff are responsible for encouraging good risk management practice within their designated managed area.
- Key risk indicators are identified and closely monitored on a regular basis.

Principal risks are detailed in the risk register, which is reviewed by the Trustees each term. Key risks include:

#### 1. Academy performance

The Trust currently operates 14 Academies, the most recent conversion taking place in January 2019. Ensuring the delivery of high quality teaching and learning at OHCAT Academies is the central mission of the Trust and crucial to its continued success and growth. The Trust works closely with Academy staff and students at all levels to improve standards, including: recruitment and development of staff; upgrading of premises and facilities; regular reviews of teaching and learning by Trust staff and each Academy Principal; expert curriculum and operational support from both OHCAT and Orchard Hill College staff. This strategy has previously effected rapid improvement, as reflected in Carew's 2015 Ofsted grading of Good with Outstanding features, Young People's Academy moving from Requires Improvement (pre-conversion) to Good in 2018, and most recently, Nightingale Community Academy's grading of Requires Improvement in February 2019 against a pre-conversion judgement of Inadequate. The Trust's robust quality and progression monitoring framework is now fully embedded, enabling a deep understanding, at executive level, of each school's strengths and weaknesses to inform targeted improvement initiatives that are underpinned by robust quantitative and qualitative data.

#### 2. Reputation

The Trust provides learning opportunities for vulnerable pupils and students. It is critical that the Trust maintains a reputation for high quality and for sound and responsible practice. The Trust has robust and regularly reviewed policies and procedures in place for child protection and safeguarding, and the OHCAT Director of Safeguarding, Wellbeing & Learning Support oversees all safeguarding practice within the Trust, including regular supervision of Designated Safeguarding Leads in each Academy. Additionally, the Trust invests heavily in training and mentoring to ensure that all staff and students work together with mutual respect and that pupil and student achievements are recognised and celebrated.

#### 3. Overexpansion

Any multi academy trust that expands too rapidly risks downturns in the quality of provision and financial overstretch, to the detriment of its reputation as a provider. The Trust has agreed a five year strategy that allows for growth while retaining the focus on quality. Prospective academies undergo a thorough due diligence process before a decision is made by Trustees on whether to proceed with conversion.

#### 4. Funding

The Trust is reliant on Government funding to support pupils and students whose additional support needs carry costs which exceed most other forms of ongoing funding. Variations in the funding methodology and levels of resource, as well as changes in eligibility criteria and uncertainty associated with major political events such as Brexit, create potential risk. The Trust engages proactively with funding bodies to raise awareness of the potential impact of planned actions, and maintains strong working relationships external agencies such as Local Authorities and Regional Schools Commissioners in order to ensure that productive dialogue takes place at local, regional and national level.

### Risk Management

The Trust regularly reviews the key risks to which its operations are exposed, together with the operating,