

Tees Valley Collaborative Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
for the Year Ended 31 August 2019



Tees Valley Collaborative Trust
Annual Report and Financial Statements
For the Year Ended 31 August 2019

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For the Year Ended 31 August 2019

Members	Ian Alexander	
	Valerie Bailey	
	Margaret Hirst	
	Thomas Michael Loftus	(resigned 11/12/2018)
	Felix O'Hare	
	Sue Symington	(appointed 04/02/2019)
Trustees	Heather Adams	(appointed 21/03/2019)
	Joanna Bailey	(Principal, CEO and Accounting Officer)
	James Beighton	(resigned 11/03/2019)
	Marilyn Collins	(resigned 26/09/2018)
	Paul Gavens	(Chair)
	Christopher Groves	(Vice Chair) (appointed vice chair 30 September 2019)
	Margaret Hirst	(Vice Chair) (resigned 01/10/2019)
	Keith Hurst	
	John Milner	(appointed 14/10/2019)
	Jenn Plews	(appointed 20/03/2019)
	Sharon Robertson	(resigned 01/11/2018)
	Paul Welford	(resigned 17/09/2019)
Senior Management Team	Joanna Bailey	(Principal and CEO)
	Asma Shaffi	(Deputy Principal and Head of Centre)
	Neil Skerry	(Vice Principal & Head of Centre, left December 2018)
	Lyle Nicholson	(Director of Resources)
	Sarah Langstaff	(Chief Financial Officer, left May 2019)
	Elaine Laird	(Interim Chief Financial Officer, from April to July 2019)
	David Dobson	(Chief Financial Officer, from July 2019)
	Jonathan Newton	(Assistant Principal, from August 2019)
Principal and Registered Office	Prior Pursglove College Church Walk Guisborough TS14 6BU	
Company Registration Number	10743632 (England and Wales)	
Independent Auditor	Anderson Barrowcliff LLP 3 Kingfisher Court Bowesfield Park Stockton on Tees TS18 3EX	

Tees Valley Collaborative Trust

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For the Year Ended 31 August 2019

Bankers

Lloyds Bank plc
Barclays Bank plc
Co-operative Bank plc

Solicitors

Browne Jacobson
No. 1 Spinningfields
1 Hardman Square
Spinningfields
Manchester
M3 3EB

Tees Valley Collaborative Trust

Trustees' Report

For the Year Ended 31 August 2019

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year from 1 September 2018 to 31 August 2019. The annual report serves the purposes of both a trustees' report, and a directors' report under company law.

The academy trust currently operates one academy for students aged 16-19 across two sites and one primary academy in the North East of England. Its academies have 2,081 students on roll attending its primary and 16-19 academies in October 2019, in addition to adult and part time learners enrolled at the Guisborough 16-19 site.

Structure, Governance and Management

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust.

The trustees of Tees Valley Collaborative Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as Tees Valley Collaborative Trust.

Details of the trustees who served throughout the year, and to the date these accounts are approved, are included in the Reference and Administrative Details on page 1.

Members' Liability

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

Trustees' Indemnities

In accordance with normal commercial practice the academy trust has purchased insurance to protect trustees from claims arising from negligent acts, errors or omissions occurring whilst on Trust business.

Method of Recruitment and Appointment of Trustees

Vacancies in respect of trustees will be filled using the recruitment process adopted by the trust. Vacancies are filled by recommendation to Members from the Search and Remuneration Committee.

Each newly appointed and re-appointed trustee receives a letter of appointment following receipt of the following forms: skills audit, cv, register of interests, confirmation of eligibility to serve as a trustee and Clearance Report from the Disclosure and Barring Service. Should there be issues with the eligibility criteria or Clearance Report these would be subject to Chair's action who may refer them back to the Search and Remuneration Committee.

Policies and Procedures Adopted for the Induction and Training of Trustees.

All new Trustees are provided with induction appropriate to their level of experience and expertise by the Clerk to the Board, the Chair of Trustees, CEO and other senior trust members of staff.

Organisational Structure

The company has two layers of corporate governance as set out in the Articles of Association – Members and Trustees. Members are subscribed to the Memorandum and Articles of Association and perform the functions shareholders would in a company, although this is not a profit making company. The accountable body is the Board of Trustees responsible for the management and administration of the academy.

