

Company Registration No. 09630999 (England and Wales)

TEES VALLEY EDUCATION
(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2020



TEES VALLEY EDUCATION

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TEES VALLEY EDUCATION

REFERENCE AND ADMINISTRATIVE DETAILS

Members

R Hodges
N Newell
A Smith

Trustees

J A Brine (Chairman)
K E Morley (CEO, Accounting Officer and staff trustee)
H D Dudiak (Appointed 26 September 2019)
R J Hodges
P R D Scott (Resigned 4 November 2020)
P J Swalwell
A T Taylor
J E Vickers (Resigned 12 December 2019)
D C Jackson (Appointed 30 September 2020)
C Jones (Appointed 14 September 2020)
C J Weldon (Appointed 12 December 2019)
C P Zarraga (Appointed 1 January 2020)

Senior management team

| | |
|---|-----------|
| - CEO and Executive Head Teacher | K Morley |
| - Head of Academy (Pennyman Primary - Resigned August 2020) | K Barkley |
| - Acting Head of Academy (Pennyman Primary from - May 2020) | D Fawcett |
| - Head Teacher (Discovery Special Academy) | J Duncan |
| - Head Teacher (Brambles Primary) | K Gleave |
| - Executive Head Teacher (Wilton and Dormanstown Primary) | A Hill |
| - Trust Business and Resource Manager | E Chawner |

Company secretary

E Chawner

Company registration number

09630999 (England and Wales)

Registered office

Fulbeck Road
Netherfields
Middlesbrough
TS3 0QS

Academies operated

Brambles Primary Academy
Discovery Special Academy
Dormanstown Primary Academy
Pennyman Primary Academy
Wilton Primary Academy

Location

Middlesbrough
Middlesbrough
Redcar
Middlesbrough
Middlesbrough

Principal

K Gleave
J Duncan
A Hill
K Barkley
A Hill

TEES VALLEY EDUCATION

REFERENCE AND ADMINISTRATIVE DETAILS

| | |
|----------------------------|---|
| Independent auditor | Azets Audit Services Wynyard Park House Wynyard Avenue Wynyard Billingham TS22 5TB |
| Bankers | Lloyds Bank plc 5th Floor 102 Grey Street Newcastle upon Tyne NE1 6AG |
| Solicitors | Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF |

TEES VALLEY EDUCATION

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 01 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a directors' report under company law.

The Trust operates five primary academies: Brambles, Discovery Special Academy, Dormanstown, Pennyman and Wilton (two of which have substantial sized designated SEND units for a range of significant and complex medical, learning, physical and communication needs) for pupils aged 3 to 11. All academies serve communities in the North East of England (Middlesbrough and Redcar and Cleveland). The Trust has a pupil capacity of 1158 and had a roll of 1035 in the school census on May 2019. Due to COVID-19, the Department for Education (DfE) cancelled May 2020 census, to help reduce the burden on educational and care settings, and its agencies. The most up to date data of pupils on roll was captured in March 2020 of 1132.

Structure, governance and management

Constitution

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

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

Members' liability

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

Trustees' indemnities

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

Method of recruitment and appointment or election of trustees

The members entitled to appoint the Trustees are: Sister A Smith, R Hodges and N Newell. The strategic skill set of any potential new Trustee is determined in advance of advertising. The Trust utilise Academy Ambassadors, its own website, social media and professional platforms including word of mouth at regional meetings to advertise Trustee vacancies. Members undertake the appointment process and elect the most suitable candidate(s) to the Trust Board. Each appointment is for a period of up to four years. However, should a Trustee wish to remain, subject to them remaining eligible, any Trustee may be re-elected.

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

Trustees appoint chairs of local academy committees (LAC) for each academy, which operate according to the Trust's scheme of delegation. During 2019 Pennyman Primary Academy appointed a chair to the LAC's vacancy held in 2018/2019. In addition, Brambles Primary Academy LAC chair resigned during 2019/2020 to focus on their role as a Trustee and the Trust was successful in appointing a new chair within the same year. A Trustee currently chairs Wilton Primary Academy, and a serving Member chairs Dormanstown Primary Academy.

The term of office for any local academy committee member will be up to two academic years, with the exception of the Executive Head Teacher, Head Teacher or Head of Academy. Any member can apply to be re-appointed or re-elected, subject to remaining eligibility criteria.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Policies and procedures adopted for the induction and training of trustees

Induction is undertaken as and when required and tailored specifically to the individual. An additional full day training session is held with all Trustees, Members and local academy committee chairs annually. Other training is conducted as necessary and planned dependent upon the Trustees role and legislative changes.

Organisational structure

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

The Trust has completed aligning its leadership structure during 2019/2020. There are different layers of leadership and management within Tees Valley Education with clear divisions of accountability and responsibility.

- Trust Board: The Trust Board retain ultimate accountability and responsibility for the operation of the Trust. Trust Board may delegate decision making to subcommittees in line with the Trust's scheme of delegation
- Chief Executive Officer: has delegated operational responsibility for the leadership and management of the Trust.
- Executive Head Teacher: is a Head Teacher who is responsible for more than one academy and provides support and leadership to all academies within their delegated remit, the associated Local Authorities and other strategic boards
- Head Teacher: is the most senior teacher and leader of a school, responsible for the education of all pupils, management of staff, and for school policy making
- Heads of Academy: are to provide strong operation academic leadership and management of the individual academies.

All Trustees and members are provided with copies of the strategic risk register, policies, procedures, minutes, accounts, budgets, plans and other documents that they need to undertake their role. As part of their responsibility to undertake due diligence, they are also, on occasion, part of operational processes and verbally report back to the Trust Board.

Arrangements for setting pay and remuneration of key management personnel

Tees Valley Education has a pay policy which details the arrangements for setting all employees' pay and remuneration. The Trust undertook a support staff pay review and realignment. All NJC support staff across the Trust were consulted on and then aligned to the Trust's recognised term time only formula. In addition, the Trust has aligned its pay award dates, for this group of staff, to every April following nation-wide typicality. All Trust staff are now on a recognised NJC support staff pay spine or standard teacher's pay and conditions (STPCD). This includes the Head Teachers who are paid in accordance with the group size of the school following national formulae. The Chief Executive Officer salary was set using extensive benchmarking data and in accordance with ESFA's guidance for academies on setting executives' pay.

Trade union facility time

Each academy within the Trust pays into a local agreement for trade union facility time despite the fact, that none of its current employees undertake this role personally. This is paid in agreement with the Local Authorities the academies are situated, namely Middlesbrough and Redcar & Cleveland.

Related parties and other connected charities and organisations

The Directors of Tees Valley Education do not have any related parties, other connected charities and organisations to report.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Objectives and activities

Objects and aims

The principle aim of Tees Valley Education is to provide an excellent education and pastoral service for all of its children, thus improving their life chances and future opportunities. This is reflected in the Trust's motto of:

'We are what we repeatedly do. Excellence, therefore, is not an act, but a habit.' Aristotle

Each academy provides an inclusive education for children regardless of gender, ability, ethnicity, race, religion or additional needs. Typically, cohorts are comprised of children drawn from the housing area in which the academy is situated. However, those children attending Discovery Special Academy and the designated SEND units, at Pennyman and Dormanstown, are from across the Local Authorities of Middlesbrough and Redcar & Cleveland.

The attributes and behaviours underpinning the culture at Tees Valley Education are encapsulated by the Tees Valley Education Diamond Standards. This acknowledges that we are all diamonds: none of us start off polished, but with the right environment, time, support and development we become brilliant.

The 4 C's which were invented by the children, staff and communities are:

- Commitment: To achieve, succeed and create the best life and future.
- Curiosity: Be inquisitive, be brave and learn.
- Courage: To face our challenges and the unknown.
- Care: For ourselves, each other and our communities.

Due to these standards meaning something to all of the TVEd community, we are proud to announce that in 2019-2020 there were 61 diamond standard awards, awarded to a mixture of children, staff, families and parents. Due to COVID-19 the Trust was unable to host the traditional face to face celebration event at the end of year. However, this was adapted to an online celebration event and ensured that all of the overall winners received their engraved glass trophies for each of the 4C's. We also celebrated all of these achievements in the Trust's termly and end of year newsletters.

