

**South Gloucestershire and Stroud  
Academy Trust (A Company Limited  
by Guarantee)**

Annual report and financial statements

For the year to 31 August 2020



**Company Registration Number:  
9353480 (England and Wales)**

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## Reference and Administrative Details

<b>Members</b>	<p>South Gloucestershire and Stroud College</p> <p>V Bragg</p> <p>J Huggett (resigned 30 September 2020)</p> <p>I Lewis</p> <p>J Royall</p> <p>L Boutle (appointed 3 December 2020)</p>
<b>Trustees</b>	<p>V Bragg (Chair) (resigned 29 November 2019)</p> <p>J Cohen-Brand (Appointed Chair from 11 December 2019 – 29 February 2020. Vice Chair from 1 March 2020 – 7 May 2020. Resigned 7 May 2020)</p> <p>J Huggett (Chair) (Appointed 1 March 2020. Resigned 30 September 2020)</p> <p>E Draisey (Appointed 1 March 2020. Appointed Vice Chair 20 May 2020. Resigned 21 November 2020)</p> <p>K Dawson – known as K East (Trustee) (resigned 6 November 2020)</p> <p>P Eames (Trustee)</p> <p>N Johnson (Trustee) (Chair appointed 14 October 2020) (Vice Chair 11 December 2019 – 29 February 2020)</p> <p>S Winstone (Trustee)</p> <p>S Shepherd (Trustee) (resigned 10 January 2020)</p> <p>A Morris-Wyatt (Trustee) (resigned 4 December 2020)</p> <p>C Stark (Trustee) (resigned 10 November 2020)</p> <p>L Craig (Trustee) (appointed 3 December 2020)</p> <p>C Berry (Trustee) (appointed 9 December 2020)</p> <p>K Hamblin (Chief Executive Officer &amp; Accounting Officer), Ex Officio Trustee</p>
<b>Clerk to the Trustees *</b>	K Lee
<p><b>Senior Management team:</b></p> <p>Chief Executive Officer and Accounting Officer</p> <p>Deputy Chief Executive Officer</p> <p>Chief Financial Officer</p>	<p>K Hamblin</p> <p>S Miles</p> <p>J Saunderson</p>

<b>Director of Human Resources</b>	M Foster- Fitzgerald
<b>Principal and registered office</b>	Stratford Road, Stroud, Gloucestershire, GL5 4AH
<b>Company registration number</b>	9353480 (England and Wales)
<b>Independent auditor</b>	KPMG LLP, One Snowhill, Snow Hill Queensway, Birmingham B4 6GH
<b>Bankers</b>	Lloyds Bank plc, Commercial Banking, Canons House, Canons Ways, Bristol, BS1 5LL
<b>Solicitors</b>	Foot Anstey LLP, Senate Court, Southernhay Gardens, Exeter, EX1 1NT

\* The Clerk is responsible for the Company Secretarial duties of South Gloucestershire and Stroud Academy Trust

## Trustees' Report

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

South Gloucestershire and Stroud Academy Trust was incorporated on 12 December 2014 and operates 3 academies serving catchment areas in south Gloucestershire. Its first school Forest High School joined as a sponsored academy on 1 March 2015. Forest High School is a secondary academy for pupils aged 11 to 16 serving Cinderford in the Forest of Dean in Gloucestershire.

SGS Berkeley Green University Technical College opened in September 2017 and is a 14-19 school with a curriculum specialising in Advanced Manufacturing and Digital Technologies.

South Gloucestershire and Stroud Academy Trust also opened a Special Free School (Pegasus) in September 2017, supporting students within South Gloucestershire and North Bristol who have a statement diagnosing that they have Autistic Spectrum Condition (ASC). A purpose built, £7.5m new school was opened in Autumn 2019.

SGSAT was extremely proactive in responding to the pandemic, and was able to respond to the lockdown by offering high quality remote learning to all its students. This was in part due to extensive preparation in the schools, led by the Deputy CEO, and in part by the extensive expertise and support provided by SGS College staff in terms of health and safety, finance and HR responses.

SGS Pegasus was open to some students for the majority of the lockdown period, while Forest High School and Berkeley Green both provided remote education, until the government requested that exam groups return, at which point those students returned and schools opened safely.

The Trustees established a bi-weekly Covid-19 Steering group to oversee the work of the Senior Management Team who were provided with comprehensive reports on attendance, engagement, safeguarding, student progress and staff and student welfare.

The Trust worked closely with all the relevant organisations throughout, particularly South Gloucestershire and Gloucestershire Local Authorities, the RSC and the ESFA, as appropriate, as well as Public Health, Social Services and the Police where relevant. Close contact with neighbouring schools and trusts, transport agencies and companies, and the like was maintained. Forest High School also worked with a local church volunteer group to provide food for FSM students prior to the school procuring vouchers from the local supermarket in Cinderford and SGS Pegasus and SGS Berkeley Green UTC provided vouchers at their own expense before the government scheme administered by Edenred came online.

There were expenses accrued due to enhanced health and safety measures at all schools; the Trust has sought support from the DfE in respect of some of these expenses having claimed reimbursement for £18.1k from the DfE exceptional costs associated with Covid-19 fund with claims having been made by Forest High School and SGS Berkeley Green UTC. Additionally, Forest High School and SGS Berkeley Green UTC made use of the offer of laptops for disadvantaged students, though numbers received were minimal.

The Trust is confident that student engagement levels were higher than national levels during the lockdown period and staff felt safe and well supported throughout as the safety of staff and students was the paramount concern of schools throughout.

The schools were able to continue to recruit staff securely by virtual means throughout the lockdown and grow numbers extensively at SGS Pegasus, though recruitment of students at the SGS Berkeley Green UTC was hindered by the considerable uncertainty facing parents and would-be students and by the difficulty of face to face contact over the period.

Although national examination results will not be published this year by the DfE, the Trust is of the opinion that due to the extremely professional and rigorous in-house processes used to arrive at the school-assessed grades across the Trust, and the correlation between them and national predictions, that they represent a genuine picture of the students' and staff' hard work over the past year. The progress made in each school by the new Headteachers has been extensive and is a secure foundation for further progress; the Deputy CEO, with the backing of the CEO and the Senior Management Team, was able to successfully support new-in-post Heads in all our schools through not only their first year in post but also through Covid-19 while not only maintaining but improving the quality of teaching and learning in all schools and continuing financial stability.

## **Structure, Governance and Management**

### **Constitution**

South Gloucestershire and Stroud Academy Trust ("SGSAT") 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 Articles of Association are currently in process of being updated to more closely match the current Department of Education model Articles for Multi Academy Trusts, with expected adoption in 2021.

The Trustees of SGSAT are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as South Gloucestershire and Stroud Academy Trust.

Details of the Trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 3.

### **Members' Liability**

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

### **Trustees' Indemnities**

Subject to the provisions of the Companies Act 2006 (section 236) every Trustee or other officer of SGSAT shall be indemnified out of the assets of SGSAT against any liability incurred by him in that capacity in defending any proceedings, whether civil or criminal, to which judgement is given in favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to affairs of SGSAT.

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

As set out in the articles the following describes the name of any Body or person entitled to nominate or apportion one or more Trustees.

- The Members may appoint Trustees through such process as they may determine. South Gloucestershire and Stroud College, as Sponsor of the Trust, also has the option to directly appoint one Trustee.
- Parent Trustees and Parent Local Governors (Note: In July 2019, the SGSAT Board approved the use of the terminology of Local School Board and School Board member for its constituent academies) shall be elected or appointed in accordance with the terms of reference determined by SGS Trustees from time to time. The elected or appointed Parent Local School Board member must be a parent of a registered pupil at one or more Academies at the time when he/she is elected or appointed.
- The Chief Executive Officer may, if they agree to so act and their appointment is ratified by the Members, be a Trustee.
- The Trustees may appoint Co-opted Trustees.

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. An employee of SGSAT cannot be a member of SGSAT.

The Trustees each school year shall elect a Chair and Vice-Chair from among their number. A Trustee employed by SGSAT shall not be eligible for election as Chair or Vice-Chair.

Academy Trusts must also designate a named individual as its Accounting Officer. The Chief Executive Officer has been designated as the Accounting Officer for SGSAT.

Trustees are also responsible for the appointment of the Chief Financial Officer, Clerk to The Trustees and Headteachers of the Academies.

Arrangement for appointment of Staff School Board members are outlined in constituent Academies Terms of Reference documents. There are currently two Staff School Board members who sit on the School's Board at Forest High School. These are elected by staff members of the Academy and must be a member of staff at the time of election. Due to the newness of opening of SGS Berkeley Green UTC and SGS Pegasus and growth to full capacity in student numbers and staff, requirements for staff member roles in these academies will be reviewed in due course. Responsibilities are included in the Lead Roles of the Local School Board for oversight of staff wellbeing considerations at all Schools in SGSAT.

Requirement for Parent School Board members (previously called Parent Governors) are included in SGSATs Memorandum and Articles of Association which outline requirements of appointment at Local School Board level. Arrangements for appointment of Parent School Board members are also outlined in constituent Academies Terms of Reference documents. Parent School Board members have been appointed for the Local School Boards of Forest High School, SGS Berkeley University Technical College and SGS Pegasus School.

When searching for new Trustees, the Board of Trustees undertakes a skills/experience gap analysis, which incorporates requirements outlined in the DfE Competency Framework for Governance and National Governance Association guidance. Outcome from this provides the direction needed to search for new Trustees. The Board also has the option to use the South Gloucestershire and Stroud College Corporation Search Committee as part of this process. All prospective Trustees are required to complete an application form, equal opportunities monitoring form and skills/experience audit form and are invited to meet with the Board of

Trustees, should they possess the required skills/experience being sought. Following this meeting the Trustees then decide whether appointment is to be recommended. Appointment of new Trustees can either be via a recommendation from the Trustees to the Members or Trustees may appoint Co-opted Trustees.

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

The Board of Trustees has an agreed a Trustee Induction and Training Policy which is reviewed annually. This policy outlines arrangements which include Trustee induction training for the purpose of introduction to the work of SGSAT, understanding Trustees responsibilities and of Trust strategy and structure. A mentoring system is in place to enable an experienced Trustee to be paired with a newly appointed Trustee to mentor and support through the first 6 – 9 months of appointment.

High quality training and development arrangements via the National Governance Association, National College and other providers are made available both for individual Trustees, the Board of Trustees as a whole and Local School Board members so that collectively the Board of Trustees has the necessary skills and understanding to fulfil its responsibilities and to enable Trustees to make an effective contribution to the work of the Board. This includes mandatory training for all levels of Governance within the Trust. The Board of Trustees and Local School Boards undertake review of Board compilation of their skills/experience audit. This takes place annually as part of the approved calendar of business, or more frequently as required. During 2019/20 SGSAT and its constituent Academies was supported by a Governance Advisor from the National Governance Association and DfE funded Board Programme. Outcomes from this work and developments within the Trust informed the annual review of Governance arrangements as outlined in the SGSAT Scheme of Delegation and Terms of References of Trust Committees approved on 08 July 2020 for implementation in the 2020/21 Academic year.