The Board of Trustees is supported by two committees – Finance and Audit Committee and Search, Governance and Remuneration Committee. Trustees make up the membership of these committees, with advice and input from an Executive Leadership Group. Committees may co-opt governors from academy committees or from the community with strong and relevant skills identified through an annual skills audit, providing the majority of members are trustees.

Tees Valley Collaborative Trust

Trustees' Report

For the Year Ended 31 August 2019

Organisational Structure

In accordance with the principle that effective governance is best delivered as close as possible to the point of impact of decisions, the company has a third tier of governance in the form of Local Governing Bodies. Local Governing Bodies have been established as committees of the Board with powers delegated to them through a Scheme of Delegation agreed by the Board of Trustees. The composition of Local Governing Bodies is also set out in the Scheme of Delegation and these committees are made up of persons appointed by Trustees.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

The Search, Governance and Remuneration Committee is responsible for overseeing the employment of the CEO and the Clerk to the Board of Trustees and Local Governing Bodies (this may be delegated to the Chair of the Board of Trustees who will make recommendations to the Committee), with particular focus on:

- Monitoring agreed performance objectives
- Monitoring professional development
- Appropriate human resource policies
- Induction and probationary period arrangements (where necessary)

The Committee receives advice from the CEO on the annual performance of the designated senior post holders.

The Committee advises on the framework for appraisals, appointments, suspension and dismissal and pay and conditions of service of senior post holders and the Clerk to the Trust Board.

The Committee ensures that specific remuneration packages are transparent, objectively auditable and openly defensible.

Trade Union Facility Time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires the trust to publish information every year about their usage and spend on trade union facility time.

Number of employees who were relevant union officials during the relevant period	Full-time equivalent employee number
3	2.47
Percentage of Time Spent on Facility Time	Number of Employees
0%	3
1-50%	0
51-99%	0
100%	0
Percentage of pay bill spent on facility time	0%
Paid trade union activities	0%

Trade union facility time is completed in representatives own time in line with contractual arrangements.

Related Parties and Other Connected Charities and Organisations

There were no transactions with related parties of other connected charities or organisations in the year.

During the year Tees Valley Collaborative Enterprises Limited (company number 11972772), a wholly owned subsidiary company, was incorporated on 1st May 2019. No directors, trustees or senior management receive any additional compensation or a second salary as a result of this arrangement. Tees Valley Collaborative Enterprises Limited will operate Guisborough Montessori Nursery, acquired on 25th October 2019.

Tees Valley Collaborative Trust

Trustees' Report

For the Year Ended 31 August 2019

Objectives and Activities

Objects and Aims

Our trust will engender a love of learning through an exceptional quality of educational provision in which every learner is inspired and supported to fulfil their potential, enhancing their personal development and benefitting their community. We will recruit and retain teachers and support staff and managers of the highest calibre by investing in their professional development through training and progression opportunities. Our schools and colleges will offer a friendly, caring environment with high expectations, aspirations and supporting the highest levels of achievement. Our trust will work through partnership with employers, community groups and other agencies to make the Tees Valley a great place to live, learn and work.

Objectives, Strategies and Activities

The objectives of the trust are summarised below:

- Improve the life chances for young people in our region
- Maximise the outcomes and opportunities for all learners
- Remove barriers to achievement and promote the highest aspirations for all
- Enhance progress at transition points through cross-phase working
- Support all staff to develop their skills to become an efficient, high-performing team
- Share good practice to further improve teaching and learning
- Ensure positive destinations through enhanced accountability for each learner
- Promote and enable lifelong learning and citizenship which benefits the individual and the community
- Build partnerships within and beyond our trust to promote economic prosperity and social well-being across our region

We are committed to:

- Genuine partnerships for long term mutual benefit
- Improved educational standards through cross-phase working
- Strong system leadership and governance to support others and innovate
- Investment in the development of staff, creating capacity to support others
- A broad and balanced curriculum required of a 21st century skilled workforce
- An inclusive provision that meets the needs of all
- Secure financial health and stability
- Investment in learning resources providing best value for money