Tees Valley Education has ongoing strategic objectives of:

- Developing every academy to be an inclusive centre of excellence for teaching, learning, curriculum, pastoral and wellbeing
- Rapidly improving the digital strategy across the Trust and the online / blended curriculum offer for all
- Attracting, retaining and actively developing staff from all areas of the Trust to build the capacity for excellence, innovation and optimisation across the Trust
- Contributing to a local core offer for children with a range of SEND as well as lobbying at a local, regional and national level for their recognition, voice and rights
- Champion inclusivity and develop professional and parental networks to support this and the delivery of the free school - Discovery Special Academy
- Ensuring excellent value for money for all children through mapping an intelligent model of ICFP for formal, semi-formal and informally taught children (Mainstream, Specialist Unit and Special provision)

The Trust are working in close partnership with Ambition Institute, Teesside University and Apple to further develop the core offer to staff, the children and their community.

The academies within the Trust play a significant role within their community and work with community safety partnerships and other local groups. These partnerships raise awareness of keeping ourselves and each other safe, and to support the most vulnerable families with food, clothing, and access to basic life necessities. Working jointly as part of a wider community, has never been more important than during 2019/2020 due to COVID-19. This has been especially so in relation to basic but fundamental poverty proofing and welfare support. The Trust and its academies have worked with organisations such as Greggs Foundation, Teesside Philanthropic Society, Teesside Family Foundation, local Sainsbury's stores, Middlesbrough Football Club and the Ladies of Steel in Redcar and Cleveland to name a few to ensure access to food, fuel and basic requirements including housing could be supported.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Trustee's and Members receive updates as part of the Trusts governance arrangements throughout the year on the progress against its objectives. However, due to COVID-19 from the national lockdown (20 March 2020), the Trustees stepped down the sub-committees of the Trust Board as well as the LACs, to recognize the immense workload in staying open every day from that point in time, including bank holidays and all school holidays, had on staff. Instead, full Trust Boards were held more frequently and from June 2020, Trustees also agreed to establish a short term Covid task and finish group with three Trustees who met on a fortnightly basis. Their remit was to review the national and local decisions that influenced or changed the local offer of the Trust as well as updating and reviewing the Trust's strategic risk register and business continuity planning. As the pandemic has continued into 2020/2021 academic year, it has been necessary to continue with the task and finish group. This is in addition to reverting back to all of the typical business running including the Trust's subcommittees and all academy LAC engagement.

Public benefit

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

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

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

Strategic report

Achievements and performance

Key Academy Statistics 2019-2020

The figures for each of the academies listed in the table below are correct as of March 2020.

| Academy | Children on roll/capacity* | Nursery Children on roll | Teachers (FTE) | Teaching Assistants (FTE) | Date of Conversion | Ofsted Rating/Date |
|-------------|----------------------------|--------------------------|----------------|---------------------------|--------------------|---------------------------|
| Brambles | 285/315 | 47 | 21.6 | 7.8 | September 2016 | Outstanding February 2019 |
| Discovery | 45/48 | 0 | 6.0 | 12.7 | September 2018 | N/A |
| Dormanstown | 227/289 | 51 | 16.8 | 10.0 | September 2016 | Good July 2015 |
| Pennyman | 355/440 | 63 | 23.3 | 24.1 | September 2016 | Good June 2017 |
| Wilton | 50/84 | 9 | 3.7 | 2.7 | August 2018 | Good January 2013 |
| Trust | 962/1176 | 170 | 71.4 | 57.3 | N/A | N/A |

*excluding nursery

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Attendance 2019-2020

| Academy | Pupils (%) | Teaching Staff (%) | Support Staff (%) |
|-------------|------------|--------------------|-------------------|
| Brambles | 92.8 | 94.1 | 98.8 |
| Discovery | 93.3 | 97.8 | 98.7 |
| Dormanstown | 94.8 | 98.0 | 96.1 |
| Pennyman | 93.9 | 98.0 | 98.5 |
| Wilton | 93.8 | 99.3 | 99.7 |

Pupil Exclusions

| Academy | Fixed Term | Permanent |
|-------------|------------|-----------|
| Brambles | 2 | 0 |
| Discovery | 0 | 0 |
| Dormanstown | 14 | 0 |
| Pennyman | 16 | 1 |
| Wilton | 0 | 0 |

SEND

| Academy | EHCPs | SEN Support | Trust Total |
|-------------|-------|-------------|-------------|
| Brambles | 4 | 65 | 69 |
| Discovery | 45 | 0 | 45 |
| Dormanstown | 26 | 39 | 65 |
| Pennyman | 43 | 44 | 87 |
| Wilton | 3 | 12 | 15 |

Whilst there were nearly two full terms of formal teaching provision within the academic year 2019-20, there are no nationally recognised benchmarks for data capture to publish due to the cancellation of all public examinations and recognised data captures for Primary aged children in England. Trust wide, internal, baselining of data was gathered in September 2020 upon all children's formal return to full time education. This will be utilised to assess progress within the academic year 2020-21. At Tees Valley Education this was done on National Curriculum measures for all formally taught children (mainstream) and with PIVATs and CASPA generated targets, for those accessing specialist unit provision or special school.

As an effect of COVID-19 and the national lockdown, only vulnerable children and the children of key workers could attend throughout the end of March to Monday 1st June. All academies at Tees Valley Education stayed open to the maximum number of children throughout this time period, including all school holidays and bank holidays too. Additionally, staff were deployed to undertake door step welfare and vulnerable children visits to the family home, distribute food, gave out and took a range of continuous learning resources, as well as offering advice and guidance to support with family and child welfare and pastoral needs. From the 1st June 2020, the maximum number of children who could fit into a 4m2 space were brought back into the academies and all academies stayed open throughout some or all of the summer holiday period, in order to ensure that provision for some of the most disadvantaged children in the country, including those with complex and significant SEND, could be supported.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

COVID Response: Overview Data

| Pupil Numbers: Safeguarding Category | March (20.3.2020) | May (29.5.2020) | July (15.7.2020) |
|---|----------------------|--------------------|---------------------|
| Pupils within social care arena, or under assessment by social care | 140 | 151 | 168 |
| Families receiving Early Help agency support or academy support | 101 | 147 | 171 |
| Total receiving intervention and support | 241 | 298 | 339 |
| Pupils in private fostering or special guardianship arrangement | 25 | 25 | 24 |
| Number of extremely vulnerable pupils attending on a regular basis | 27 | 53 | |

| Community Provision | March (20.3.2020) | May (29.5.2020) | July (15.7.2020) |
|---|----------------------|--------------------|---------------------|
| Average weekly home visits and telephone calls | 480 | 440 | 413 |
| Average daily packed lunch uptake | 308 | 134 | 68 |
| | | | |
| Number of families accessing government Edenred voucher system | 458 | | |
| Funding secured from outside the education system to support families | £4680 | | |

| Staffing | March (20.3.2020) | May (29.5.2020) | July (15.7.2020) |
|--|----------------------|--------------------|---------------------|
| Internal staff deployed to support safeguarding and welfare agenda | 19 | 27 | 27 |

Since the beginning of the COVID pandemic, a further 28 families are now in the social care area, with an additional 70 requiring early help or academy support. All of these families have received at least a weekly telephone call and visit from staff, highlighting the priority and staffing commitment the Trust places on supporting vulnerable families.

Since June, and in line with government guidance, our academies have been able to invite more children back into the academy. This is reflected in the data for pupils attending on a regular basis, and also gives explanation to the reduction in the average packed lunch uptake as more children are now receiving meals in school, as well as continuing to receive government food vouchers.

Whilst more vulnerable children are attending, Trust staff have continued to carry out a significant number of home visits. The reduction in number is reflective of increased attendance however, it is important to note that where there are concerns for parent and wider family welfare, home visits are still being carried out.

The impact of COVID-19 on safeguarding and welfare has been significant, with so many families requiring a range of academy and wider agency support. This increase, along with the lost learning of all children, will undoubtedly impact on standards, for which initial data will be reported in the autumn term. Considering evidence and impact to date of COVID-19, Safeguarding and Welfare will be part of the Trust key strategic risk register moving forward into 2020-2021.

A letter from the ESFA Chief, Baroness Berridge was sent to the CEO recognising and congratulating the considerable efforts that the Trust had gone to in order to support the children, their families and the community throughout this period.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Safeguarding Report

At Tees Valley Education, there is a rigorous commitment to ensuring all statutory safeguarding requirements are in place to ensure that we are effective in our safeguarding duty. Alongside this, there is a passion for ensuring excellence for our communities and therefore safeguarding and welfare is a strategic priority, with our practice a unique selling point of the trust offer.

This report provides an annual review of strategic development for 2019-2020, associated impact and considerations for 2020-2021.