Trustee evaluation and discussion sessions and strategic review session took place in October and December 2019, supported by the Governance Advisor. A Trustee development event was scheduled for March 2020 but was postponed due to Covid-19 pandemic considerations and will be revisited during 2020/21 academic year.

Training and Development requirements are reviewed annually, or sooner as required.

### **Organisational Structure**

#### **Trust Board**

The Board currently comprises of 6 Trustees with further Trustee recruitment planned in 2020/21 academic year. The Chair of the Board of Trustees resigned on 29 November 2019 and Interim arrangements were put in place until 1 March 2020 when a new Chair was appointed. The Chair of the Board resigned on 20 September 2020 and the Board appointed a new Chair at their meeting of 14 October 2020.

A higher than usual number of resignations of Trustees have occurred during the period through to the date of this Report. Towards the latter end of this period the resignations temporarily impacted on the stability of the Board and Curriculum and Quality Committee membership, though the Board at all times remained quorate. The need to maintain an appropriate set of skills and experience on the Board has been swiftly addressed by recent appointments and continues with on-going search and recruitment.

To support the work of the Board it has established a Finance and Audit Committee which undertakes financial scrutiny. The Board has approved Terms of References for this committee. Membership of this committee is 3 Trustees and the committee also benefits from the involvement of an external independent co-opted member to provide an external perspective to the work of the committee. Members of the Senior Management Team are "in attendance" at Board meetings but have no voting rights. Review of the Terms of Reference of the Finance and Audit Committee have been undertaken at the meeting of 29 September 2020 and were approved by the Board at their meeting of 14 October 2020. This review incorporates additional Committee meetings and oversight of procurement within the Trust. These activities will be progressed through the Committee calendar of business during 2020/21.

Following the growth of SGSAT, in July 2019 the Board approved the establishment of a Curriculum and Quality Committee to enhance educational focus for SGSAT Board and its constituent Schools. This Committee held its inaugural meeting in October 2019. Membership of this committee is 3 Trustees and benefits from the involvement of an external independent co-opted member to provide specialist educationalist knowledge and perspective to the work of the Committee. The Deputy CEO is in attendance at this meeting. The Terms of Reference and calendar of business of this committee have been reviewed as part of annual processes following its first year of operation and were approved at the 8 July 2020 meeting for implementation in the 2020/21 academic year, further review is expected during 2020/21.

The Scheme of Delegation explains the ways in which the Board of Trustees fulfil their responsibilities for the leadership and governance of SGSAT, the respective roles and responsibilities of the Trustees and the Local School Board. This covers the Structure, Roles and Responsibilities of Members, Trustees, Chief Executive Officer/Accounting Officer, School Headteacher, Local School Board, Central Functions, Budget Setting, Reporting, Associated Policies and a Strategic Decision grid which outlines levels of decision making in the Trust structure. The Scheme of Delegation should be read in conjunction with the Articles and is reviewed on an annual basis by the SGSAT Board of Trustees. A review of Governance arrangements took place during 2019/20 and has been included in the SGSAT Scheme of Delegation and Terms of References of Trust Committees, as approved by the Board at their meeting of 8 July 2020, for implementation in the 2020/21 Academic year

### **Terms of References**

The Board of Trustees have also agreed the terms of reference for the Local School Boards which clearly states their role, purpose, accountability and the quoracy requirements for each School. The School Board for each school reports directly through to the Board via its Chair, who is also a Trustee on the Board and also through reporting on School Quality Assurance activities on key areas and stakeholder engagement, to the Trust Curriculum & Quality Committee.

The main responsibilities of the Board are prescribed in the Funding Agreement between the Academy Trust and the Education and Skills Funding Agency and in the Academies Financial Handbook. The Chief Executive Officer is the Accounting Officer for SGSAT.

### **Arrangements for setting pay and remuneration of key management personnel**

The setting of pay and remuneration of key management personnel within SGSAT such as Headteachers and Deputy CEO is undertaken with support from the Human Resources function of the Sponsor, South Gloucestershire and Stroud College ("SGS College"). These pay ranges are currently informed by the national agreed Teachers pay scales and decisions

are made in line with affordability of SGSAT. The Board of Trustees review performance management processes and agree the pay and remuneration of key management personnel within SGSAT. The Board has discussed review of the structure of oversight of performance management objectives, appraisal and remuneration and this will be considered by the Board during 2020/21.

Remuneration and setting of pay for the Senior Management Team with supporting roles to SGSAT, namely, the Chief Executive Officer, Chief Financial Officer and Director of Human Resources is set through a defined appraisal and objective setting and review system by the Board of Trustees and this is overseen by the sponsor South Gloucestershire and Stroud College's Remuneration Committee, which is a committee of South Gloucestershire and Stroud College Corporation. This committee receives input from the Chair of Trustees to ensure a robust system of review in respect of pay and remuneration arrangements.

Under the provisions of the Trade Union (Facility Time Publication Requirements) Regulations 2017, where an academy trust has more than 49 full time equivalent employees throughout any 7 months within the reporting period, it must include the following information included in Schedule 2 of the Regulations:

#### Trade Union Facility Time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
1 trade union	1

Percentage of time spent on facility time

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

Percentage of pay bill spent on facility time

Total cost of facility time	£935
Total pay bill	£3,096,608
Percentage of the total pay bill spent on facility time	0.03%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as:	0%
(total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	36 hours / 0 x 100

## **Related Parties and other Connected Charities and Organisations**

SGSAT was established by SGS College and is the primary Sponsor of the Trust. SGSAT renewed a Service Contract with the SGS College, for a period of 3 years commencing 1 September 2020, and the associated Service Level Agreements with SGS College. The Service Level Agreements cover the areas of Estates, Facilities, Finance, IT, Human Resources, Quality, Marketing and Safeguarding and are reviewed on an annual basis.

The Academies Financial Handbook, September 2019, included updated guidance on requirements to related party transactions. Guidance was received from the Education and Skills Funding Agency and Auditors to SGSAT to ensure that transactions are compliant with these requirements.

In respect of key roles between SGS College and SGSAT, SGS Corporation is one of the Members of SGSAT. Any Member signatory, on behalf of the College, is completed by the Chair of the Corporation, D Hagg. J Huggett was a Member to SGSAT and also a Director of SGS Commercial Services, a subsidiary Company which has a separate legal entity to the SGS Corporation until his resignation on 30 September 2020. P Eames is a Trustee of SGSAT and Chair of the Finance & Audit Committee and is also a Governor of SGS College Corporation. K Hamblin (Ex Officio Trustee) and V Bragg (first Trustee of SGSAT and Member) were appointed by SGS Corporation on 29 January 2015.

K Hamblin, Chief Executive Officer, Accounting Officer and Ex Officio Trustee of SGSAT, is also the Chief Executive Officer and Accounting Officer of SGS College. J Saunderson is the Chief Financial Officer for SGSAT is also the Group Chief Financial Officer for SGS College. M Foster- Fitzgerald, the Director of Human Resources for SGSAT is also the Chief Group Services Officer for SGS College.

## **Objectives and Activities**

### **Objects and Aims**

The Objects and Aims as set out in SGSAT's Articles of Association as the Governing document, are outlined as follows:

The purpose of the Academy Trust is 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").

SGSAT has an aspiration to grow, primarily through the development of new SEND and Secondary schools. This strategy allows SGSAT to respond to the need for more school places within Gloucestershire, South Gloucestershire or the West of England. New schools provide a unique opportunity to develop a learning environment which reflects SGSAT's approach - which combines a curriculum rich in digital and engineering technology, a focus employability and an environment which is conducive to the transition of young people from Autism Spectrum

Condition (ASC) and Social, Emotional and Mental Health (SEMH) schools into a mainstream setting.

These Objects and Aims are translated supported by SGSAT's Mission and Values as follows:

#### Our Mission

'The SGS Academy Trust will aim to focus on the development of the whole child by involving pupils, parents/carers, staff and the community in a supportive, aspirational and caring environment. We will positively promote and nurture the academic, moral, social, physical and creative growth of the children in our care.

#### Our Vision

##### ***'Broader, Further, Higher'***

SGSAT will support schools to improve pupil attainment and distance travelled through an innovative and well-constructed curriculum appropriate to each school's setting and the recruiting, training and retaining of excellent staff in our schools. We shall achieve this through:

1. The provision and coordination of effective performance management and professional development/capacity building, continuous improvement and promoting leading practice through peer support and knowledge exchange.
2. SGSAT will provide efficient, effective and coordinated non-curriculum services to each school to:
  - a. Drive down the costs of these services for each school;
  - b. Add value in the services they could access individually; and
  - c. Ensure more budget is focused on pupil facing services.

#### Our aspirations

We aspire to be a great community consisting of great schools.

We will aim for excellence in all we do: in our teaching, in the depth and breadth of our learning experiences, and in the personal qualities of the people within our community.

#### Our Qualities

All members of our community will be effective communicators, who are confident, curious, creative, independent, self-reflective, respectful, resilient, resourceful and enterprising.

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

##### **Trust Strategic Priorities**

1. To enhance the quality of education we provide to our students
2. Staff Recruitment, Retention, Development and Succession Planning
3. To develop responsive partnerships with all our students and staff, employers, public services, the local community and with other education providers
4. Trust Growth

To provide the necessary resources including the built environment and IT services that equips our schools for the delivery of high-quality learning.

**Key activities and strategies during the year to achieve these objectives include:**

- Regular financial management information, including monthly management accounts, are prepared and monitored against financial plans to ensure ongoing robust financial health
- The Deputy Chief Executive Officer works wherever possible with local and national MATs to ensure positive relationships with the MAT Movement and the Regional Schools Commissioner (RSC).
- Continued to explore opportunities to grow the Trust
- Decision making that ensures that the Trust operates on a firm financial basis
- Have worked closely with our Sponsor to meet the Trust's aims
- Curriculum Development in all schools to provide the best opportunities to all our students
- Continued to close the Disadvantage Gap in all our schools
- Continued pursuit of Pedagogical Excellence through embedding the Trust's coherent approach to teaching and learning
- Implemented a Recovery Curriculum and maintained a safe, effective and proactive Covid-19 Response
- Continued to develop the SGSAT approach to a relationship-based view of 'behaviour', and made a significant reduction in Fixed Term and Permanent Exclusions
- improved our understanding and implemented the latest research to become a fully trauma-informed and mental health aware Trust.
- Improved the Careers Information Advice and Guidance (CIAG) offer in all schools and implemented the new RSHE curriculum in a way that joins 'pastoral' and 'academic' aspects together.
- The vision and values of each school and the Trust are evidenced fully in all aspects of school life.
- Prepare for the best possible outcomes in an Ofsted inspection.
- Expanded student recruitment and develop a longer-term plan for growth in the schools.
- Ensured that the National College is used effectively in schools, with a view to developing a recruitment, retention and succession strategy in each school, linked to staff development and wellbeing.