Public Benefit

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

In delivering its aims and objectives, the College provides the following identifiable public benefits through the advancement of education:-

- High quality teaching
- Widening participation and tackling social exclusion
- Excellent employment record for students
- Strong student support systems
- Links with employers, industry and commerce

The Primary School provides the following identifiable public benefits through the advancement of education:-

- High quality teaching
- Positive outcomes and effective transition to the next educational phase
- Excellent range of experiences and enrichment activities
- Inclusive offer that supports all pupils, including those with significant additional needs

Tees Valley Collaborative Trust

Trustees' Report

For the Year Ended 31 August 2019

Strategic report

Achievements and Performance

During the year the Multi Academy Trust comprised Prior Pursglove and Stockton Sixth Form College, a 16-19 academy operating as two distinct Sixth Form College on two sites and Errington Primary School.

The key success measure used by OFSTED from September 2019 puts a firm focus on achievement rates which accounts for valid starts completing their programme of study and achieving the qualifications. PPC has met and exceeded its overall Level 3 achievement targets in line with the national benchmark. SSFC has fallen short by 3.4 percentage points last year and met the benchmarks year before. The second element of accountability is placed on value added that depicts how much progress students make against their target grades which are set in line with their prior attainment levels. There has been a slight decline in A level VA at PPC from zero residual to -0.18 (fifth of a grade short per student) whereas a significant fall realised at SSFC standing at -0.60. The BTECs at Prior attained -0.06 value added (close to zero residual) and SSFC -0.17. the Maths and English GCSE, as a key performance indicator considered by OFSTED, has performed well above the national averages in delivering value added at both sites. The average attendance is above national average by 1.5 percentage point across both sites and significantly higher than national average for A levels. Overall level one and two outcomes are good and around national benchmark. At Prior, adult education programme has been delivered for a number of years with outstanding outcomes across all qualifications types. The key objective for the college in terms of improvement remains to be retention rate at Stockton and progress against target grades across both sites.

Errington Primary is meeting targets in EYFS and KS1 and is above national average in areas of good level of development (GDL) measures and progress for Early Years and in phonics (KS1 – Year 1), there is an improving trend each year. The performance of disadvantaged pupils in EYFS and KS1 is better than other pupils nationally. There was a positive increase of 5%+ in reading, writing and maths for expected and greater depth outcomes at KS1. This showed significant progress on previous outcomes and an improved trend. There was a large percentage of diagnosed special needs in KS2 and new intake of children over the year. This had an impact on levels of progress and outcomes. Higher scores were positive and showed the intense focus placed on developing greater depth and challenge for children. This was a target which all children and staff had been working to develop with positive outcomes. The focus needs to be more on developing expected outcomes for all children.

At KS2 Reading, Writing & Maths combined Expected Standard, the percentage of pupils achieving the expected standard or above is 63%. The percentage achieving the standard had decreased by 9%. The percentage of boys achieving the expected standard or better is 52% and girls is 79%, so therefore there is an achievement gap of 26%.

Overall this cohort is in line with the National average (NAT 65%).

Reading, Writing & Maths combined Greater Depth / High Score

The percentage of pupils working at greater depth / achieved a high score is 20%. The percentage achieving greater depth had increased by 12%. The percentage of boys achieving the greater depth / high score is 24% and girls is 14%, so therefore there is an achievement gap of 10%.

Overall this cohort is above the National average (NAT 10%).

RWM combined (EXP) School Disadvantaged vs National 'Other' (Not Disadvantaged)

43% of pupils are Disadvantaged - 15 pupils (10 boys and 5 girls).

47% of Disadvantaged pupils achieved the expected standard compared to 67% of 'Other' pupils nationally. Therefore, there is an achievement gap of 20%. National Disadvantaged is 48%. Disadvantaged pupils performance is similar or better than Disadvantaged pupils nationally, but still below 'Other' pupils nationally.

Tees Valley Collaborative Trust

Trustees' Report

For the Year Ended 31 August 2019

Key Performance Indicators

The trust is committed to observing the importance of sector measures and indicators and use the Ofsted data dashboard and GOV.UK website which looks at measures such as success rates level 3 value added.