Audit Overview

| <u>External Safeguarding Audit (conducted by Safeguarding First)</u> | <u>Internal TVED safeguarding Audit (conducted by Trust safeguarding Lead *)</u> |
|--|--|
| Discovery Special Academy Wilton Primary Academy | Brambles Primary Academy Dormanstown Primary Academy Pennyman Primary Academy *Audits completed under COVID restrictions via discussion through academy audit framework at social distance. |

All academies complete a rigorous audit tool on an annual basis which is in line with current KCSIE document. This year both Discovery have had an external audit completed by safeguarding first, with the other academies receiving an internal audit conducted by the trust Safeguarding Lead (TSL) and DSL's within the trust.

The audit tool addresses the five elements of the Trust safeguarding policy and academy leaders were quality assured against their judgements. External audits took place over a half day visit which included a review of systems and procedures, monitoring of associated safeguarding paperwork and internal and external site walks. A range of stakeholders were spoken to as part of the process in order to gain an overview of the effectiveness of safeguarding throughout the academies and wider trust.

Internal audits, as highlighted above, were conducted within COVID arrangements, and were therefore a professional dialogue around their self-evaluation of the audit tool.

All audits were successful, with an exceptionally strong culture of safeguarding evident in each academy. Pupils, staff and parents spoke confidently about how to keep themselves and each other safe and systems and processes in academies were robust in order to safeguard the trust community.

All academies were in line with statutory expectations and therefore deemed as effective under the Ofsted framework. The trust views safeguarding and welfare as a significant priority and therefore all academies had identified areas for development in order to ensure the highest level of excellence.

These strengths and areas for development are led and managed within academies at an operational level, and will be discussed at trust safeguarding meetings in order to share best practice across the trust.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Please see below in table 1 the Trust strategic overview of 2019-2020 audit outcomes.

Table 1.

| Table 1. | |
|--|---|
| Trust Strengths | Trust Recommendations for improvement |
| <ul style="list-style-type: none">- All academies meet statutory compliance for safeguarding and are therefore effective against Ofsted expectations- Strong culture of safeguarding evident with a clear drive for excellence.- Safeguarding and welfare teams have excellence knowledge of families and their needs- Communication with parents, families and supporting outside agencies is strong- Supervision in place across the academies to ensure support and challenge for internal teams- Robust systems in place for assuring correct signing in of visitors to site, and associated documentation provided to visitors.- Single Central Record compliant in all academies- Opportunities for voice of the child evident.- Statutory policies in place and available on websites | <ul style="list-style-type: none">- Ensure all academies have a Prevent risk assessment in place, and this is shared with staff and reviewed at least annually- Continue to offer training at governance level- Align the recording and reporting process for vulnerable families across the trust to ensure clear strategic oversight as well as operational detail. |

Recommendations for improvement will form part of the strategic trust action plan. This will be led by the Trust Safeguarding Lead and updates reported to the Trust committee on a termly basis throughout 2020-2021.

Trust Overview

The trust has continued to ensure safeguarding and welfare is a priority at both a strategic and operational level. The table below shows progress on the 2019-2020 strategic areas for development to date.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

| Strategic Development Point | Actions to Date | Impact: July 2020 |
|--|--|---|
| Ensure trust board level safeguarding training is in place and strategically planned into annual calendar | <ul style="list-style-type: none"> - Trust board training delivered by Trust Safeguarding Lead (TSL) in November 2019, with termly session planned. (This to be reinstated in 2020-2021 once Covid restrictions lifted.) - Safeguarding trustee completed NSPCC safeguarding awareness training - All trustees requested to complete online Prevent training during summer term | Training received by trust board and online training in place to ensure statutory compliance and best MAT level practise. |
| Develop strategic reporting by academies to appropriate trust committees | <ul style="list-style-type: none"> - Termly head teachers report to challenge board now includes significant strategic reporting of safeguarding and welfare data and associated overview. - Strategic data collection now in place on a termly basis, feeding into termly report by TSL to trust board. | Trust board now receiving termly trust safeguarding information and associated impact on standards. |
| Develop trust wide safeguarding group in order to share strategic and operational development and best practise. | <ul style="list-style-type: none"> - Trust safeguarding group established including DSL and welfare staff from all academies - Half termly meetings planned in order to consider strategic expectations and academy led best practise (to be reinstated once Covid restrictions lifted) | Regular meetings in place ensuring national, regional, local and trust reflections and developments regularly considered. |
| Ensure strategic visibility of trustee safeguarding lead | <ul style="list-style-type: none"> - Half termly meetings with safeguarding trustee now in place with meeting notes held by TSL, trustee and TBRM - Examples of policy and work send to safeguarding trustee to ensure awareness / examples of operational detail in place | Regular trustee communication in place. Significant development in role, awareness of strategic and operational priorities. |

Regional influence:

In addition, the strategic developments reflected above, the trust has ensured that the high quality of provision offered by the trust is shared both regionally and nationally.

Brambles has been recognised for their approach to poverty proofing and safeguarding provision, and consequently chosen as a case study school by SSAT for others to visit in order for them to develop their own offer.

Following the inadequate Ofsted inspection in November, Middlesbrough Children's Services requested strategic and operational support from head teachers in order to ensure multi-agency involvement in driving improvement across the town. Due to the high level strategic offer within the Trust, two Head Teachers (one mainstream and one special school) sit on the boards, offering a school perspective of both mainstream, unit and special provision.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Going concern

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

Financial review

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

Three of the four academy buildings, are leased from local authorities for peppercorn rents over 125 years. Wilton Primary Academy is freehold. The buildings are recognised in the financial statements as tangible fixed assets in accordance with the Academies Accounts Direction 2019-2020.

During the year ending 31st August 2020, total expenditure of £8.14m was entirely covered by recurrent grant funding from the DfE together with other income sources. Excluding fixed assets and before actuarial losses there was an in- year surplus of £399,000.

At 31st August 2020, the net book value of tangible fixed assets was £14.4m. Movements in tangible fixed assets are shown in note 14 to the financial statements. The assets were used exclusively to provide education and associated support services to the pupils of Tees Valley Education.

The Trusts reserves as at 31st August 2020 was £1.38m excluding LGPS liability and the fixed asset fund.

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

The Trust has maintained a healthy reserve during 2019/2020. However, there have been financial challenges during the year which will continue due to the long-term effects of COVID-19 and the impact of the national lockdown on children's learning, mental health and life needs which were not foreseen as part of the 2019/2020 budget setting. Narrowing digital access and improving the equity of other learning materials including books, pens and equipment as well as ensuring basic food rights for all disadvantaged children across the Trusts academies place a hefty additionality onto already stretched resources. Additionally, the Trust's capital contribution towards condition improvement projects, the year on year increase to the national pay awards (3% on average) and the risk of the economy currently reducing grants to be delegated to the academies i.e. high needs top up is also of concern.

Reserves policy

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

The reserve fund had a balance of £1.38m at 31st August 2020. The budget reserves during 2019/2020 have been factored in to continue to support Discovery Special Academy until it moves to its permanent site (Sandy Flatts Lane), which is planned for September 2022, subject to planning permission and contract exchange. The Trust is therefore, installing an additional classroom to be permanently situated at Brambles Primary Academy. This will be built during 2020/2021 and will be used by children at Discovery from September 2021 until July 2022 as a result of Discovery's project being delayed by a year. Reserves have also been used in the same financial year to support investment into teaching and learning capacity, capital investment to install a kitchen provision at Brambles Primary Academy (project will be completed by May 2021) and capital contribution of 15% towards two condition improvement projects, which were delivered in August 2020:

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1. Wilton Primary Academy for a new boiler and installation
2. Brambles Primary Academy for a new life safety system and installation

All such investments are with the fundamental aim to support the journey for excellence in the academic year 2019/2020 for all children. In addition, some budget reserves have been utilised to cover expenditure associated to building costs, health and safety and accessibility where modifications have been necessary.

The total unrestricted and restricted income funds had a balance of £1.43m at 31st August 2020.

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

Investment policy

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

Principal risks and uncertainties

Trustees have identified strategic risks and uncertainties, which are appropriately managed through the strategic risk register. The risk register is reviewed at every Audit, Risk and Finance Committee, and any exceptions or amendments to the register is further reported to Trust Board for their consideration and input. The major risks to which the Trust is exposed are:

- COVID-19 and the increased financial implications and broader impact on education delivery
- National policy changes, which may impact on education delivery, site usage or adaptations
- Financial sustainability, whilst in a period of economic changes and flux
- Safeguarding in its entirety
- Discovery Special Academy: temporary accommodation and the transition to its permanent site (Sandy Flatts Lane)
- Viability of Wilton Primary Academy as the numbers on roll are reducing year on year
- Number of children accessing specialist provisions and units and their top-up funding as well as access to professional services such as physiotherapy
- Implementation of the curriculum across the Trust for all subjects and at a formal, semi-formal and informal level

The risks are reviewed at least termly. This includes commissioning expertise such as external health and safety, a safeguarding consultant, teaching and learning consultants as well as leadership development in order to review the academy and Trust's practice as well as advise and support the Trust, as appropriate.