**Public Benefit**

SGSAT confirm that they have complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit in exercising their powers or duties. They have referred to this guidance when reviewing SGSAT's aims and objectives and in planning its future activities.

SGSAT has been established to maintain, carry on, manage and develop, for the public benefit education in the Gloucestershire, South Gloucestershire and West of England area; an academy trust offering a broad curriculum with a strong emphasis on digital and engineering technology; and the development of SEND specialist provision.

SGS Berkeley UTC has been developed to bridge the skills priority gap in Gloucestershire. The UTC is employer-led and specialises in Digital Technology and Engineering.

SGS Pegasus has been developed to provide specialist school provision for the children who are statemented as being on the Autistic Spectrum. This will provide local children to access education in their locality, which will benefit both the child and the local authority who will not have to pay to access education providers outside of the local authority.

All Trust Schools work towards their educational achievement targets and school focuses as set out in the Schools' Improvement Plans satisfied by the Board.

### **Achievements and Performance**

SGSAT supported the third year of development of the University Technical College (UTC), working with the External DfE Advisers and the Baker Dearing Trust to ensure the best possible outcomes and destinations for the first cohort of students.

SGSAT worked with the UTC to recruit and retain students and staff for the UTC and to develop links with Higher Education (HE) providers, employers and government agencies.

SGSAT worked with the DfE on the construction of SGS Pegasus Special Free School in South Gloucestershire, with the new premises having been opened in autumn 2019.

SGSAT has worked closely with the South Gloucestershire Local Authority (LA) to provide extra places for students with Autism Spectrum Conditions (ASC) during the year and numbers have doubled in the past 12 months.

SGSAT has worked closely with other schools and organisations during the year as part of school improvement and development activities, including Gloucestershire's initial Teacher Training Programme (GiTEP), Bath Spa University, Gloucester University, and a wide range of schools and partners across Gloucester and South Gloucestershire.

Systems have been developed to ensure that all Schools within SGSAT carefully monitors Pupil Premium expenditure and its impact on improving attainment for students on Free School Meals, Children from Service Families and Looked-After Children. Use of the grant is published annually on the school's website.

Further detail in respect to achievements and performance by school is as follows:

**Forest High School (FHS)** was the first school in the SGSAT, when it was transferred from E-Act in early 2015. It was placed in special measures later that year, and exited in July 2018. It is now classed as 'Requires Improvement'. The school has 297 pupils aged between 11-16, with a capacity of 450. The accommodation is poor in places and continues to require immediate and significant capital investment to ensure teaching can continue in some of the classrooms. This is being pursued by SGSAT through the channels open to us.

The Forest High School is an improving school with an increasing number of good features. The curriculum increasingly provides a challenging curriculum which offers the potential for rapid progress and improved outcomes. A new relationships strategy was introduced together

with a new learning manager in September 2020 and behaviour and attitudes are good in most lessons. A new Wellbeing, Welfare and Inclusion Faculty was established in September 2019 and is working effectively.

GCSE results this year represented a major improvement on those achieved by previous years. When teachers were asked to provide grades there was no clarity about how they would be used to establish the awarded grade. Consequently, teaching staff were instructed to be rigorous and only give a grade that they could evidence in an external moderation process. The senior leadership team (SLT) gave a significant amount of time to moderating the grades from the perspective of the prior results of each subject and the prior attainment and progress of the students. Previous concerns over the poor (over) predicting of performance does not seem to be an issue – providing more surety on future predictions. We therefore believe that the results have genuine validity and reflect the rapid improvement of the last twelve months. This data shows that there has been an improvement above that of 2017/18 across (almost) all measures.

The school continues to experience financial constraints due to its small size. Accommodation issues are also an issue however good progress is being made. The Condition School Improvement Fund (CIF) and Urgent Capital Support (UCS) funded project to replace the roofs of the Technology and Science Blocks and B Block has been completed. Concrete cladding intrusive surveys and engineers report were carried out and confirmed no deterioration of then cladding supports allowing protective measures to be removed, further works to prevent future water ingress still need to be funded.

A further (UCS) bid for works including the replacement of fire doors, fire alarms and fire compartmentalization throughout the school was successful. Those works are ongoing delayed by Covid-19, but due to complete in the Spring term 2021. In December 2019 two applications were submitted under the CiF main round relating to further roof repairs on A Block and window/door replacements, both were refused. A bid for the works to A block roof will be resubmitted in December, by new consultants Barker who are providing further supporting evidence as per the bid feedback. A further bid to progress works to remove asbestos containing materials is also under consideration. Concrete cladding intrusive surveys, design optioneering, design solution and implementation are ongoing and SGSAT are in the process of instructing consultants to provide a "spend to save" analysis across the school estate; this being funded by way of a £20,000 grant from the DFE.

**SGS Berkeley Green UTC** ("the UTC") was brought into the SGS Academy Trust (SGSAT) in 2016 at the request of the Department for Education, prior to the opening of the UTC in September 2017. The UTC currently has 243 on roll. The UTC looks to maximise the skills and resources available to it from the SGSAT, SGS College, the University of Gloucestershire and our Industrial Partners, all of whom are represented on our local School Board. The UTC has a distinctive role as the only UTC in Gloucestershire and will be a significant provider of specialist vocational education for 14-19 year olds in Gloucestershire, South Gloucestershire and further afield.

The past year has seen significant re-structuring of the leadership and staff team and the UTC is now under stable and effective leadership. The college has developed a strong reputation in the local community for its 'UTCness' and our highly specialist curriculum attracts students from far afield. We attract a range of students who settle in quickly, after an often mixed experience of school to age 14. They find direction here, learn well and make good progress from starting points.

Teaching and learning has improved significantly and results in 2020 show positive progress from key stage 3 benchmarks and GCSE results across almost all subjects.

Personal development and welfare are strong, with students displaying much-improved attitudes to learning, maturity and increased resilience from previous school experience. As a result, a significant proportion of students progressed to positive destinations in spite of the effect of the Covid-19 pandemic. Nearly half of students in year 13 progressed to university, 100% of them to STEM degrees, while the proportion who landed apprenticeships was significantly above local and national averages. Behaviour is good, both in lessons and around the college, which is a calm and purposeful place in which to study.

**SGS Pegasus School** SGS Pegasus School is a 4-18 ASC school in Patchway, South Gloucestershire. We opened in September 2017 and moved in November 2019 to our purpose-built new site, developed to create a calm, progressive learning environment. Students from South Gloucestershire and the neighbouring areas may be placed here if they have an official diagnosis of autism and a supporting EHCP. We currently have 72 students and a committed team of 35 staff that comprises a mixture of mainstream specialists, SEMH and autism specialists, and a dedicated pastoral team that focus on developing the social, emotional and physical needs of the students.

At SGS Pegasus School we aim to develop the whole student by creating a bespoke learning experience that celebrates their talents and successes. We aim to involve students, parents and staff in a supportive, aspirational and caring environment. We positively promote and nurture the academic, moral, social, emotional, physical and creative growth of the students in our care. Our school's belief is that an ASC diagnosis should not limit our students' ability to succeed in life. We acknowledge that every student and adult cannot be their best every day, however our aim is to strive for that. Therefore, our mission statement is: Learning together and being our best every day.

### **Value for Money**

The accounting officer has responsibility for ensuring the SGSAT delivers good value in the use of public resources. The accounting officer for the academy trust has delivered improved value for money during the year as follows:

- SGSAT has worked closely with its sponsor to reduce procurement costs. Catering provision has been re-tendered and until the start of the pandemic, the catering at Forest High School was contributing a small income annually, rather than previously being subsidised. The impact of the pandemic has meant significant changes in requirements and the caterers are currently providing the provision on a cost-plus management fee basis. The schools will revert back to contract once normal provision can be resumed.
- Energy is procured via UPG, sole supplier to the Crescent Purchasing Consortium for Energy Procurement. The renewals taken to date have provided savings over the previous contracts.
- Stationery framework - The CPC framework provider has been rolled out across the Academy Trust generating savings. The appointed supplier Banner offer extremely low prices against a large basket of goods.
- Cashless Catering – Aramark have recently rolled out the cashless system within the UTC. The till system was also upgraded across all sites at the start of the contract in January 2020.

- Insurance – The Non-RPA elements of insurance are supplied by Zurich, the College insurer (Motor, Travel, Engineering inspection). The RPA scheme remain in operation across the Schools for general insurance.
- Health and Safety - The MAT utilises the College agreement with Ellis Whittam and usage is broken down across the group into a daily rate to ensure best value.
- PPE - Throughout the COVID-19 Pandemic, the MAT has benefited from bulk discount on all PPE items through the College Suppliers.

### **Key performance indicators**

The Deputy CEO has evaluated and reported on performance regularly for all schools, using a wide range of criteria and has monitored and supported all our schools in making considerable improvements during the course of the year, as well as supporting three new heads in their roles. Members of the Trust Senior Management Team have reported on areas of Finance, HR, Estates, Safeguarding and H&S.

### **Financial Governance and Oversight**

Following a Governance review in 2018/19 and amendments to the SGS AT Scheme of Delegation approved 9 July 2019, financial oversight of Trust Academies and review of financial reports and expenditure against budget is held by the SGS AT Finance and Audit Committee and Board of Trustees, who review this information at each meeting. Local School Boards receive financial information to provide context to their school improvement activities.

Due to changes in Departmental guidance, Ofsted Inspection Framework and financial pressures in the education sector, as part of the review outlined above towards the end of the academic year 2018/19, the benefits of GAG pooling afforded to Multi Academy Trusts by the ESFA, to ensure that financial decision making is used to best support the objectives of SGSAT as a whole was considered. Following approval by SGSAT Board at their meeting of 9 July 2019 this approach to financial management and oversight within SGSAT has been implemented during the 2019/20 academic year. The SGSAT Scheme of Delegation and Terms of Reference of the Local School Board reflect these new arrangements.

The Board of Trustees for SGSAT and Finance and Audit Committee review the management accounts, the external auditors' management report and the internal auditors' reports, and acts on any recommendations made by them, ensuring that the SGSAT operates in accordance with the Financial Handbook and Funding Agreement. The Board of Trustees receives Management Accounts at every meeting of the Board. All financial reporting and decisions are made by the Board of Trustees for SGSAT, via recommendations from the Finance and Audit committee, where appropriate. Strategic risks to the academy are an agenda item at Finance and Audit Committee meetings. The Board agreed to increase Finance & Audit Committee meetings to six meeting per year for implementation during the 2020/21 academic year.