Going Concern

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

Financial Review

Income for the year was £12,226,000, including £2,272,000 on conversion (2018, 10 months: £22,779,000 including £15,593,000 on conversion). Expenditure for the year amounted to £10,293,000 (2018, 10 months: £7,315,000) which included costs from the pension valuation of £346,000 (2018, 10 months: £181,000). The Trust generated a net income before other gains and losses in the year of £1,839,000 (2018, 10 months: £15,464,000). The trust had a loss on the latest pensions valuation of £1,978,000 (2018, 10 months: gain of £390,000) leading to a reduction in net funds of £2,882,000 (2018, 10 months: increase of £15,854,000). Details of principal funders are included in the funds note (note 16).

Reserves Policy

The trust Reserves Policy is included within the Trust Financial Regulations. The trust wishes to continue to accumulate reserves and cash balances in order to develop the estate and provide contingency funds. The trust has funds carried forward of £12,972,000 (2018: £15,854,000) of which £149,000 (2018: £56,000) are unrestricted funds and cash balances of £2,972,000 (2018: £2,967,000). The actual position of reserves (restricted general fund excluding pensions reserve plus unrestricted reserve) amounted to £2,402,000 (2018: £2,687,000).

Investment Policy

The Trust Investment Policy is included within the Trust Financial Regulations. The general policy objective is to invest the surplus funds prudently and not expose the Trust to an inappropriate level of risk. The investment priorities are;

- Security of the invested capital
- Liquidity of the invested capital

Funds exceeding those required to operate the day to day business effectively are invested with the current banker (Lloyds).

Principal Risks and Uncertainties

The trustees have considered the principal risks and uncertainties facing the trust, including a possible decline in student numbers at the Stockton site due to increased competition and the capacity available within the trust to turn around a sponsored school. The trust has put measures in place to mitigate these risks to an acceptable level.

Risk Management

The trust's risk management strategy recognises that risk management should be embedded within the daily operation of all trust activities. Through understanding risks, managers are more able to evaluate the impact of a particular decision or action on the achievement of the trust's objectives. The trust's risk management strategy does not focus on risk avoidance, but on the identification and management of an acceptable level of risk.

The risk register is the main reporting document used to inform trustees, management, staff and other stakeholders of the risks faced by the trust. A risk register is maintained for each academy within the trust, detailing the risks specific to that academy, as well as a risk register at trust level. The risk register shows the likelihood and impact risks (scored using a consistent scoring system), control procedures, the senior manager responsible for the risk, monitoring procedure, action required, financial impact/contingency plan and developments. Risk registers are reviewed monthly by SLT to accommodate new risks and changes in assessment. The registers are monitored by the Finance and Audit Committee and approved annually by the Trust Board.

Tees Valley Collaborative Trust

Trustees' Report

For the Year Ended 31 August 2019

A comprehensive disaster recovery plan is maintained and updated annually. The plan includes contingency and business continuity plans and is tested regularly.

Financial and Risk Management Objectives and Policies

The trust established its Risk Management Strategy at conversion in November 2017 with due regard to public expectations about governance, standards and openness. It is the role of the trustees to set the tone and culture of risk management within the trust and determine major decisions affecting the trust's risk profile and exposure. The Trust Board annually reviews the trust's approach to risk management, following consideration by the Finance and Audit Committee and approve changes or improvements to key elements of its processes and procedures.

Fundraising

The trust only participates in low level fundraising. The purpose of this is not to fund the trust's core provision of education but support related activities and charities. This fundraising does not involve any professional fundraisers and is only based on voluntary donations from the trust's stakeholders. Any complaints regarding fundraising should be referred to the trusts complaints policy. The trust does not promote any intrusive or persistent fundraising approaches and wishes to ensure the safeguarding and protection of the public, including vulnerable people.

Plans for Future Periods

At its inception we planned to establish an all-through provision including at least one secondary school. In light of recent developments we plan to grow the primary phase of our Trust. We are also in the process of establishing a day nursery provision through an arms length subsidiary Tees Valley Collaborative Enterprises Limited.

During the year the trust became an approved Academy sponsor and has been shortlisted to bid to sponsor one secondary school- outcome unsuccessful. Further opportunities are constrained by numbers of schools entering special measures and a perceived lack of capacity/ expertise to support such a school, given that our specialism is post-16.