The main risks to the Trust are:

- Discovery Special Academy permanent build project, due to the number of stakeholders involved and the political sensitivities around it.
- SEND funding is the other major risk, which may impact on what the Trust can deliver with the means it is provided.
- COVID-19 in terms of the financial impact and the impact it is having on teaching and learning. It is recognised by Trustees this is likely to continue for the next 2/3 years.
- Setting a deficit budget for 2020/2021

Positively, these risks are fully understood by Trustees and are monitored rigorously through a mixture of operational and strategic strands with controls and assurances.

TEES VALLEY EDUCATION

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Fundraising

The Trust does not use any external fundraising. All fund raising undertaken during the year was monitored by the Trustees.

The academies via their local academy committee's may raise funds for local causes that matter to the local academy and its community.

Plans for future periods

For the period of 2019-20, Trustees were committed to following objectives:

- Discovery Special Academy, ongoing provision and to have its permanent academy site built and operational from September 2022.
- Increase in both leadership capacity and expertise in order to support the academies with their teaching and learning objectives to improve children's progress and attainment measures.
- Strategy and policy development work to ensure Trust policies are grouped and digitally accessible.

For the period 2020-2021 all of the projects above will either continue in their entirety or at least need embedding. Additionally, for the period identified, there will also be:

- An estates management strategy to be finalised as well as
- Procurement frameworks to be developed for significant projects e.g. catering, cleaning and ICT for Discovery Special Academy.
- Ongoing management and the leadership of strategy around the COVID response throughout the winter and until such a time when herd immunity or mass immunization allows a return to a more normalized functioning of life.

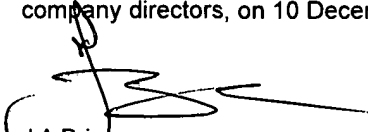
Auditor

Insofar as the Trustees are aware:

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

A resolution proposing that Azets Audit Services be reappointed as auditor of the charitable company will be put to the members.

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 10 December 2020 and signed on its behalf by:


J A Brine
Chairman

TEES VALLEY EDUCATION

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2020

Scope of responsibility

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

As Trustees, we have reviewed and taken account of the guidance in DfE's governance handbook and competency framework for governance.

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

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 5 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

| Trustees | Meetings attended | Out of possible |
|--|-------------------|-----------------|
| J A Brine (Chairman) | 5 | 5 |
| K E Morley (CEO, Accounting Officer and staff trustee) | 5 | 5 |
| H D Dudiak (Appointed 26 September 2019) | 4 | 5 |
| R J Hodges | 4 | 5 |
| P R D Scott (Resigned 4 November 2020) | 5 | 5 |
| P J Swalwell | 4 | 5 |
| A T Taylor | 5 | 5 |
| J E Vickers (Resigned 12 December 2019) | 2 | 2 |
| D C Jackson (Appointed 30 September 2020) | 0 | 0 |
| C Jones (Appointed 14 September 2020) | 0 | 0 |
| C J Weldon (Appointed 12 December 2019) | 2 | 3 |
| C P Zarraga (Appointed 1 January 2020) | 2 | 3 |

Following the external governance review during 2018/2019, the Trust have been successful in appointing new Trustees and responded to all the recommendations identified within the report. The Trust has scheduled in 2020/2021 to undertake a skills audit with Trustees. Furthermore, the Trustees annually review, at their training day, the governance arrangements, structures, reporting and scheme of delegation to ensure it reflects the Trust's current and future strategy. The Trust also assesses itself annually against the governance sections in the 'Characteristics of a Successful MAT' document published by the DfE in association with recognised tools from NGA. This tool has been used since the Trust's conception in 2015 and the Trust Board are looking at further optimisation and ensuring 'excellence' across all areas.

The Trust may undertake a further review and or evaluation of its governance arrangements within 5 years of the review undertaken in 2018/2019.

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

TEES VALLEY EDUCATION

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

During the year C Weldon, who is a qualified accountant, joined the committee. Due to COVID-19 the subcommittees did not hold their final meeting. This was replaced with full Trust Board meetings. Attendance at the meetings was as follows:

| Trustees | Meetings attended | Out of possible |
|-------------------|-------------------|-----------------|
| J. Brine | 2 | 2 |
| R. Hodges (Chair) | 1 | 2 |
| K. Morley | 2 | 2 |
| P. Swalwell | 2 | 2 |
| C. Weldon | 1 | 1 |
| C. Zarraga | 0 | 1 |

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

Due to COVID-19 the subcommittees did not hold their final meeting.

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

| Trustees | Meetings attended | Out of possible |
|------------------|-------------------|-----------------|
| H. Dudiak | 2 | 2 |
| P. Scott (Chair) | 2 | 2 |
| K. Morley | 2 | 2 |
| J. Vickers | 1 | 1 |
| A Taylor | 2 | 2 |

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

- Investing in ongoing CPD for the Trust Business and Resource Manager, including financial qualifications, as well as all of the Academy Business Managers in functionality, process and development of self. In addition, leadership and curriculum developments for Senior and Middle Educational Leadership Teams. This is because all senior and middle leaders contribute to, deliver, refine and therefore underpin the Trusts strategy to deliver excellence, habitually, for and on behalf of the children and their families.
- To support all children to access learning and safeguarding, as a result of COVID-19
- To support all pupils to accelerate their learning, upon return to full time education as a result of COVID-19
- To enable all children to access remote learning through a blended approach of face to face learning, online and physical resource packs

TEES VALLEY EDUCATION

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

For the academic year 2020-21:

- Continue to embed and refine the above
- Increase the curriculum and broader opportunities for children achieving GDS
- Continue to review and refine the curriculum intent, implementation and impact for all formally, semi-formally and informally taught children.
- Further develop an estates management strategy to enable academies to manage the Trusts sites and allocate resources proactively, especially in light of the COVID response and adaptations needed
- Develop a more cohesive communication strategy to ensure clearer communication across and around the Trust, with both internal and external stakeholders. To ensure that this proactively promotes the Diamond Standards along with the work of the Trust in the impact it is making to children and their families. To undertake this as both a civic duty and as a professional community hub.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Tees Valley Education for the period 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Trust's significant risks that has been in place for the period 1 September 2010 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 and Audit, Risk and Finance Subcommittee.

The risk and control framework

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

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

The Board of Trustees has decided to buy-in an internal audit service from Clive Owen LLP, from September 2020 as a result of the revised FRC Ethical Standard for auditors.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Trust's financial and other systems.

TEES VALLEY EDUCATION

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The Trust undertook internal audit during 2019/2020 but was unable to complete the audit program due to COVID-19. Trustees agreed to carry forward the Summer audit program into 2020/2021 with its newly appointed internal auditors. During 2019/2020 Baldwins (now Azets in the capacity of external auditors performing additional checks) covered in the period (up to 31st August 2020) following consultation with trustees were as follows:

- Follow up on findings from previous reports
- Purchasing and procurement
- Corporate governance and regularity

The findings during the period identified no high risks, 2 medium risks and 11 low risk findings.

The medium risk findings, recommendations and your responses during the period were as follows:

- Reporting financial information to governors three times a year instead of six – timetable now in place for six times a year
- Chair to receive all documents along with the management accounts on a monthly basis – reporting will include all necessary documents consistently

The low risk findings were routine in nature and did not represent significant weaknesses in processes and controls.

On a termly basis, the auditor reports via the Chief Finance Officer to the Board of Trustees, through the audit, risk and finance committee on the organisation of the system of control and on the discharge of the Board of Trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress.

Review of effectiveness

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


- the work of the internal auditor
- the work of the external auditor
- the financial management and governance self-assessment process or the school resource management self-assessment tool
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

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

Approved by order of the board of trustees on 10 December 2020 and signed on its behalf by:



J A Brine
Chairman



K E Morley
CEO, Accounting Officer and staff trustee

TEES VALLEY EDUCATION

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2020

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

I confirm that I and the academy trust's 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.