During the Covid-19 Pandemic, the Board instigated a Bi Weekly Governance and Leadership Steering Group meeting to provide close monitoring and support in the emerging global pandemic and resulting impacts for Education Sector. Financial considerations were included as a standing item at these meetings to enhance oversight during this period.

SGSAT has appointed a Finance Director who oversees financial management and control within the three schools within SGSAT.

## Going Concern

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate for the following reasons.

The trust receives funding from the Secretary of State for Education under the Academies Act 2010 in the form of a grant towards the normal running costs and capital expenditure of each of its Academies, based on projected student numbers. The amount of grant funding is determined annually by the Secretary of State.

The trustees have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, including the level of grant funding for 2020-21 changes arising from the Covid-19 pandemic and projected student numbers for 2021-22, the trustees are of the opinion that, taking account of severe but plausible downsides, the trust has adequate resources to continue to meet its liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Consequently, the trustees are confident that the trust will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## Financial Review

SGSAT reports net income of £8,883k (2019: net expenditure of £163k) for the financial year, represented as follows:

	2019/20 Actual £'000	2018/19 Actual £'000	2019/20 Budget £'000	2019/20 Forecast £'000
Operating (deficit)/surplus in year	301	170	144	-
FRS102 Pension costs	(222)	(107)	(222)	(222)
Depreciation costs	(855)	(699)	(855)	(855)
Capital grant	9,659	473	9,659	9,659
Start-up grants	137	237	137	137
Start-up expenditure	(137)	(237)	(137)	(137)
	<b>8,883</b>	<b>(163)</b>	<b>8,726</b>	<b>8,582</b>

Net assets for SGSAT at the year-end were £22,291k (2019: £13,304k) with the growth being attributable to the donated asset of SGS Pegasus School valued at £9,300k. Net assets includes the pension liabilities of £1,760k (2019: £1,642k). Net current assets at 31 August 2020 were £603k (2019: £290k).

As at 31 August 2020 SGSAT had cash reserves of £1,390k (2019: £761k) and the net book value of both tangible and intangible fixed assets was £23,670k (2019: £14,760k).

The operating surplus for the year was £301k (2019: £170k) an improvement on prior year reflecting tight budgetary control exercised during the year together with some pay related savings due to our decision to delay the recruitment of staff to 1 September 2020, being one of our responses to the Covid-19 pandemic.

The majority of Trust's income is derived from grants provided by the ESFA (Education & Skills Funding Agency) in the form of recurrent grants. In addition, income relating to special needs funding has also been received from the Local Authority (LA).

The grants received from the DfE during the year ended 31 August 2020 and the associated expenditure are shown as restricted funds in the statement of financial activities.

### **Reserves Policy**

The principal policy on reserves is that accumulation of unspent GAG balances should not breach any limits thereon set out in the Funding agreement. The level of reserves should never be in deficit, excluding the deficit on the pension scheme. It is not anticipated that there will be any impact on this reserves policy as a result of Covid-19.

### **Investment Policy**

Officers regularly monitor cash flow and current account balances to ensure immediate financial commitments can be met and that the current account has adequate balances to meet forthcoming commitments.

If any funds were identified which were surplus to requirement, these would be transferred to a high interest deposit account rate. However, this will not be the position for the next twelve months.

### **Principal risks and uncertainties**

The Board of Trustees is responsible for the management of risks faced by the SGSAT.

The Trustees have assessed the major risks to which SGSAT is exposed, in particular those relating to academic performance/finances/child welfare. The Board of Trustees have implemented a number of systems to assess risks that the Academy Trust faces, and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains, they have ensured they have adequate insurance cover. SGSAT has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

The risk management process has been codified in a risk register implemented by the Senior Management Team and overseen by Trustees.

The main risks to SGSAT which have been identified are:

- Sustained poor economic climate as a result of Brexit and Education Sector adversely impacted by Britain Leaving the EU and now COVID-19
- One or more schools in SGSAT moves into financial difficulties, particularly as a result of school closures and additional irrecoverable costs due to COVID-19
- Significant increase in staff absence due to COVID-19
- Trust doesn't meet target allocation as a result of declining demand in hard hit sectors due to Covid-19
- Poor quality / inconsistent teaching and learning
- Curriculum plans not adequately developed
- Failure to recruit/maintain high quality staff that have the skills and expertise to meet the strategic objectives of the MAT

Significant risks to individual schools within SGSAT are as follows:

- Forest High School continues to operate with in-year deficits
- Safeguarding processes not adequate - Children are not safe due to weaknesses in safeguarding processes, in particular around communication and referral following changes in pastoral leadership at SGS Pegasus
- Radicalisation of students - Vulnerable students targeted via internet and community members, leading to radicalisation impacting upon individual and SGS Pegasus school
- Poor retention of students at the SGS Berkeley Green UTC
- Poor outcomes for Learners - ineffective planning, tracking, progress systems, poor examination results impact upon pupils, recruitment of pupils, trigger Ofsted review
- Student satisfaction at SGS Berkeley Green UTC poor/under benchmark
- Deterioration of buildings at Forest High School

### **Fundraising**

The Friends of Forest High School (FoFH) have raised funds for The Forest High School since their inception in February 2017. They hold various activities and all events are held with permission by the school and the small amount of funding raised is used to benefit students. FoFH hold a separate bank account and their funds are audited annually. Fundraising by the Friends of Forest High School has been curtailed since March 2020 due to the Covid-19 pandemic.

Berkeley Green UTC and SGS Pegasus have not undertaken any fundraising activities during this year.

### **Plans for Future Periods**

SGSAT will continue to work towards its educational targets and the improvement priorities defined in the respective School Improvement Plans and Trust strategic targets.

All schools will focus on establishing the best curriculum offer for the student body and meeting planned growth targets.

SGSAT will actively seek potential partners to grow the number of schools in SGSAT.

SGSAT adopted a strategy to respond to the hard-to-reach elements of the educational environment of South Gloucestershire and Gloucestershire, the communities which our Sponsor, SGS College serve. This by its very definition means that SGSAT has stepped into areas which will take time to grow, and financial performance will be challenging until the current schools are established and numbers create an economy of scale.

Despite the potential of SGSAT growing through the sponsorship of established schools, the fact that SGSAT had stepped into FHS and was in the process of a considerable turn-around at that school, it was felt that SGSAT should focus on that task, and the opening of two new free schools, rather than sponsor more established (but with their own quality issues) schools.

This has meant that SGSAT focussed on the growth or turnaround of three small schools, the financial performance remains challenging, however the medium-term financial position will improve significantly for the following reasons:

- FHS: SGSAT is negotiating the annexation / disposal of assets which would provide significant capital investment into the school. The aim is for negotiations to be completed by 2020;

- FHS: The school has, for many years, had to staff for 2.5 forms of entry, however the school will move to 2 forms of entry, reducing costs significantly;
- FHS is now (almost) at break-even, although it has a legacy deficit built up before SGSAT sponsored the school;
- UTC: The UTC completed its 3<sup>rd</sup> year having opened in September 2017. The Y10 numbers are growing, although the Y12 numbers have declined. This is because at Y12, students can access the specialist curriculum locally. The UTC has completed its job in keeping young people in STEM subjects, but the cost of getting to Berkeley is a barrier when there are local alternatives;
- UTC: 5000 houses are being built less than 400m from the UTC (Sharpness Eco-Village) and the UTC is accepted as the Upper School for the 11-16 provision which will be needed to support this major new town;
- Pegasus: The new school was completed in October 2019, allowing considerable growth (above that planned in the Budget Forecast Return (BFR)); due to significant demand such that the school could exceed its original (prudent) Published Admissions Number (PAN) by 30%.

The Trust has made extensive plans for any further lockdowns or student absences by drawing on the remote learning skills developed during the first lockdown and enhancing them. So the use of Teams, Dojo, Google Classrooms, Show My Homework and other online platforms has been extended. Details vary with the schools. At FHS staff put all lessons on Teams even when students are in school to get in the habit and to allow any self-isolating students to access lessons. The use of oak Academy materials has been extended. At the UTC, when we did have to ask the whole of Ks4 to isolate for a fortnight, a full taught online timetable on Teams was up and running by the first morning, with live lessons and online resources for students.

All schools have provided remote learning to absent students throughout the restart period and have surveyed students to ascertain gaps in IT skills or equipment; at FHS we are exploring the establishment of a PC room or two that could be Covid-19 safe and simply overseen by staff to allow access to online resources for students who cannot study at home in the event of further lockdowns, but are also exploring obtaining equipment for those students at the same time.

We have learned more about the engagement patterns of students and the likely problems of remote or distanced learning and safeguarding and will build on that knowledge. The very high attendance we have achieved since September, however, confirms to us that the best place by far for students to learn is in school and will continue to do all we can to ensure that can happen safely. The changes to exams already announced and possible further future changes make long term planning much harder, as do the absences suffered (albeit minimal in comparison to national data) due to Covid-19. Staffing remains a knife edge as, although we have been lucky enough to have almost all staff all the time since September, absences due to track and trace messages or self-isolating and waiting for tests etc has put additional strains on staffing, and in the case of Pegasus, forced us to close one class for one week earlier in the term. Safe supply staff are hard to source.

Long term, the wellbeing of staff is likely to suffer, due to the shared anxieties and extra pressures of the pandemic, and this is borne most by those in leadership positions. We are still focusing fully on school improvement and staff development but the time that Covid takes is significant and naturally it limits progress on those fronts. It is to be noted that each and every one of these points is common to the school system and is noted in Ofsted's report on schools during the autumn term that was published on 10 November 2020.

**Auditor**

In so far as the Trustees are 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.

Approved by order of the Board of Trustees, as the company directors, on 9 December 2020  
and signed on the Board's behalf by:

A handwritten signature in black ink, appearing to read 'Nigel Johnson', written over a horizontal line.

**Nigel Johnson**  
Chair of Trustees

## Governance Statement

### Scope of Responsibility

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

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

### Governance

The information as governance included here supplements that described the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. One formal meeting was cancelled in March 2020 due to the Covid 19 pandemic and meeting approvals required were progressed via written resolution. An extra Ordinary meeting of the Board was held in June 2020. All meetings held from May 2020 have been held via Virtual 'Teams' meetings due to the Covid 19 pandemic as permissible in the Articles of Association and SGSAT Standing Orders. Additional Bi Weekly Governance and Leadership Steering Group meetings, with an SGSAT Board approved Terms of Reference were held on a bi weekly basis during term time from since April 2020 to October 2020 to facilitate close oversight and support during the period of adaptation to the Covid-19 conditions. unprecedented periods.