Funds held as Custodian Trustee on behalf of others

There were no funds held as Custodian Trustee on behalf of others during the year.

Auditor

In so far as the trustees are aware:

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

The trustees' report, incorporating a strategic report, was approved by order of the board of trustees, as the company directors, on 19 December 2019 and signed on the board's behalf by:


.....
Paul Gavens, Chair of Trust Board

Tees Valley Collaborative Trust

Governance Statement

For the Year Ended 31 August 2019

Scope of Responsibility

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

The board of trustees has delegated the day-to-day responsibility to the Chief Executive Officer, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Tees Valley Collaborative Trust 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 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Gavens (Chair)	6	6
M Hirst (Vice Chair, resigned 1 October 2019)	5	6
C Groves (Appointed Vice Chair 30 September 2019)	6	6
S Robertson (resigned 1 November 2018)	1	1
J Bailey (Chief Executive Officer and Accounting Officer)	6	6
K Hurst	5	6
J Beighton (resigned 11 March 2019)	1	2
P Welford (resigned 17 September 2019)	5	6
Jenn Plews (appointed 20 March 2019)	2	3
Heather Adams (appointed 21 March 2019)	2	3

The Board of Trustees has a Local Governing Body (LGB) for Prior Pursglove and Stockton Sixth Form College and a LGB for Errington Primary School. The LGB's have powers delegated to them under a Scheme of Delegation. Full details are provided on the Tees Valley Collaborative Trust website, www.tvc.ac.uk.

The Board of Trustees approves and updates the Scheme of Delegation and Governance Handbook throughout the year. It considers: its strategic plan at each meeting; approved a sponsorship application; approved the conversion of Errington Primary School to join the trust and considered its obligations around: finance; governance; safeguarding and monitoring the LGB and College performance.

The Board of Trustees has two committees: Finance and Audit Committee and a Search, Governance and Remuneration Committee.

The Finance and Audit Committee is a committee of the main Board of Trustees. Its purpose is to advise the Board of Trustees on the adequacy and effectiveness of the trust's systems of internal control and its arrangements for risk management, control and governance processes and securing value for money.

During the year the Finance and Audit Committee has reviewed: the Reports and Financial Statements for Prior Pursglove and Stockton Sixth Form College for the year ended 31 July 2018; regularity audit; external audit and management report and Audit Committee report, with all recommendations being made to the Board of Trustees for approval.

Tees Valley Collaborative Trust

Governance Statement

For the Year Ended 31 August 2019

Governance (continued)

The Finance and Audit Committee has also considered: internal audit reports; progress on audit recommendations; the risk register and risk management and management accounts. The Finance and Audit Committee recommended a budget to the Board of Trustees for approval.

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
M Hirst (Chair of Finance and Audit, resigned 1 October 2019)	3	3
C Groves	3	3
S Robertson (resigned 1 November 2018)	0	0
K Hurst (Appointed Chair of Finance and Audit 1 October 2019)	3	3
S Symington (Non-trustee, Co-opted Member of the Finance and Audit Committee)	2	3
S Reay (Non-trustee, Co-opted Member of the Finance and Audit Committee)	2	3

A representative from Wylie & Bisset LLP was invited to and attended two out of three meetings of the Finance and Audit Committee. A representative from Anderson Barrowcliff LLP was invited to all meetings and attended one out of three. J Bailey, S Langstaff and D Dobson were invited to and attended all meetings whilst in office of the Finance and Audit Committee to present reports.

The Search Governance and Remuneration Committee is also a committee of the main Board of Trustees. Its purpose is to advise on such matters relating to membership and appointments as the Board of Trustees may remit to the committee, for gathering, screening and short-listing nominations in respect of vacancies across the trust and for determining the process whereby candidates are nominated or elected. The Search, Governance and Remuneration Committee also determines the pay, terms and conditions of designated Senior Post Holders and report annually through the Chair of the Board of Trustees to the Board of Trustees.