K E Morley
Accounting Officer

10 December 2020

TEES VALLEY EDUCATION

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2020

The trustees (who are also the directors of Tees Valley Education for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2019 to 2020 published by the Education and Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

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

In preparing these accounts, the trustees are required to:

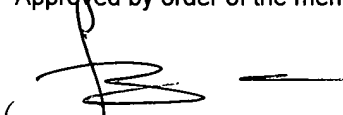
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

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

Approved by order of the members of the board of trustees on 10 December 2020 and signed on its behalf by:


J A Brine
Chairman

TEES VALLEY EDUCATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEES VALLEY EDUCATION

FOR THE YEAR ENDED 31 AUGUST 2020

Opinion

We have audited the accounts of Tees Valley Education for the year ended 31 August 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the accounts:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

TEES VALLEY EDUCATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEES VALLEY EDUCATION (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the accounts 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.

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the accounts

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

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

TEES VALLEY EDUCATION

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TEES VALLEY EDUCATION (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

Use of our report

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

Azets Audit Services

Graham Fitzgerald BA FCA DChA (Senior Statutory Auditor)
for and on behalf of Azets Audit Services

22/12/2020
.....

Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
Billingham
TS22 5TB

TEES VALLEY EDUCATION

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TEES VALLEY EDUCATION AND THE EDUCATION AND SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2020

In accordance with the terms of our engagement letter dated 18 September 2020 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 Tees Valley Education 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 Tees Valley Education and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Tees Valley Education 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 Tees Valley Education and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Tees Valley Education's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Tees Valley Education's funding agreement with the Secretary of State for Education dated 21 August 2015 and the Academies Financial Handbook, extant from 1 September 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.

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

TEES VALLEY EDUCATION

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO TEES VALLEY EDUCATION AND THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of internal assurance reports
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

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.

Azets Audit Services

Reporting Accountant

Azets Audit Services

Dated: 22/12/2020

TEES VALLEY EDUCATION

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | Unrestricted funds £ | Restricted funds: General £ Fixed asset £ | Total 2020 £ | Total 2019 £ |
|---|----------|-------------------------|--|--------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | - | - | 195,845 | 598,823 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | 65,462 | 8,297,049 | - | 7,724,375 |
| Other trading activities | 5 | 169,741 | - | - | 195,846 |
| Investments | 6 | 2,328 | - | - | 5,965 |
| Total | | 237,531 | 8,297,049 | 195,845 | 8,525,009 |
| Expenditure on: | | | | | |
| Raising funds | 7 | 131,537 | 5,582 | - | 61,490 |
| Charitable activities: | | | | | |
| - Educational operations | 9 | 73,614 | 8,323,135 | 474,775 | 8,296,540 |
| Total | 7 | 205,151 | 8,328,717 | 474,775 | 8,358,030 |
| Net income/(expenditure) | | 32,380 | (31,668) | (278,930) | 166,979 |
| Transfers between funds | 18 | - | (545,834) | 545,834 | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial losses on defined benefit pension schemes | 20 | - | (1,621,000) | - | (949,000) |
| Net movement in funds | | 32,380 | (2,198,502) | 266,904 | (1,899,218) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 99,137 | (1,050,601) | 14,403,914 | 13,452,450 |
| Total funds carried forward | | 131,517 | (3,249,103) | 14,670,818 | 11,553,232 |

TEES VALLEY EDUCATION

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2020

| Comparative year information Year ended 31 August 2019 | Notes | Unrestricted funds £ | Restricted funds: General £ | Fixed asset £ | Total 2019 £ |
|---|----------|----------------------------|--------------------------------|------------------|--------------------|
| Income and endowments from: | | | | | |
| Donations and capital grants | 3 | 4,735 | 150,000 | 444,088 | 598,823 |
| Charitable activities: | | | | | |
| - Funding for educational operations | 4 | 152,710 | 7,571,665 | - | 7,724,375 |
| Other trading activities | 5 | 195,846 | - | - | 195,846 |
| Investments | 6 | 5,965 | - | - | 5,965 |
| Total | | 359,256 | 7,721,665 | 444,088 | 8,525,009 |
| Expenditure on: | | | | | |
| Raising funds | 7 | 17,095 | 44,395 | - | 61,490 |
| Charitable activities: | | | | | |
| - Educational operations | 9 | 247,295 | 7,549,928 | 499,317 | 8,296,540 |
| Total | 7 | 264,390 | 7,594,323 | 499,317 | 8,358,030 |
| Net income/(expenditure) | | 94,866 | 127,342 | (55,229) | 166,979 |
| Transfers between funds | 18 | - | (232,815) | 232,815 | - |
| Other recognised gains/(losses) | | | | | |
| Actuarial losses on defined benefit pension schemes | 20 | - | (949,000) | - | (949,000) |
| Net movement in funds | | 94,866 | (1,054,473) | 177,586 | (782,021) |
| Reconciliation of funds | | | | | |
| Total funds brought forward | | 4,271 | 3,872 | 14,226,328 | 14,234,471 |
| Total funds carried forward | | 99,137 | (1,050,601) | 14,403,914 | 13,452,450 |

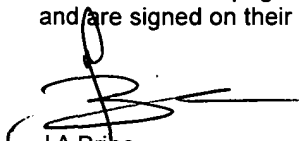
TEES VALLEY EDUCATION

BALANCE SHEET

AS AT 31 AUGUST 2020

| | Notes | 2020 | | 2019 | |
|--|-------|------------------|-------------------|------------------|-------------------|
| | | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Tangible assets | 14 | | 14,474,973 | | 14,403,914 |
| Current assets | | | | | |
| Debtors | 15 | 640,306 | | 373,580 | |
| Cash at bank and in hand | | 1,984,134 | | 1,741,802 | |
| | | <u>2,624,440</u> | | <u>2,115,382</u> | |
| Current liabilities | | | | | |
| Creditors: amounts falling due within one year | 16 | (1,053,181) | | (585,846) | |
| Net current assets | | | 1,571,259 | | 1,529,536 |
| Net assets excluding pension liability | | | 16,046,232 | | 15,933,450 |
| Defined benefit pension scheme liability | 20 | | (4,493,000) | | (2,481,000) |
| Total net assets | | | <u>11,553,232</u> | | <u>13,452,450</u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | 18 | | | | |
| - Fixed asset funds | | | 14,670,818 | | 14,403,914 |
| - Restricted income funds | | | 1,243,897 | | 1,430,399 |
| - Pension reserve | | | (4,493,000) | | (2,481,000) |
| Total restricted funds | | | <u>11,421,715</u> | | <u>13,353,313</u> |
| Unrestricted income funds | 18 | | 131,517 | | 99,137 |
| Total funds | | | <u>11,553,232</u> | | <u>13,452,450</u> |

The accounts on pages 26 to 51 were approved by the trustees and authorised for issue on 10 December 2020 and are signed on their behalf by:


J A Brihe
Chairman

Company Number 09630999

TEES VALLEY EDUCATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2020

| | Notes | 2020 £ | £ | 2019 £ | £ |
|---|-------|-----------|------------------|-----------|------------------|
| Cash flows from operating activities | | | | | |
| Net cash provided by operating activities | 21 | | 589,993 | | 55,992 |
| Cash flows from investing activities | | | | | |
| Dividends, interest and rents from investments | | 2,328 | | 5,965 | |
| Capital grants from DfE Group | | 195,845 | | 444,088 | |
| Purchase of tangible fixed assets | | (545,834) | | (514,640) | |
| Net cash used in investing activities | | | (347,661) | | (64,587) |
| Net increase/(decrease) in cash and cash equivalents in the reporting period | | | 242,332 | | (8,595) |
| Cash and cash equivalents at beginning of the year | | | 1,741,802 | | 1,750,397 |
| Cash and cash equivalents at end of the year | | | 1,984,134 | | 1,741,802 |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

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

1.1 Basis of preparation

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

1.2 Going concern

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

1.3 Income

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

Grants

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

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

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

Sponsorship income

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

Donations

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

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

Other income

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

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 accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is 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.

1.4 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 are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

1.5 Tangible fixed assets and depreciation

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

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding that require 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.

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

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 land and buildings | 30 and 50 years |
| Leasehold land and buildings | 30 and 50 years |
| Leasehold improvements | 30 and 50 years |
| Computer equipment | 4 years |
| Fixtures, fittings & equipment | 10 years |

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.

1.6 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.

1.7 Leased assets

Rentals payable under operating leases are charged against income on a straight-line basis over the period of the lease.