Following the revision to the DfE Governance Handbook and Structures, Roles and Responsibility document in October 2020, this has been circulated for awareness to all Members, Trustees and Local School Board members along with the Competency Framework for Governance document.

Attendance during the year at meetings of the Board of Trustees was as follows:

Trustees	Meetings	Out of a possible
V Bragg (Chair - resigned 29 November 2019)	1	1
J Cohen-Brand (Appointed Chair from 11 December 2019 - 29 February 2020. Vice Chair from 1 March 2020 - 7 May 2020. Resigned 7 May 2020)	3	3
J Huggett (Chair Appointed 1 March 2020. Resigned 30 September 2020)	3	3
Erica Draisey (Appointed 1 March 2020. Appointed Vice Chair 20 May 2020. (resigned 21 November 2020)	3	3
Katharine Dawson - known as Kate East (resigned 6 November 2020)	5	6
K Hamblin (Chief Executive Officer and Accounting Officer)	6	6

P Eames	6	6
N Johnson (Chair appointed 14 October 2020)	6	6
S Winstone	6	6
C Stark (resigned 10 November 2020)	6	6
A Morris-Wyatt (resigned 4 December 2020)	6	6

Following Trustee resignations during 2019/20, Trustee recruitment is in progress for the 2020/21 academic year.

The Finance and Audit Committee is a committee of the Board of Trustees and its purpose is to provide assurance over the suitability of, and compliance with, its financial systems and controls.

The Finance and Audit Committee held 3 meetings during the 2019/20 academic year, in line with its terms of reference. The June 2020 Committee meeting was held via Virtual 'Teams' meetings Covid 19 pandemic as permissible in the Articles of Association and SGSAT Standing Orders. This Terms of reference has been reviewed and as approved by the SGSAT Board at their 9 July 2020 meeting, the Committee will hold 6 meetings during the 2020/21 academic year.

Attendance at meetings in the year was as follows:

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
P Eames (Chair)	3	3
N Johnson	2	3
A Morris-Wyatt	3	3

The Finance & Audit Committee benefits from the involvement of an external independent co-opted member, R Milford who provides financial skills and experience, an external perspective to the work of the committee and has attended all Finance & Audit Committee meetings in the academic year 2019/2020. At the meeting of the Finance and Audit Committee of 29 September, the re-appointment of R Milford as an external independent Co-opted member of the Committee for a further 4 year term of office, as permissible by SGSAT Standing Orders was considered beneficial to the work of the Committee and this reappointment was approved by the Board at their meeting of 14<sup>th</sup> October 2020. Due to the appointment of Nigel Johnson as Chair of the Board on 14 October 2020, his membership of the Finance and Audit Committee ended on that date. The Committee will consider its membership as part of further Trustee recruitment activities planned for 2020/21.

The SGSAT Senior Management Team meets once a month with Finance being a standard agenda item. The Strategic Risk Register is an agenda item at all Finance and Audit Committee meetings and nominates a Lead Senior Management Team member for each risk. SGSAT has introduced comprehensive financial regulations applicable to all schools and these are reviewed on an annual basis.

In July 2019 the Board approved the establishment of a Curriculum and Quality Committee to enhance educational focus and oversight for SGSAT Board and its constituent Schools. This Committee held its inaugural meeting on 2 October 2019. The Committee scheduled 3 meetings during the 2019/20 academic year and one additional extra ordinary meeting

was held. The May 2020 Committee meeting was held via Virtual 'Teams' meetings Covid 19 pandemic as permissible in the Articles of Association and SGSAT Standing Orders.

<b>Trustee</b>	<b>Meetings attended</b>	<b>Out of a possible</b>
J Cohen-Brand (Chair until 6 May 2020)	4	4
E Draisey (Chair appointed 8 July 2020)	1	1
S Winstone	4	4
C Stark	4	4

The Committee benefited from the involvement of an external independent co-opted member, D Potter which was approved by the Board at their meeting on 16 October 2019, to provide specialist educationalist knowledge and perspective to the work of the Committee and has attended all meetings of the Committee during the 2019/20 academic year. The Committee will consider its membership as part of further Trustee recruitment activities planned for 2020/21.

A Governance self-assessment process has been annually used by SGSAT and put in place for review of Governance at Local School Board and Trust level. This process includes 360 review of the Chair of School Board/Chair of Trustees. At Local School Level, this self-assessment focusses on review of the board in terms of skills, effectiveness, leadership and impact. It is framed around the areas of evaluation examined by the Inspectors of Ofsted when an Academy is inspected, guidance by the National Governors Association, and aligns to the six key features of effective governance set out in the DfE Governance Handbook. At Trust Level, previous Self-Assessment has used the All Party Parliamentary Group on Education Governance and Leadership '21 questions every Multi Academy Trust should ask itself'. Due to the support of the NGA Governance advisor via the DfE funded programme during the 2019/2020 Academic year, this process has been facilitated by the NGA Governance Advisor and online tools provided by the National Governance Association. These are based on the 'All Party Parliamentary Group on Education Governance and Leadership '21 questions every Multi Academy Trust should ask itself'. A Self Evaluation Outcome Discussion Event took place on 16 October 2019 and on the 11 December 2019 to consider the outcomes of this survey and the development of an action plan which was reviewed and progressed by the Board early in 2020. Key aspects of the plan have been progressed albeit in the context of emergence of the Covid 19 pandemic. The NGA Advisor in liaison with the Chair compiled an outcome and impact report which was shared with the Board at the 8 July 20 meeting. Requirements for further self-evaluation will be considered during the 2020/21 academic year. Due to the Covid 19 pandemic impact on schools and Local School Board activities during early 2020, this process will be reviewed for Local School Board level as part of the 2020/21 cycle by the Trust Board.

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

As Accounting Officer, the Chief Executive 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 SGSAT's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The

Accounting Officer for the academy trust has achieved value for money during the year by ensuring all renewed contracts are reviewed and tendered where appropriate by externally appointed consultants or the SGS College Procurement team and implementing Financial Regulations which ensure value for money is obtained for any financial transaction.

The Finance and Audit Committee considered a change to the terms of reference of the Committee at their meeting of 29 September 20 to incorporate Committee oversight of procurement contracts for the Trust and this was approved by the Board of Trustees at their meeting of 14 October 2020. This will be implemented within the Finance and Audit Calendar of business for the remainder of the year.

### **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 was in place in SGSAT for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

The Chief Financial Officer has responsibility to ensure that the system of internal control is embedded within SGSAT.

### **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 Risk Management Policy was reviewed at the Finance and Audit Committee meeting on 18 June 2020 and approved by the Board of Trustees on 8 July 2020. Risk continues to be monitored by the Finance and Audit Committee and report to the Board of Trustees and 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 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

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

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance and Audit Committee of reports which indicate financial performance against the forecasts;
- clearly defined purchasing;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Board of Trustees has considered the need for a specific internal audit function and has appointed RSM as Internal Auditor.

The role of the Internal Auditor includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In line with the Financial Handbook issued with effect from 1 September 2019, the internal auditors undertook a review of core controls in respect of financial areas (such as delegated financial authorities, budgeting processes and financial management), and operational areas (such as governance, business planning and risk management arrangements).

Three times a year, the auditor reports to the Board of Trustees, through the Finance and Audit Committee on the operation of the systems of control and on the discharge of the board of Trustees' financial responsibilities.

The Internal Auditor schedule of works was initially delayed due to Covid-19 considerations but have delivered their schedule of works.

Some control weaknesses were identified and the reports gave substantial and reasonable assurance that controls are suitably designed and consistently applied.

The Trustees monitor recommendations through an audit action plan which it reviews at each Finance and Audit Committee.

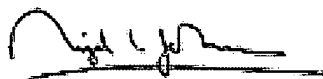
### **Review of Effectiveness**

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

- the work of the internal auditor;
- the work of the external auditor;
- the financial management and governance self-assessment process and the school resource management self-assessment tool;
- the work of the Chief Financial Officer within the Academy Trust who has 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 Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 9 December 2020 and signed on its behalf by:



**Nigel Johnson**  
Chair of Trustees



**K Hamblin**  
Accounting Officer

## **Statement on Regularity, Propriety and Compliance**

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

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academies Financial Handbook 2019.

I confirm that 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.

A handwritten signature in black ink, appearing to read 'K Hamblin', with a stylized flourish at the end.

**K Hamblin**  
Accounting Officer  
9 December 2020

## **Statement of Trustees' Responsibilities in Respect of Trustees' Annual Report and the Financial Statements**

The Trustees (who are the Directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations, including the Annual Accounts Direction published by the Education and Skills Funding Agency (ESFA).

Company law requires Trustees to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Academies Accounts Direction further requires the financial statements to be prepared in accordance with the Charities SORP (FRS 102).

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 the charitable company's 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 (FRS 102) and the Academies Accounts Direction 2019 to 2020;
- make judgements and 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;
- assess the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the parent charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the parent charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charitable company and to prevent and detect 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 the ESFA/Department for Education have been applied for the purposes intended.

## **Statement of Trustees' Responsibilities in Respect of the Trustees' Annual Report and the Financial Statements (cont'd ...)**

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 UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

A handwritten signature in black ink, appearing to read 'Nigel Johnson', written over a horizontal line.

**Nigel Johnson**  
Chair of Trustees

## **Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust**

### **Opinion**

We have audited the financial statements of South Gloucestershire and Stroud Academy Trust ("the charitable company") for the year ended 31 August 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2020, and of the charitable company's incoming resources and application of resources, including the charitable company's income and expenditure, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP (FRS 102) and the *Academies Accounts Direction 2019 to 2020* issued by the Education and Skills Funding Agency.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the charitable company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the charitable company or to cease its operations, and as they have concluded that the charitable company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the charitable company's business model, and analysed how those risks might affect the charitable company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

## **Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust (cont'd ...)**

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the charitable company will continue in operation.

### **Other information**

The trustees are responsible for the other information, which comprises the Reference and Administrative Details, the Trustees' Annual Report and Governance Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the Trustees' Annual Report, which constitutes the Directors' Report for the financial year, is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Companies Act 2006.

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

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable company's financial statements are not in agreement with the accounting records and 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; or
- the trustees were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in these respects.

## **Independent Auditor's Report to the Members of South Gloucestershire and Stroud Academy Trust (cont'd ...)**

### **Trustees' responsibilities**

As explained more fully in their statement set out on page 29, the Trustees (who are the directors of the charitable company for the purposes of company law) are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

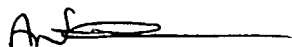
### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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 auditors' 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 its members as a body, for our audit work, for this report, or for the opinions we have formed.