The Search, Governance and Remuneration Committee has considered: trustee/ governor terms of office; resignations and vacancies; recommended appointments to the appropriate bodies; monitored attendance of governors and trustees; approved governor and trustee self-evaluation processes; approved processes for applications and induction; recommended policies to the Board of Trustees or LGB's (where appropriate) and recommended the appointment of the Redcar and Cleveland Governance Support Service as Clerk. The Search, Governance and Remuneration Committee has also considered remuneration and pay.

Trustee	Meetings attended	Out of a possible
M Hirst (Chair of Search, Governance and Remuneration Committee)	2	2
P Gavens	2	2
M Collins	2	2
C Groves	2	2
J Bailey (Chief Executive Officer)	2	2

The Search, Governance and Remuneration Committee approved a trust wide self-evaluation process. The Finance and Audit Committee reviewed its own performance and recommended that additional reports should be brought from the National Audit Office. Each trustee self-evaluated the work of the Board of Trustees and each governor self-evaluated the work of the LGB. An action was for the Search, Governance and Remuneration Committee to review succession planning arrangements for the positions of chair, vice-chair, governors and trustees. This was an agenda item for the next Search, Governance and Remuneration Committee.

Tees Valley Collaborative Trust

Governance Statement

For the Year Ended 31 August 2019

Governance (continued)

The Search, Governance and Remuneration Committee reviewed the Department for Education's Competency Framework for Governance and were assured the trust was meeting its obligations in the Competency Framework. Evidence was provided in relation to its obligations.

Review of Value for Money

As accounting officer the Chief Executive Officer has responsibility for ensuring that the academy trust delivers good value in the use of public resources. The accounting officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The accounting officer considers how the academy trust's use of its resources has provided good value for money during each academic year, and reports to the board of trustees where value for money can be improved, including the use of benchmarking data where available. The accounting officer for the academy trust has delivered improved value for money during the year by:

- Completion of a bus tender process on both sites.
- Continued efficiencies gained by staff working cross-site.
- All contracts are reviewed as they become due for renewal to ensure they offer best value for money. New contracts for cleaning and photocopying have been negotiated with additional savings being achieved through cross-site procurement.
- All orders are placed centrally by the finance department and value for money is considered when placing all orders, regardless of cost. Savings are made through experience, use of available discount codes and knowledge of suppliers.

The Purpose of the System of Internal Control

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

Capacity to Handle Risk

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

The Risk and Control Framework

The 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 agreed by the Board of Trustees
- Regular reviews by the Finance and Audit Committee of reports which indicate financial performance against budget and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

Tees Valley Collaborative Trust

Governance Statement

For the Year Ended 31 August 2019

The Board of Trustees has considered the need for a specific internal audit function and appointed Wylie and Bisset LLP to perform the function during the year. Reviews have taken place throughout the year, with reports presented to the Finance and Audit Committee and the Trust Board. The areas reviewed during the year include:

- Learner records
- IT vulnerability testing
- Corporate governance
- Income Collection and Credit Control
- Treasury Management
- GDPR
- Estates Management
- Risk Management
- Fixed Asset Management

The programme of work was completed as planned with no material control issues arising as a result of the internal auditors work.

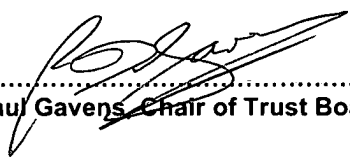
Review of Effectiveness

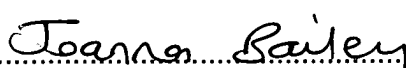
As accounting officer, the principal/chief executive has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal auditor
- The work of the external auditor
- The financial management and governance self-assessment process
- The work of the managers within the Academy 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 Finance and Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the board of trustees on 19 December 2019 and signed on its behalf by:


.....
Paul Gavens, Chair of Trust Board


.....
Joanna Bailey, Accounting Officer

Tees Valley Collaborative Trust

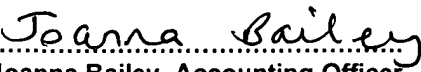
Statement on Regularity, Propriety and Compliance

For the Year Ended 31 August 2019

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

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

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


.....
Joanna Bailey, Accounting Officer

19 December 2019

Tees Valley Collaborative Trust

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2019

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

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

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019
- make 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 financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business

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

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

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

Approved by order of the members of the Board of Trustees on 19 December 2019 and signed on its behalf by:


.....
Paul Gavens, Chair of Trust Board

Tees Valley Collaborative Trust

Independent Auditor's Report on the Financial Statements to the Members of Tees Valley Collaborative Trust

For the Year Ended 31 August 2019

Opinion

We have audited the financial statements of Tees Valley Collaborative Trust (the 'Academy Trust') for the year ended 31 August 2019 which comprise Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2019 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; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education and Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

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

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Tees Valley Collaborative Trust

Independent Auditor's Report on the Financial Statements to the Members of Tees Valley Collaborative Trust

For the Year Ended 31 August 2019

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 (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our 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 strategic report and the directors' report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement the Trustees set out on page 14 (who are also the directors of the Academy Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the 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 Academy Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Tees Valley Collaborative Trust

Independent Auditor's Report on the Financial Statements to the Members of Tees Valley Collaborative Trust

For the Year Ended 31 August 2019

Use of our report

This report is made solely to the Academy Trust'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 Academy Trust'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 Academy Trust and the Academy Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.



D J Robertson
Senior Statutory Auditor
For and on behalf of Anderson Barrowcliff LLP
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Dated: 20 December 2019

Note:

The maintenance and integrity of Tees Valley Collaborative Trust website is the responsibility of the trustees and work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Tees Valley Collaborative Trust

Independent Reporting Accountant's Assurance Report on Regularity to Tees Valley Collaborative Trust and the Education and Skills Funding Agency

For the Year Ended 31 August 2019

In accordance with the terms of our engagement letter dated 8 November 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA), as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Tees Valley Collaborative Trust during the year 31 August 2019 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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

The accounting officer is responsible, under the requirements of Tees Valley Collaborative Trust funding agreement with the Secretary of State for Education dated 27 October 2017 and the Academies Financial Handbook extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

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

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

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

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

The work undertaken to draw to our conclusion includes:

- Evaluating the systems and control environment;
- Assessing the risk of irregularity, impropriety and non compliance;
- Ensuring that the activities of the Academy Trust are in keeping with the Academy's framework and the charitable objectives;
- Obtaining representations from the Accounting Officer and key management personnel.

Tees Valley Collaborative Trust

Independent Reporting Accountant's Assurance Report on Regularity to Tees Valley Collaborative Trust and the Education and Skills Funding Agency

For the Year Ended 31 August 2019

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 year ended 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Use of our report

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



D J Robertson
Reporting Accountant
Anderson Barrowcliff LLP
Statutory Auditor
Chartered Accountants
3 Kingfisher Court
Bowesfield Park
Stockton on Tees
TS18 3EX

Dated: 20 December 2019

Tees Valley Collaborative Trust

Statements of Financial Activities (Including Income and Expenditure Account)

For the Year Ended 31 August 2019

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2019 £000	Total 2018 (10 months) £000
Income and endowments from:						
Donations and capital grants	2	-	51	217	268	36
Transfer on conversion	26	-	26	2,246	2,272	15,593
Charitable activities:						
Funding for the academy trust's educational operations	3	76	9,543	-	9,619	7,103
Other trading activities	4	55	-	-	55	42
Investments	5	12	-	-	12	5
Total		143	9,620	2,463	12,226	22,779
Expenditure on:						
Charitable activities:						
Academy trust's educational operations	6,7	50	10,009	234	10,293	7,315
Total		50	10,009	234	10,293	7,315
Net income / (expenditure)		93	(389)	2,229	1,933	15,464
Transfers between funds	16	-	(201)	201	-	-
Other recognised gains / (losses)						
Actuarial loss on defined benefit pension schemes	23	-	(1,839)	-	(1,839)	390
Revaluation of land and buildings		-	-	(2,976)	(2,976)	-
Net movement in funds		93	(2,429)	(546)	(2,882)	15,854
Reconciliation of funds:						
Total funds brought forward	16	56	517	15,281	15,854	-
Total funds carried forward	16	149	(1,912)	14,735	12,972	15,854