1.8 Financial instruments

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

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. Taxation and social security are not included in the financial instruments disclosure definition.

Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.9 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 chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

1 Accounting policies

(Continued)

1.10 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 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 based on quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are recognised in the period to which they relate.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to net income or expenditure 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.

1.11 Fund accounting

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

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

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

2 Critical accounting estimates and areas of judgement

Accounting 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.

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

2 Critical accounting estimates and areas of judgement

(Continued)

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 or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 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.

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. Following developments in employment tribunals and other public service schemes, and subsequently the consultation on the proposed remedy for the LGPS on 16 July 2020, actuaries have assumed a remedy that an underpin would apply to all those in the scheme on 1 April 2012, will not apply on withdrawal and will apply to spouse's pensions. These assumptions have been reflected in the valuation, with the overall impact dependent on the profile of each employer.

GMP

This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. Allowance has been made in the valuation for members whose state pension age is on or after 6 April 2016.

3 Donations and capital grants

| | Unrestricted funds £ | Restricted funds £ | Total 2020 £ | Total 2019 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Capital grants | - | 195,845 | 195,845 | 444,088 |
| Other donations | - | - | - | 154,735 |
| | <u>-</u> | <u>195,845</u> | <u>195,845</u> | <u>598,823</u> |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

4 Funding for the academy trust's educational operations

| | Unrestricted funds £ | Restricted funds £ | Total 2020 £ | Total 2019 £ |
|---------------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| DfE / ESFA grants | | | | |
| General annual grant (GAG) | - | 5,535,111 | 5,535,111 | 5,328,116 |
| Start up grants | - | 58,500 | 58,500 | 92,500 |
| Other DfE group grants | - | 1,243,174 | 1,243,174 | 1,044,063 |
| | - | 6,836,785 | 6,836,785 | 6,464,679 |
| Other government grants | | | | |
| Local authority grants | - | 1,430,486 | 1,430,486 | 1,106,986 |
| Exceptional government funding | | | | |
| Coronavirus exceptional support | - | 29,778 | 29,778 | - |
| Other funding | | | | |
| Catering income | 34,034 | - | 34,034 | 57,954 |
| Other incoming resources | 31,428 | - | 31,428 | 94,756 |
| | 65,462 | - | 65,462 | 152,710 |
| Total funding | 65,462 | 8,267,271 | 8,332,733 | 7,724,375 |

Other DfE group grants includes the following:

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Pupil Premium | 789,851 | 814,333 |
| KS2 moderation and KS1 | 800 | - |
| PE Sports Grant | 88,170 | 89,276 |
| Universal Infant Free School Meals | 80,435 | 87,111 |
| FSM Supplementary Grant | 36,080 | 16,720 |
| Teachers Pay Grant | 63,081 | 36,623 |
| Teachers Pension Grant | 184,757 | - |
| | 1,243,174 | 1,044,063 |

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 additional costs in relation to cleaning, premises and FSM. These costs are included in notes 7 and 9 below as appropriate.

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

5 Other trading activities

| | Unrestricted funds £ | Restricted funds £ | Total 2020 £ | Total 2019 £ |
|-----------------|----------------------------|--------------------------|--------------------|--------------------|
| Catering income | - | - | - | 830 |
| Uniform | 672 | - | 672 | - |
| Trips | 16,366 | - | 16,366 | 15,862 |
| Other income | 152,703 | - | 152,703 | 179,154 |
| | <u>169,741</u> | <u>-</u> | <u>169,741</u> | <u>195,846</u> |

6 Investment income

| | Unrestricted funds £ | Restricted funds £ | Total 2020 £ | Total 2019 £ |
|---------------------|----------------------------|--------------------------|--------------------|--------------------|
| Short term deposits | 2,328 | - | 2,328 | 5,965 |
| | <u>2,328</u> | <u>-</u> | <u>2,328</u> | <u>5,965</u> |

7 Expenditure

| | Staff costs £ | Non-pay expenditure Premises £ | Other £ | Total 2020 £ | Total 2019 £ |
|----------------------------------|------------------|--------------------------------------|------------------|--------------------|--------------------|
| Expenditure on raising funds | | | | | |
| - Direct costs | 58,901 | - | 78,218 | 137,119 | 61,490 |
| Academy's educational operations | | | | | |
| - Direct costs | 5,056,190 | - | 612,828 | 5,669,018 | 4,972,417 |
| - Allocated support costs | 1,424,924 | 1,019,794 | 757,788 | 3,202,506 | 3,324,123 |
| | <u>6,540,015</u> | <u>1,019,794</u> | <u>1,448,834</u> | <u>9,008,643</u> | <u>8,358,030</u> |

Net income/(expenditure) for the year includes:

| | 2020 £ | 2019 £ |
|---|----------------|----------------|
| Fees payable to auditor for: | | |
| - Audit | 8,500 | 9,100 |
| - Other services | 6,725 | 6,205 |
| Operating lease rentals | 10,542 | 11,692 |
| Depreciation of tangible fixed assets | 474,775 | 495,315 |
| Amortisation of intangible fixed assets | - | 4,002 |
| Net interest on defined benefit pension liability | 45,000 | 33,000 |
| | <u>474,775</u> | <u>495,315</u> |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

8 Central services

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

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

The trust's policy is to charge the constituent academies a percentage of their GAG funding but excluding the Pupil Premium, SEN or other similar funding. The percentage is fixed at 8% (2019: 8%)

The amounts charged during the year were as follows:

| | 2020 £ | 2019 £ |
|-----------------------------|----------------|----------------|
| Brambles Primary Academy | 108,072 | 125,502 |
| Discovery Special Academy | 38,400 | 29,000 |
| Dormanstown Primary Academy | 104,950 | 116,160 |
| Pennyman Primary Academy | 158,512 | 174,517 |
| Wilton Primary Academy | 30,710 | 30,243 |
| | <u>440,644</u> | <u>475,422</u> |

In addition to the above, further charges have been made to each school for additional time requirements of central staff in relation to Covid 19, split as follows:

| | 2020 £ | 2019 £ |
|-----------------------------|---------------|-----------|
| Brambles Primary Academy | 3,506 | - |
| Discovery Special Academy | 3,506 | - |
| Dormanstown Primary Academy | 3,506 | - |
| Pennyman Primary Academy | 13,890 | - |
| Wilton Primary Academy | 3,504 | - |
| | <u>27,912</u> | <u>-</u> |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

9 Charitable activities

| | Unrestricted funds £ | Restricted funds £ | Total 2020 £ | Total 2019 £ |
|----------------------------------|----------------------------|--------------------------|--------------------|--------------------|
| Direct costs | | | | |
| Educational operations | 39,542 | 5,629,476 | 5,669,018 | 4,972,417 |
| Support costs | | | | |
| Educational operations | 34,072 | 3,168,434 | 3,202,506 | 3,324,123 |
| | <u>73,614</u> | <u>8,797,910</u> | <u>8,871,524</u> | <u>8,296,540</u> |
| | | | 2020 £ | 2019 £ |
| Analysis of support costs | | | | |
| Support staff costs | | | 1,424,924 | 1,100,257 |
| Depreciation and amortisation | | | 474,775 | 499,317 |
| Technology costs | | | 73,738 | 60,042 |
| Premises costs | | | 545,019 | 657,136 |
| Legal costs | | | 6,792 | 4,320 |
| Other support costs | | | 662,033 | 992,595 |
| Governance costs | | | 15,225 | 10,456 |
| | | | <u>3,202,506</u> | <u>3,324,123</u> |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

Staff costs

Staff costs during the year were:

| | 2020 £ | 2019 £ |
|---|-----------|-----------|
| Wages and salaries | 4,731,922 | 4,382,889 |
| Social security costs | 395,571 | 350,689 |
| Pension costs | 1,290,330 | 852,041 |
| Staff costs - employees | 6,417,823 | 5,585,619 |
| Agency staff costs | 122,192 | 139,051 |
| Staff restructuring costs | - | 19,135 |
| | 6,540,015 | 5,743,805 |
| Staff development and other staff costs | 53,958 | 49,522 |
| Total staff expenditure | 6,593,973 | 5,793,327 |

Staff restructuring costs comprise:

| | | |
|---------------------|---|--------|
| Redundancy payments | - | 19,135 |
|---------------------|---|--------|

Staff numbers

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

| | 2020 Number | 2019 Number |
|----------------------------|----------------|----------------|
| Teachers | 72 | 71 |
| Administration and support | 116 | 111 |
| Management | 6 | 5 |
| | 194 | 187 |

Higher paid staff

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

| | 2020 Number | 2019 Number |
|---------------------|----------------|----------------|
| £60,001 - £70,000 | 4 | 4 |
| £100,001 - £110,000 | 1 | 1 |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

10 Staff

(Continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust was £552,599 (2019: £504,975).