**Anthony Felthouse (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

11 January 2021

## **Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education and Skills Funding Agency**

In accordance with the terms of our engagement letter dated 9 November 2017 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by South Gloucestershire and Stroud Academy Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Respective responsibilities of the Academy Trust's accounting officer and the reporting accountant**

The accounting officer is responsible, under the requirements of the Academy Trust's funding agreement with the Secretary of State for Education dated 27 February 2015 and the Academies Financial Handbook, extant from 1 September 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

### **Approach**

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by 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.

## **Independent Reporting Accountant's Assurance Report on Regularity to South Gloucestershire and Stroud Academy Trust and the Education and Skills Funding Agency (cont'd...)**

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

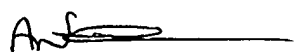
The work undertaken to draw our conclusion included:

- Documenting the framework of authorities which govern the activities of the Academy Trust;
- Reviewing the evidence supporting the representations included in the Accounting Officer's statement on regularity, propriety and compliance with the framework of authorities;
- Undertaking a risk assessment based on our understanding of the general control environment and any weaknesses in internal controls identified by our audit of the financial statements;
- Reviewing the output from the self-assessment questionnaires completed by all staff with Budget Holder responsibility and the Headteacher on behalf of the Governing Body;
- Testing compliance with delegated authorities for a sample of material transactions;
- Testing transactions with connected parties to determine whether the Trust has complied with the 'at cost' requirements of the Academies Financial Handbook 2019;
- Confirming through enquiry and sample testing that the Trust has complied with its procurement policies and that these policies comply with delegated authorities; and
- Reviewing any evidence of impropriety resulting from our work and determining whether it was significant enough to be referred to in our regularity report.

This list is not exhaustive and we performed additional procedures designed to provide us with sufficient appropriate evidence to express a negative conclusion on regularity consistent with the requirements of Annex B of the Academies Accounts Direction 2019 to 2020.

### **Conclusion**

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



**Anthony Felthouse**  
Reporting Accountant  
for and on behalf of KPMG LLP  
Chartered Accountants  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

11 January 2021

# South Gloucestershire and Stroud Academy Trust

## Statement of Financial Activities for the year ended 31 August 2020

### (including Income and Expenditure Account)

		Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total 2020	Total 2019
	Note	£000	£000	£000	£000	£000
<b>Income and endowments from:</b>						
Donations and capital grants	2	-	-	9,659	<b>9,659</b>	473
Charitable activities:						
Funding for the academy trust's educational operations	3	-	5,406	-	<b>5,406</b>	4,915
Other trading activities	4	205	-	-	<b>205</b>	366
<b>Total</b>		<b>205</b>	<b>5,406</b>	<b>9,659</b>	<b>15,270</b>	<b>5,754</b>
<b>Expenditure on:</b>						
Raising funds	5	7	-	-	<b>7</b>	25
Charitable activities:						
Academy trust educational operations	6	-	5,525	855	<b>6,380</b>	5,892
<b>Total</b>		<b>7</b>	<b>5,525</b>	<b>855</b>	<b>6,387</b>	<b>5,917</b>
<b>Net income / (expenditure)</b>		<b>198</b>	<b>(119)</b>	<b>8,804</b>	<b>8,883</b>	<b>(163)</b>
<b>Transfers between funds</b>	17	-	-	-	-	-
<b>Other recognised gains / (losses):</b>						
Actuarial gains on defined benefit pension schemes gains/ (losses)	16,26	-	104	-	<b>104</b>	(656)
<b>Net movement in funds</b>		<b>198</b>	<b>(15)</b>	<b>8,804</b>	<b>8,987</b>	<b>(819)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward		871	(2,328)	14,761	<b>13,304</b>	14,123
<b>Total funds carried forward</b>		<b>1,069</b>	<b>(2,343)</b>	<b>23,565</b>	<b>22,291</b>	<b>13,304</b>

The financial statements on pages 36-59 were approved by the trustees, and authorised for issue on 9 December 2020 and are signed on their behalf by:

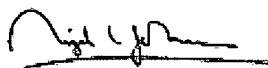
## South Gloucestershire and Stroud Academy Trust

### Balance Sheet as at 31 August 2020

Company Number 09353480

		2020	2020	2019	2019
	Note	£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	11		5		-
Tangible assets	12		23,665		14,760
			<u>23,670</u>		<u>14,760</u>
<b>Current assets</b>					
Debtors	13	165		243	
Cash at bank and in hand	23	<u>1,390</u>		<u>761</u>	
		<u>1,555</u>		<u>1,004</u>	
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	14	<u>(952)</u>		<u>(714)</u>	
<b>Net current assets</b>			<u>603</u>		<u>290</u>
<b>Total assets less current liabilities</b>			<u>24,273</u>		<u>15,050</u>
Creditors: Amounts falling due after more than one year	15		<u>(222)</u>		<u>(104)</u>
<b>Net assets excluding pension liability</b>			<u>24,051</u>		<u>14,946</u>
Defined benefit pension scheme liability	26		<u>(1,760)</u>		<u>(1,642)</u>
<b>Total net assets</b>			<u>22,291</u>		<u>13,304</u>
<b>Funds of the academy trust:</b>					
<b>Restricted funds</b>					
. Fixed asset fund	16	23,565		14,761	
. Restricted income fund	16	(583)		(686)	
. Pension reserve	16	<u>(1,760)</u>		<u>(1,642)</u>	
<b>Total restricted funds</b>			<u>21,222</u>		<u>12,433</u>
<b>Unrestricted income funds</b>	16		<u>1,069</u>		<u>871</u>
<b>Total funds</b>			<u>22,291</u>		<u>13,304</u>

The financial statements on pages 36-59 were approved by the trustees, and authorised for issue on 9 December 2020 and are signed on their behalf by:



**Nigel Johnson**  
Chair of Trustees

## South Gloucestershire and Stroud Academy Trust

### Statement of Cash Flows for the year ended 31 August 2020

	Note	2020 £000	2019 £000
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	20	<b>628</b>	109
Cash flows from financing activities	21	<b>130</b>	104
Cash flows from investing activities	22	<b>(129)</b>	-
<b>Change in cash and cash equivalents in the reporting period</b>		<b>629</b>	213
<b>Cash and cash equivalents at 1 September</b>		<b>761</b>	548
<b>Cash and cash equivalents at the 31 August</b>	23	<b>1,390</b>	761

# **South Gloucestershire and Stroud Academy Trust**

## **Notes to the Financial Statements for the year ended 31 August 2020**

### **1 Statement of Accounting Policies**

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

#### **Basis of Preparation**

The financial statements of the Academy Trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS102)), the Academies Accounts Direction 2019 to 2020 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

South Gloucestershire and Stroud Academy Trust meets the definition of a public benefit entity under FRS 102.

#### **Going Concern**

The financial statements have been prepared on a going concern basis which the trustees consider to be appropriate for the following reasons.

The trust receives funding from the Secretary of State for Education under the Academies Act 2010 in the form of a grant towards the normal running costs and capital expenditure of each of its Academies, based on projected student numbers. The amount of grant funding is determined annually by the Secretary of State.

The trustees have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements. After reviewing these forecasts, including the level of grant funding for 2020-21 changes arising from the Covid-19 pandemic and projected student numbers for 2021-22, the trustees are of the opinion that, taking account of severe but plausible downsides, the trust has adequate resources to continue to meet its liabilities over the period of 12 months from the date of approval of the financial statements (the going concern assessment period).

Consequently, the trustees are confident that the trust will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

#### **Income**

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

#### **Grants**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of meeting any performance-related conditions there is no unconditional entitlement to the income and its recognition is deferred and included in creditors as deferred income until the performance-related conditions are met. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

# **South Gloucestershire and Stroud Academy Trust**

## **Notes (continued)**

### **1 Statement of Accounting Policies (continued)**

#### **Donations**

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

#### **Other**

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

#### **Donated goods, facilities and services**

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

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

#### **Expenditure**

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

#### **Expenditure on Raising Funds**

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

#### **Charitable Activities**

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

All resources expended are inclusive of irrecoverable VAT.

#### **Intangible Fixed Assets**

Intangible assets costing £1,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably. Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

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

- Website development 5 years.

# **South Gloucestershire and Stroud Academy Trust**

## **Notes (continued)**

### **1 Statement of Accounting Policies (continued)**

#### **Tangible Fixed Assets**

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

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

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

• Freehold buildings	<b>up to 50 years</b>
• Long leasehold land	<b>length of the lease</b>
• Leasehold buildings	<b>length of the lease or useful economic life, if lower</b>
• Fixtures, fittings and equipment	<b>up to 5 years</b>
• ICT hardware	<b>up to 5 years</b>
• Motor Vehicles	<b>5 years</b>

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

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

#### **Liabilities**

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the 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.

# **South Gloucestershire and Stroud Academy Trust**

## **Notes (continued)**

### **1 Statement of Accounting Policies (continued)**

#### **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 and the assets are held separately from those of the academy trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 26, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

#### **Fund Accounting**

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

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

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

## **South Gloucestershire and Stroud Academy Trust**

### **Notes *(continued)***

#### **1 Statement of Accounting Policies *(continued)***

##### **Critical accounting estimates and areas of judgement**

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

##### *Critical accounting estimates and assumptions*

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 26, will impact the carrying amount of the pensions liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed in March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 2 Donations and capital grants

	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Capital Grant UTC	13	13	75
Funded from I & E / (Funds adjustment prior year)	38	38	(24)
Capital Grant Pegasus	11	11	4
Capital Grant Forest High School	293	293	218
Capital Grant Central	4	4	-
Donated fixed assets	9,300	9,300	200
	<b>9,659</b>	<b>9,659</b>	<b>473</b>

- As set out in Note 12, donated fixed assets relate to the acquisition of the leasehold on SGS Pegasus Free School which was donated to the academy trust at a value of £9,300k

#### 3 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
<b>DfE / EFA grants</b>				
. General Annual Grant (GAG)	-	3,832	3,832	3,624
. Pupil Premium	-	155	155	132
. Start Up Grants	-	137	137	237
. Other DfE/EFA grants	-	209	209	239
	-	4,333	4,333	4,232
<b>Other Government Funding</b>				
. Local authority funding	-	1,058	1,058	683
<b>Exceptional government funding</b>				
. Coronavirus exceptional support	-	15	15	-
	-	5,406	5,406	4,915

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

The funding received for coronavirus exceptional support covers £11k for Free School Meals and £4k for additional cleaning costs. These costs are included in notes 5 and 6.