11 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

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

K Morley (Trustee and CEO)

Remuneration £105,001 - £110,000 (2019: £105,001 - £110,000)

Employer's pension contribution £25,001 - £30,000 (2019: £15,001 - £20,000)

During the year, travel and subsistence payments totalling £1,304 (2019: £1,508) were reimbursed or paid directly to two trustees (2019: two trustees).

Other related party transactions involving the trustees are set out within the related parties note.

12 Insurance for trustees and officers

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

13 Intangible fixed assets

| | Computer software £ |
|---|---------------------------|
| Cost | |
| At 1 September 2019 and at 31 August 2020 | 16,007 |
| Amortisation | |
| At 1 September 2019 and at 31 August 2020 | 16,007 |
| Carrying amount | |
| At 31 August 2020 | - |
| At 31 August 2019 | - |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

14 Tangible fixed assets

| | Freehold land and buildings £ | Leasehold land and buildings £ | Leasehold improvements £ | Computer equipment £ | Fixtures, fittings & equipment £ | Total £ |
|-----------------------|--|---|--------------------------------|----------------------------|---|------------|
| Cost | | | | | | |
| At 1 September 2019 | 899,000 | 13,223,000 | 1,209,043 | 280,820 | 506,889 | 16,118,752 |
| Additions | - | - | 19,479 | 66,156 | 460,199 | 545,834 |
| Disposals | - | - | - | (58,000) | - | (58,000) |
| At 31 August 2020 | 899,000 | 13,223,000 | 1,228,522 | 288,976 | 967,088 | 16,606,586 |
| Depreciation | | | | | | |
| At 1 September 2019 | 28,467 | 1,192,533 | 108,140 | 191,207 | 194,491 | 1,714,838 |
| On disposals | - | - | - | (58,000) | - | (58,000) |
| Charge for the year | 28,467 | 298,133 | 41,382 | 48,304 | 58,489 | 474,775 |
| At 31 August 2020 | 56,934 | 1,490,666 | 149,522 | 181,511 | 252,980 | 2,131,613 |
| Net book value | | | | | | |
| At 31 August 2020 | 842,066 | 11,732,334 | 1,079,000 | 107,465 | 714,108 | 14,474,973 |
| At 31 August 2019 | 870,533 | 12,030,467 | 1,100,903 | 89,613 | 312,398 | 14,403,914 |

15 Debtors

| | 2020 £ | 2019 £ |
|--------------------------------|-----------|-----------|
| Trade debtors | 49,594 | 29,138 |
| VAT recoverable | 110,853 | 65,437 |
| Prepayments and accrued income | 479,859 | 279,005 |
| | 640,306 | 373,580 |

16 Creditors: amounts falling due within one year

| | 2020 £ | 2019 £ |
|------------------------------------|-----------|-----------|
| Trade creditors | 456,866 | 174,756 |
| Other taxation and social security | 128,874 | 153,281 |
| Other creditors | 119,898 | 85,361 |
| Accruals and deferred income | 347,543 | 172,448 |
| | 1,053,181 | 585,846 |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

17 Deferred income

| | 2020 £ | 2019 £ |
|--|---------------|---------------|
| Deferred income is included within: | | |
| Creditors due within one year | 61,198 | 77,075 |
| Deferred income at 1 September 2019 | 77,075 | 213,841 |
| Released from previous years | (77,075) | (213,841) |
| Resources deferred in the year | 61,198 | 77,075 |
| Deferred income at 31 August 2020 | 61,198 | 77,075 |

Deferred income includes rates relief and UIFSM income received in advance of 2020/21 academic year.

18 Funds

| | Balance at 1 September 2019 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2020 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 1,117,426 | 5,535,111 | (4,862,806) | (545,834) | 1,243,897 |
| Start up grants | 110 | 58,500 | (58,610) | - | - |
| Other DfE / ESFA grants | 98,634 | 1,243,174 | (1,341,808) | - | - |
| Other government grants | - | 1,460,264 | (1,460,264) | - | - |
| Other restricted funds | 214,229 | - | (214,229) | - | - |
| Pension reserve | (2,481,000) | - | (391,000) | (1,621,000) | (4,493,000) |
| | <u>(1,050,601)</u> | <u>8,297,049</u> | <u>(8,328,717)</u> | <u>(2,166,834)</u> | <u>(3,249,103)</u> |
| Restricted fixed asset funds | | | | | |
| Inherited on conversion | 13,629,527 | - | (386,488) | - | 13,243,039 |
| DfE group capital grants | 546,486 | 195,845 | (24,651) | - | 717,680 |
| Capital expenditure from GAG | 227,901 | - | (63,636) | 545,834 | 710,099 |
| | <u>14,403,914</u> | <u>195,845</u> | <u>(474,775)</u> | <u>545,834</u> | <u>14,670,818</u> |
| Total restricted funds | <u>13,353,313</u> | <u>8,492,894</u> | <u>(8,803,492)</u> | <u>(1,621,000)</u> | <u>11,421,715</u> |
| Unrestricted funds | | | | | |
| General funds | 99,137 | 237,531 | (205,151) | - | 131,517 |
| Total funds | <u>13,452,450</u> | <u>8,730,425</u> | <u>(9,008,643)</u> | <u>(1,621,000)</u> | <u>11,553,232</u> |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Start up grants were received by Discovery Special Academy in respect of start up costs.

Other DfE/ESFA grants include teachers' pay and teachers' pension grants, universal free school meals income, PE grant and pupil premium grants received.

Other government grants include income for pupils with special educational needs, pupil premium and early years funding received from the local authority.

Other restricted funds include Wilton Primary Schools' money on conversion which has now been fully spent and a grant received from Paul Hamlin which has now been fully spent.

DfE/ESFA Capital Grants consist of the devolved capital grant and capital improvement fund. The capital improvement fund has been fully spent on leasehold improvements and the devolved capital has been partly spent on capital additions and partly on non capitalised items.

The Inherited Fixed Asset Fund reflects the fixed assets acquired from Local Authorities on conversion. Depreciation on these assets is charged against this fund.

At 31 August 2020 the academy had restricted general and unrestricted funds of £1,375,414.

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds

(Continued)

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

| | Balance at 1 September 2018 £ | Income £ | Expenditure £ | Gains, losses and transfers £ | Balance at 31 August 2019 £ |
|-------------------------------------|--|------------------|--------------------|--|--------------------------------------|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 870,318 | 5,328,116 | (4,819,235) | (261,773) | 1,117,426 |
| Start up grants | 87,100 | 92,500 | (179,490) | - | 110 |
| Other DfE / ESFA grants | - | 1,044,063 | (945,429) | - | 98,634 |
| Other government grants | 217,806 | 1,106,986 | (1,353,750) | 28,958 | - |
| Other restricted funds | 132,648 | 150,000 | (68,419) | - | 214,229 |
| Pension reserve | (1,304,000) | - | (228,000) | (949,000) | (2,481,000) |
| | <u>3,872</u> | <u>7,721,665</u> | <u>(7,594,323)</u> | <u>(1,181,815)</u> | <u>(1,050,601)</u> |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 14,029,517 | - | (404,990) | - | 13,624,527 |
| DfE group capital grants | 148,811 | 444,088 | (24,651) | (16,762) | 551,486 |
| Capital expenditure from GAG | 48,000 | - | (69,676) | 249,577 | 227,901 |
| | <u>14,226,328</u> | <u>444,088</u> | <u>(499,317)</u> | <u>232,815</u> | <u>14,403,914</u> |
| Total restricted funds | <u>14,230,200</u> | <u>8,165,753</u> | <u>(8,093,640)</u> | <u>(949,000)</u> | <u>13,353,313</u> |
| Unrestricted funds | | | | | |
| General funds | <u>4,271</u> | <u>359,256</u> | <u>(264,390)</u> | <u>-</u> | <u>99,137</u> |
| Total funds | <u>14,234,471</u> | <u>8,525,009</u> | <u>(8,358,030)</u> | <u>(949,000)</u> | <u>13,452,450</u> |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

18 Funds (Continued)

Total funds analysis by academy

| | 2020 £ | 2019 £ |
|--|-------------|-------------|
| Fund balances at 31 August 2020 were allocated as follows: | | |
| Brambles Primary Academy | 262,292 | 444,451 |
| Discovery Special Academy | 202,345 | 96,044 |
| Dormanstown Primary Academy | 495,718 | 461,424 |
| Pennyman Primary Academy | 449,672 | 360,325 |
| Wilton Primary Academy | 42,425 | 105,757 |
| Central services | (21,038) | 61,536 |
| Total before fixed assets fund and pension reserve | 1,375,414 | 1,529,536 |
| Restricted fixed asset fund | 14,670,818 | 14,403,914 |
| Pension reserve | (4,493,000) | (2,481,000) |
| Total funds | 11,553,232 | 13,452,450 |

Total cost analysis by academy

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

| | Teaching and educational support staff £ | Other support staff costs £ | Educational supplies £ | Other costs excluding depreciation £ | Total 2020 £ | Total 2019 £ |
|-----------------------------|---|-----------------------------------|------------------------------|---|--------------------|--------------------|
| Brambles Primary Academy | 1,192,341 | 163,793 | 107,297 | 320,391 | 1,783,822 | 1,692,381 |
| Discovery Special Academy | 640,063 | 154,062 | 122,224 | 158,303 | 1,074,652 | 694,552 |
| Dormanstown Primary Academy | 1,163,658 | 233,603 | 99,346 | 259,161 | 1,755,768 | 1,584,007 |
| Pennyman Primary Academy | 1,644,481 | 320,944 | 169,182 | 400,759 | 2,535,366 | 2,527,552 |
| Wilton Primary Academy | 270,455 | 51,817 | 16,261 | 105,131 | 443,664 | 511,210 |
| Central services | 204,092 | 154,705 | 44,556 | 146,242 | 549,595 | 621,012 |
| | 5,115,091 | 1,078,924 | 558,870 | 1,389,983 | 8,142,868 | 7,630,714 |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

19 Analysis of net assets between funds

| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total Funds £ |
|--|----------------------------|-----------------------------------|-------------------|---------------------|
| Fund balances at 31 August 2020 are represented by: | | | | |
| Tangible fixed assets | - | - | 14,474,973 | 14,474,973 |
| Current assets | 131,517 | 2,239,381 | 253,542 | 2,624,440 |
| Creditors falling due within one year | - | (995,484) | (57,697) | (1,053,181) |
| Defined benefit pension liability | - | (4,493,000) | - | (4,493,000) |
| Total net assets | 131,517 | (3,249,103) | 14,670,818 | 11,553,232 |
| | | | | |
| | Unrestricted Funds £ | Restricted funds: General £ | Fixed asset £ | Total Funds £ |
| Fund balances at 31 August 2019 are represented by: | | | | |
| Tangible fixed assets | - | - | 14,403,914 | 14,403,914 |
| Current assets | 160,845 | 1,938,743 | 15,794 | 2,115,382 |
| Creditors falling due within one year | (61,708) | (508,344) | (15,794) | (585,846) |
| Defined benefit pension liability | - | (2,481,000) | - | (2,481,000) |
| Total net assets | 99,137 | (1,050,601) | 14,403,914 | 13,452,450 |

20 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2016, and that of the LGPS related to the period ended 31 March 2019.

Contributions amounting to £114,897 were payable to the schemes at 31 August 2020 (2019: £82,346) and are included within creditors.

Teachers' Pension Scheme

Introduction

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

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

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to the TPS in the period amounted to £658,054 (2019: £427,178).

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 an unfunded multi-employer pension scheme. The academy trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 14.6% for employers and 5.5 - 12.5% for employees.

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

| Total contributions made | 2020 £ | 2019 £ |
|--------------------------|-----------|-----------|
| Employer's contributions | 279,000 | 241,000 |
| Employees' contributions | 88,000 | 78,000 |
| Total contributions | 367,000 | 319,000 |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

| Principal actuarial assumptions | 2020 % | 2019 % |
|--|-----------|-----------|
| Rate of increase in salaries | 3.2 | 3.0 |
| Rate of increase for pensions in payment/inflation | 2.2 | 2.0 |
| Discount rate for scheme liabilities | 1.7 | 1.9 |
| Inflation assumption (CPI) | 2.2 | 2.0 |

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

| | 2020 Years | 2019 Years |
|----------------------|---------------|---------------|
| Retiring today | | |
| - Males | 21.8 | 21.9 |
| - Females | 23.5 | 23.8 |
| Retiring in 20 years | | |
| - Males | 23.2 | 23.6 |
| - Females | 25.3 | 25.7 |

Scheme liabilities would have been affected by changes in assumptions as follows:

| | 2020 £ | 2019 £ |
|-------------------------------|-----------|-----------|
| Discount rate + 0.1% | 9,216,000 | 6,354,000 |
| Discount rate - 0.1% | 9,737,000 | 6,680,000 |
| Mortality assumption + 1 year | 9,131,000 | 6,297,000 |
| Mortality assumption - 1 year | 9,813,000 | 6,736,000 |
| CPI rate + 0.1% | 9,690,000 | 6,626,000 |
| CPI rate - 0.1% | 9,254,000 | 6,406,000 |

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

| | 2020 Fair value £ | 2019 Fair value £ |
|------------------------------|-------------------------|-------------------------|
| Equities | 3,784,040 | 3,081,976 |
| Cash | 577,564 | 512,318 |
| Property | 398,320 | 338,856 |
| Other assets | 219,076 | 100,850 |
| Total market value of assets | 4,979,000 | 4,034,000 |

The actual return on scheme assets was £560,000 (2019: £144,000).

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2020

20 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities

| | 2020 £ | 2019 £ |
|------------------------|-----------|-----------|
| Current service cost | 606,000 | 317,000 |
| Past service cost | 19,000 | 119,000 |
| Interest income | (80,000) | (105,000) |
| Interest cost | 125,000 | 138,000 |
| Total operating charge | 670,000 | 469,000 |

Changes in the present value of defined benefit obligations

| | 2020 £ | 2019 £ |
|------------------------|-----------|-----------|
| At 1 September 2019 | 6,515,000 | 4,892,000 |
| Current service cost | 606,000 | 317,000 |
| Interest cost | 125,000 | 138,000 |
| Employee contributions | 88,000 | 78,000 |
| Actuarial loss | 2,101,000 | 988,000 |
| Benefits paid | 18,000 | (17,000) |
| Past service cost | 19,000 | 119,000 |
| At 31 August 2020 | 9,472,000 | 6,515,000 |

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

| | 2020 £ | 2019 £ |
|------------------------|-----------|-----------|
| At 1 September 2019 | 4,034,000 | 3,588,000 |
| Interest income | 80,000 | 105,000 |
| Actuarial gain | 480,000 | 39,000 |
| Employer contributions | 279,000 | 241,000 |
| Employee contributions | 88,000 | 78,000 |
| Benefits paid | 18,000 | (17,000) |
| At 31 August 2020 | 4,979,000 | 4,034,000 |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

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

| | 2020 £ | 2019 £ |
|--|----------------|---------------|
| Net (expenditure)/income for the reporting period (as per the statement of financial activities) | (278,218) | 166,979 |
| Adjusted for: | | |
| Capital grants from DfE and other capital income | (195,845) | (444,088) |
| Investment income receivable | (2,328) | (5,965) |
| Defined benefit pension costs less contributions payable | 346,000 | 195,000 |
| Defined benefit pension scheme finance cost | 45,000 | 33,000 |
| Depreciation of tangible fixed assets | 474,775 | 495,315 |
| Amortisation of intangible fixed assets | - | 4,002 |
| (Increase) in debtors | (266,726) | (91,369) |
| Increase/(decrease) in creditors | 467,335 | (296,882) |
| Net cash provided by operating activities | 589,993 | 55,992 |

22 Analysis of changes in net funds

| | 1 September 2019 £ | Cash flows £ | 31 August 2020 £ |
|------|--------------------------|-----------------|------------------------|
| Cash | 1,741,802 | 242,332 | 1,984,134 |

23 Commitments under operating leases

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

| | 2020 £ | 2019 £ |
|-----------------------------------|--------------|---------------|
| Amounts due within one year | 5,970 | 12,340 |
| Amounts due in two and five years | 2,376 | 8,818 |
| | 8,346 | 21,158 |

TEES VALLEY EDUCATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2020

24 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH, including notifying the ESFA of all transactions made on or after 1 April 2019 and obtaining their approval where required, and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

No related party transactions took place in the period of account other than certain trustees' remuneration and expenses already disclosed in note 11.

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 or she is a member, or within one year after he or she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he or she ceases to be a member.