#### 4 Other Trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2020 £000	Total 2019 £000
Hire of facilities	74	-	74	155
Other income generating activities	131	-	131	211
	<b>205</b>	<b>-</b>	<b>205</b>	<b>366</b>

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 5 Expenditure

	Staff Costs	Non Pay Expenditure		Total	Total
		Premises	Other	2020	2019
	£000	£000	£000	£000	£000
Expenditure on raising funds:					
. Direct costs	-	-	7	7	25
. Allocated support costs	-	-	-	-	-
Academy's educational operations:					
. Direct costs	2,480	-	120	2,600	2,486
. Allocated support costs	1,701	378	1,702	3,781	3,406
	<b>4,181</b>	<b>378</b>	<b>1,828</b>	<b>6,387</b>	<b>5,917</b>

Net income for the period includes:

	2020	2019
	£000	£000
Operating lease rentals	-	-
Depreciation	855	699
Fees payable to auditor for:		
- audit	21	19
- other services	4	4

#### 6 Charitable Activities

	Total	Total
	2020	2019
	£000	£000
Direct costs - raising funds	7	25
Direct costs – educational operations	2,600	2,486
Support costs – educational operations	3,781	3,406
	<b>6,387</b>	<b>5,917</b>

#### Analysis of support costs

	Educational operations	Total	Total
	2020	2020	2019
	£000	£000	£000
Support staff costs	1,701	1,701	1,467
Depreciation	855	855	699
Technology costs	43	43	42
Premises costs	378	378	406
Other support costs	804	804	792
<b>Total support costs</b>	<b>3,781</b>	<b>3,781</b>	<b>3,406</b>

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 7 Staff

##### a. Staff costs

Staff costs during the period were:

	<b>Total</b>	<b>Total</b>
	<b>2020</b>	<b>2019</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>2,952</b>	2,788
Social security costs	<b>282</b>	261
Pension costs	<b>856</b>	575
	<b>4,090</b>	<b>3,624</b>
Supply staff costs	<b>79</b>	112
Other staff costs	<b>8</b>	19
Staff restructuring costs	<b>3</b>	-
	<b>4,181</b>	<b>3,755</b>

##### b. Staff numbers

The average number of persons employed by the academy during the period was as follows, excluding Invigilator and Supply Staff:

	<b>Headcount</b>		<b>Full Time Equivalent</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Teachers	40	40	38	38
Administration and support	60	59	40	40
Management	13	14	9	11
	<b>113</b>	<b>113</b>	<b>87</b>	<b>89</b>

Management includes Trust management, Head Teachers and Deputy Head Teachers.

##### c. Higher paid staff

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

	<b>2020</b>	<b>2019</b>
	<b>No.</b>	<b>No.</b>
£60,001 - £70,000	1	-
£70,001 - £80,000	1	-
£80,001 - £90,000	2	2

##### d. Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 3. The total amount of employee benefits (excluding employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £116,652 (2019: £113,529).

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 8 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment.

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

Chief Executive Officer

- . Remuneration £20,550 (2019: £20,000)
- . Employer's pension contributions paid £2,087 (2019: £0)

During the period ended 31 August 2020, travel and subsistence expenses totalling £409 were reimbursed or paid directly to 2 trustees (2019: £395).

Other related party transactions involving the trustees are set out in note 27.

#### 9 Trustees' and Officers' Insurance

The trust participates in the Department for Education's Risk Protection Arrangement (RPA). The RPA is not an insurance scheme but is a mechanism through which the costs of risks that materialise from 1 September 2014 will be covered by government funds. The scheme includes governors liability expense for £10,000, any one claim and the cost for the period ended 31 August 2020 was included within the charge for the whole scheme of £11,916 (2019: £11,235).

#### 10 Central Services

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

- Recruitment and Human Resources
- Finance Services
- Premises Support
- Executive Headship
- Educational Support

The Trust charges a maximum of 4.9% of General Annual Grant.

The actual amounts charged during the year were as follows:

	2020	2019
	£000	£000
Forest High School	90	88
Pegasus	23	20
Berkeley UTC	79	77
	<u>192</u>	<u>185</u>

**South Gloucestershire and Stroud Academy Trust**  
**Notes (continued)**

**11 Intangible Fixed Assets**

	2019/20		
	Assets under Construction	Website	Total
	£000	£000	£000
<b>Cost</b>			
At 1 September 2019	1	-	1
Additions	-	5	5
Transfers	(1)	1	-
At 31 August 2020	-	6	6
<b>Depreciation</b>			
At 1 September 2019	-	-	-
Charged in year	-	1	1
At 31 August 2020	-	1	1
<b>Net book values</b>			
At 31 August 2019	1	-	1
At 31 August 2020	-	5	5

**12 Tangible Fixed Assets**

	2019/20						
	Freehold Land and Buildings	Leasehold Land and Buildings	Assets under Construction	Furniture and Equipment	Computer Hardware	Motor Vehicles	Total
	£000	£000	£000	£000	£000	£000	£000
<b>Cost</b>							
At 1 September 2019	5,000	11,668	260	136	755	28	17,849
Additions	-	9,300	429	20	10	-	9,759
Transfers	581		(581)				-
At 31 August 2020	5,581	20,968	108	156	765	28	27,608
<b>Depreciation</b>							
At 1 September 2019	2,208	452	-	63	338	28	3,089
Charged in year	325	364		27	139		855
At 31 August 2020	2,533	816	-	90	477	28	3,944
<b>Net book values</b>							
At 31 August 2019	2,792	11,216	261	73	417	-	14,759
At 31 August 2020	3,048	20,152	108	67	288	-	23,665

The academy trust's transactions relating to land and buildings included:

- the acquisition of the leasehold on SGS Pegasus Free School which was donated to the academy trust at a value of £9,300k

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 13 Debtors

	2020	2019
	£000	£000
Trade debtors	-	47
VAT recoverable	48	66
Prepayments and accrued income	117	130
	<b>165</b>	<b>243</b>

#### 14 Creditors: Amounts Falling due within one year

	2020	2019
	£000	£000
Trade creditors	92	27
Other taxation and social security	188	161
Accruals	120	164
Deferred income	208	352
Loans	12	-
Bursary and DoE	16	10
ESFA Creditor: abatement of GAG	316	-
	<b>952</b>	<b>714</b>

	2020	2019
	£000	£000
<b>Deferred Income</b>		
Deferred Income at 1 September	352	434
Released from previous years	(341)	(98)
Resources deferred in the year	197	16
Deferred Income at 31 August	<b>208</b>	<b>352</b>

Loans totalling £233,694.50 from the Department for Education by way of urgent capital support which is provided on the following terms:

- Forest High School Roofing project £103,629.50 repayable over 10 years at Public Works Loan Board interest rate
- Forest High School Fire Proofing Works project £130,065.00 repayable over 10 years at Public Works Loan Board interest rate at 2.31%

#### 15 Creditors: Amounts Falling due after more than one year

	2020	2019
	£000	£000
Loans repayable over a 10 year term	<b>222</b>	<b>104</b>

Loans totalling £233,694.50 from the Department for Education by way of urgent capital support which is provided on the following terms:

- Forest High School Roofing project £103,629.50 repayable over 10 years at Public Works Loan Board interest rate at 2.29%. Loan repayments of £960.04 per calendar month to commence 6 months following completion of project and will be made through an abatement of revenue funding paid to the academy trust.
- Forest High School Fire Proofing Works project £130,065.00 repayable over 10 years at Public Works Loan Board interest rate at 2.31%. Loan repayments of £1,220.57 per calendar month to commence 6 months following completion of project and will be made through an abatement of revenue funding paid to the academy trust.

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 16 Funds

	Balance at 1 September 2019 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2020 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(686)	3,832	(3,729)	-	(583)
Start Up Grant	-	137	(137)	-	-
Pupil Premium	-	155	(155)	-	-
Other DfE Grants	-	209	(209)	-	-
LEA Funding	-	1,058	(1,058)	-	-
Coronavirus exceptional support	-	15	(15)	-	-
Pension reserve	(1,642)	-	(222)	104	(1,760)
	<b>(2,328)</b>	<b>5,406</b>	<b>(5,526)</b>	<b>104</b>	<b>(2,343)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion UTC	1,186	-	-	-	1,186
DfE/EFA capital grants - UTC	10,256	13	(369)	-	9,900
Capital expenditure from Unrestricted Reserves - FHS	21	38	-	-	59
Transfer on conversion FHS	3,468	-	-	-	3,468
DfE/EFA capital grants - FHS	(402)	293	(338)	-	(447)
DfE/EFA capital grants - PEG	32	11	(147)	-	(104)
Donated fixed assets - Transfer of Land, Pegasus	200	9,300	-	-	9,500
DfE/EFA capital grants - CEN	-	4	(1)	-	3
	<b>14,761</b>	<b>9,659</b>	<b>(855)</b>	<b>-</b>	<b>23,565</b>
<b>Total restricted funds</b>	<b>12,433</b>	<b>15,065</b>	<b>(6,380)</b>	<b>104</b>	<b>21,222</b>
<b>Total unrestricted funds</b>	<b>871</b>	<b>205</b>	<b>(7)</b>	<b>-</b>	<b>1,069</b>
<b>Total funds</b>	<b>13,304</b>	<b>15,270</b>	<b>(6,387)</b>	<b>104</b>	<b>22,291</b>

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

Restricted general funds are held to be applied to delivering, developing and supporting Educational Activities. These funds constitute the balance of unspent grants received from the ESFA and other funding bodies which were received to deliver, develop and support educational activities as set out in the applicable funding agreements

Restricted fixed asset funds are held to be applied to meet the costs of writing down assets purchased using grants for specific purposes and assets transferred from other organisations with restrictions attached.

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

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 16 Funds (cont)

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

	Balance at 1 September 2018 £000	Income £000	Expenditure £000	Gains, losses and transfers £000	Balance at 31 August 2019 £000
<b>Restricted general funds</b>					
General Annual Grant (GAG)	(619)	3,624	(3,691)	-	(686)
Start Up Grant	-	237	(237)	-	-
Pupil Premium	103	132	(235)	-	-
Other DfE Grants	-	239	(239)	-	-
LEA Grants	-	683	(683)	-	-
Pension reserve	(879)		(107)	(656)	(1,642)
	<b>(1,395)</b>	<b>4,915</b>	<b>(5,192)</b>	<b>(656)</b>	<b>(2,328)</b>
<b>Restricted fixed asset funds</b>					
Transfer on conversion UTC	1,186	-	-	-	1,186
DfE/EFA capital grants - UTC	10,567	51	(362)	-	10,256
Capital expenditure from Unrestricted Reserves - UTC	21	-	-	-	21
Transfer on conversion FHS	3,468	-	-	-	3,468
DfE/EFA capital grants - FHS	(292)	218	(328)	-	(402)
DfE/EFA capital grants - PEG	37	4	(9)	-	32
Donated fixed assets - Transfer of Land, Pegasus	-	200	-	-	200
	<b>14,987</b>	<b>473</b>	<b>(699)</b>	<b>-</b>	<b>14,761</b>
<b>Total restricted funds</b>	<b>13,593</b>	<b>5,388</b>	<b>(5,891)</b>	<b>(656)</b>	<b>12,433</b>
<b>Total unrestricted funds</b>	<b>530</b>	<b>366</b>	<b>(25)</b>	<b>-</b>	<b>871</b>
<b>Total funds</b>	<b>14,123</b>	<b>5,754</b>	<b>(5,916)</b>	<b>(656)</b>	<b>13,304</b>

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 16 Funds (continued)

##### Analysis of academies by fund balance

Fund balances at 31 August were allocated as follows:

	Total 2020 £000	Total 2019 £000
Forest High School	(279)	(290)
Pegasus Free School	483	209
UTC academy	123	189
Central services	159	77
Total before fixed assets and pension reserve	486	185
Restricted fixed asset fund	23,565	14,535
Pension reserve	(1,760)	(1,642)
<b>Total</b>	<b>22,291</b>	<b>13,078</b>

##### Analysis of academies by cost

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	Total 2020 £000	Total 2019 £000
Forest High School	1,222	301	123	354	2,000	2,160
Pegasus Free School	851	80	56	132	1,119	913
UTC Academy	1,050	139	194	383	1,766	1,771
Central services	-	346	1	78	425	375
<b>Academy Trust</b>	<b>3,123</b>	<b>866</b>	<b>374</b>	<b>947</b>	<b>5,310</b>	<b>5,219</b>

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 17 Analysis of Net Assets between Funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	Total Funds 2020
	£000	£000	£000	£000
Intangible fixed assets	-	-	5	5
Tangible fixed assets	-	-	23,665	23,665
Current assets	1,069	486	-	1,555
Current liabilities	-	(952)	-	(952)
Non-current liabilities	-	(118)	(104)	(222)
Pension scheme liability	-	(1,760)	-	(1,760)
<b>Total net assets</b>	<b>1,069</b>	<b>(2,343)</b>	<b>23,565</b>	<b>22,291</b>

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

	Unrestricted Funds	Restricted General Funds	Restricted Fixed Asset Funds	2019
	£000	£000	£000	£000
Tangible fixed assets	-	-	14,760	14,760
Current assets	871	133	-	1,004
Current liabilities	-	(714)	-	(714)
Non-current liabilities	-	(104)	-	(104)
Pension scheme liability	-	(1,642)	-	(1,642)
<b>Total net assets</b>	<b>871</b>	<b>(2,327)</b>	<b>14,760</b>	<b>13,304</b>

#### 18 Capital Commitments

	2020	2019
	£000	£000
Contracted for, but not provided in the financial statements	258	-

#### 19 Commitments under operating leases

##### Operating Leases

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

	2020	2019
	£000	£000
Amounts due within one year	-	-
Amounts due between one and five years	14	18
Amounts due after five years	-	-
	<b>14</b>	<b>18</b>

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

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

	2020	2019
	£000	£000
Net Expenditure for the reporting period (as per the statement of financial activities)	8,883	(163)
Adjusted for:		
Depreciation charges (note 11)	855	699
Capital grants from DfE and other capital income	(9,659)	(473)
Defined benefit pension scheme cost less contributions payable (note 26)	192	82
Defined benefit pension scheme finance cost (note 26)	30	25
Decrease in debtors	78	175
Increase/(Decrease) in creditors	249	(236)
<b>Net cash provided by Operating Activities</b>	<b>628</b>	<b>109</b>

#### 21 Cash flows from Financing Activities

Cash inflows from new borrowing	130	104
<b>Net cash provided by financing activities</b>	<b>130</b>	<b>104</b>

#### 22 Cash flows from Investing Activities

	2020	2019
	£000	£000
Purchase of tangible fixed assets	(445)	(297)
Purchase of intangible fixed assets	(5)	-
Capital grants from DfE/ESFA	321	297
<b>Net cash used in investing activities</b>	<b>(129)</b>	<b>-</b>

#### 23 Analysis cash and cash equivalents

	At 31 August 2020 £000	At 31 August 2019 £000
Cash in hand and at bank	1,390	761
<b>Total cash and cash equivalents</b>	<b>1,390</b>	<b>761</b>

#### 24 Analysis of changes in net debt

	At 1 September 2019 £000	Cash Flows £000	At 31 August 2020 £000
Cash	761	629	1,390
Loans falling due within one year	0	(12)	(12)
Loans falling due after more than one year	(104)	(118)	(222)
<b>Total</b>	<b>657</b>	<b>499</b>	<b>1,156</b>

## **South Gloucestershire and Stroud Academy Trust**

### **Notes (continued)**

#### **25 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.

#### **26 Pension and Similar Obligations**

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

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

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

##### **Teachers' Pension Scheme**

###### **Introduction**

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

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

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2016 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 5 March 2019. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 23.68% of pensionable pay (including a 0.08% employer administration charge)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218.1 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £196.1 billion, giving a notional past service deficit of £22.0 billion.
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- The assumed real rate of return is 2.4% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.2%. The assumed nominal rate of return is 4.45%.

During the year the employer contribution rate was 23.68% The TPS valuation for 2016 determined an employer rate of 23.68% from September 2019, which will be payable during the implementation period until the next valuation, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2023.

The employer pension contribution paid to TPS in the period amounted to £424,803 (2019: £277,791)

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 26 Pension and Similar Obligations (continued)

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

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

#### Local Government Pension Scheme

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

The total contribution made for the year ended 31 August 2020 was £255,000 (2019: £249,000), of which employer's contributions totalled £205,000 (2019: £203,000) and employees' contributions totalled £50,000 (2019: £46,000). The agreed contribution rates for future years are 30.2% per cent for employers and 5.5% to 12.5% per cent for employees.

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

Principal Actuarial Assumptions	At 31 August 2020	At 31 August 2020	At 31 August 2019	At 31 August 2019
	*	**	*	**
Rate of increase in salaries	2.53%	3.80%	2.60%	3.50%
Rate of increase for pensions in payment/inflation	2.23%	2.40%	2.30%	2.10%
Discount rate for scheme liabilities	1.70%	1.80%	1.87%	1.80%
Commutation of pensions to lump sums pre-April 2008 service	35.00%		35.00%	
Commutation of pensions to lump sums post-April 2008 service	68.00%		68.00%	

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

	At 31 August 2020	At 31 August 2020	At 31 August 2019	At 31 August 2019
	*	**	*	**
<i>Retiring today</i>				
Males	21.7	23.2	22.4	23.7
Females	23.9	25.3	24.6	26.2
<i>Retiring in 20 years</i>				
Males	22.4	24.7	24.0	26.3
Females	25.3	27.3	26.4	29.0

\* Berkeley UTC, Central and Forest High

\*\* Pegasus

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

	Fair value at 31 August 2020	Fair value at 31 August 2019
	£000	£000
Equity instruments	1,330	1,173
Bonds	450	457
Property	169	147
Cash	144	52
<b>Total market value of assets</b>	<b>2,093</b>	<b>1,829</b>

The actual return on scheme assets was -£108,000. (2019: £64,000).

# **South Gloucestershire and Stroud Academy Trust** **Notes (continued)**

## **26 Pension and Similar Obligations (continued)**

### **Amounts recognised in the statement of financial activities**

	2020	2019
	£000	£000
Current service cost (net of employee contributions)	(192)	(82)
Interest Cost	(30)	(25)
Actuarial gain/(loss)	104	(656)
Total operating charge	<u>(118)</u>	<u>(763)</u>

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

	2020	2019
	£000	£000
<b>At 1 September</b>	<b>3,530</b>	<b>2,449</b>
Current service cost	395	284
Interest cost	67	72
Employee contributions	50	46
Actuarial (loss)/gain	(157)	717
Benefits paid	(32)	(38)
Business Combinations	-	-
<b>At 31 August</b>	<b><u>3,853</u></b>	<b><u>3,530</u></b>

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

	2020	2019
	£000	£000
<b>At 1 September</b>	<b>1,888</b>	<b>1,570</b>
Interest income	37	47
Actuarial (loss)/gain	(53)	61
Administration expenses	(2)	(1)
Employer contributions	205	203
Employee contributions	50	46
Benefits paid	(32)	(38)
Business Combinations	-	-
<b>At 31 August</b>	<b><u>2,093</u></b>	<b><u>1,888</u></b>

### **Defined benefit pension scheme liability**

	<u>(1,760)</u>	<u>(1,642)</u>
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On 26 October 2018, the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits, "GMP". The Government will need to consider this outcome in conjunction with the Government's recent consultation on GMP indexation in public sector schemes before concluding on any changes required to LGPS schemes.

## South Gloucestershire and Stroud Academy Trust

### Notes (continued)

#### 27 Related Party Transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the 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.

The members of the Trust include South Gloucestershire and Stroud College (the College) and the College's Chairman D Hagg (replaced M Pascoe during the year). The trustees of the trust include the Chief Executive Officer of the College who is also appointed as the Chief Executive Officer of the Academy Trust and Phil Eames who is Governor of SGS College corporation.

#### Expenditure Related Party Transactions:

South Gloucestershire and Stroud College:

- The Academy was charged £102,718 including VAT (2019 - £86,002) for salary recharges.
- The Academy was charged £108,424 including VAT (2019 - £78,271) for the Service Level Agreements and reimbursements.

The above £102,718 and £108,424 have been provided 'at no more than cost' and the College has provided a statement of assurance confirming this.

The initial contract with SGS College was agreed prior to 1 April 2019, thus the transaction was not in scope of the Department for Education's approval requirement for related party transactions agreed on or after 1 April 2019, as described at section 5.41 of the Academies Financial Handbook.

The contract with SGS College was renewed for a period of 3 years effective 1 September 2020. Approval for this transaction was sought on 29 July 2020 using the Education and Skills Funding Agency's online form and the transaction was approved 23 September 2020.

Commercial Services Ltd (CSL)

- The Academy was charged £18,564 including VAT for staff recharges (2019 : £34,493)

Income Related Party Transactions:

South Gloucestershire and Stroud College:

- The Academy charged £ nil for salary recharges (2019 £26,748)
- The Academy charged £843 for other recharges and reimbursements (2019 £8,478)

In entering into the transactions the trust has complied with the requirements of ESFA's Academies Financial Handbook 2019.

## **South Gloucestershire and Stroud Academy Trust**

### **Notes *(continued)***

#### **28 Agency Arrangements**

##### **Statement of Accounting Policies - Agency Arrangements**

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the academy trust does not have control over the charitable application of the funds. The academy trust can use up to 5% of the allocation towards its own administration costs, where applied this would be recognised in the statement of financial activities.

##### **Funds received and paid and balances held**

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the academy trust received £16,843 plus £4,000 for vulnerable students' bursary and disbursed £14,079 from the fund. An amount of £5,900 is included in other creditors relating to undistributed funds that is repayable to ESFA.

Comparatives for the accounting period ending 31 August 2019 are £10,406 received, £6,825 disbursed and £3,581 included in other creditors.