Tees Valley Collaborative Trust

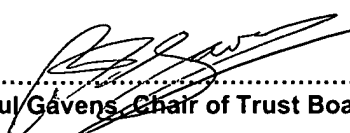
Balance Sheet

As at 31 August 2019

Company Limited by Guarantee
Registration Number: 10743632

	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	12		14,735		15,281
Current assets					
Debtors	13	559		336	
Cash at bank and in hand		2,972		2,967	
		<u>3,531</u>		<u>3,303</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	(1,095)		(616)	
Net current assets			2,436		2,687
Total assets less current liabilities			<u>17,171</u>		<u>17,968</u>
Creditors: amounts falling due after more than one year			(34)		-
Net assets excluding pension liability			<u>17,137</u>		<u>17,968</u>
Defined benefit pension scheme liability	23		(3,594)		(1,592)
Enhanced pensions provision			(571)		(522)
Total net assets			<u>12,972</u>		<u>15,854</u>
Funds of the academy trust:					
Restricted funds					
Fixed asset fund	16	14,735		15,281	
General fund	16	2,253		2,631	
Pension reserve	16	(4,165)		(2,114)	
Total restricted funds			12,823		15,798
Unrestricted income funds	16		149		56
Total funds			<u>12,972</u>		<u>15,854</u>

The financial statements on pages 20 to 44 were approved by the trustees, and authorised for issue on 19 December 2019 and are signed on their behalf by:


Paul Gavens, Chair of Trust Board

Tees Valley Collaborative Trust

Statement of Cash Flows

For the Year Ended 31 August 2019

	Notes	2019 £000	2018 £000
Cash transferred on conversion	24	-	3,460
Cash flows from operating activities			
Net cash provided by operating activities	19	194	(406)
Cash flows from investing activities	19	12	5
Cash flows from financing activities	20	(201)	(92)
Change in cash and cash equivalents in the reporting period		<u>5</u>	<u>2,967</u>
Cash and cash equivalents at 1 September 2018	21	<u>2,967</u>	<u>-</u>
Cash and cash equivalents at 31 August 2019	21	<u>2,972</u>	<u>2,967</u>

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

1 Statement of accounting policies

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

General information

Tees Valley Collaborative Trust is a private company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 1 of these financial statements. The nature of the academy trusts operations and principal activities are set out in the Trustees' Report on page 3.

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2018 to 2019 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Going concern

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

Incoming resources

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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

- **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 Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

1 Statement of accounting policies (continued)

Income (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 goods or services.

- **Transfer on conversion**

Where assets and liabilities are received by the trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the trust. An equal amount of income is recognised as Transfer on conversion within Donations and capital grant income. The basis of measurement for transferred premises is the net book value of the assets as held by Errington Primary School at the date of conversion.

Expenditure

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

Tangible fixed assets

Assets costing £3,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Freehold buildings	50 years straight line
General equipment	10-33% straight line
Computer hardware	20-33% straight line

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

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

1 Statement of accounting policies (continued)

Tangible fixed assets (continued)

Assets transferred from Prior Pursglove and Stockton Sixth Form College are depreciated over the remaining useful economic life as at the time of transfer.

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.

Agency arrangements

The academy trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of Financial Activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the Statement of Financial Activities. The funds received and paid and any balances held are disclosed in note 25.

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.

Termination Payments

Termination payments are recognised in the Statement of Financial Activities when agreements are signed and offset against the fund to which they relate.

Provisions

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

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

Leased assets

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

Financial instruments

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

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

1 Statement of accounting policies (continued)

Financial instruments (continued)

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 & 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

The academy trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. 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 recognised in the period to which they relate.

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

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

Fund Accounting

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

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

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

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

1 Statement of accounting policies (continued)

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

Land and buildings of are included at fair value based on valuation received from the ESFA for academies or, where no valuation is provided, the value on the day of transfer to the trust.

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2019. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 (10 months) £000
Capital grants	-	263	263	36
Other donations	-	5	5	-
	<u>-</u>	<u>268</u>	<u>268</u>	<u>36</u>

In 2018 £36,000 of donations were restricted.

3 Funding for academy trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 (10 months) £000
DfE/ESFA revenue grants				
General Annual Grant (GAG)	-	8,153	8,153	6,298
Adult education budget	-	320	320	288
Start up grants	-	25	25	-
Other DfE/group grants	-	316	316	99
	<u>-</u>	<u>8,814</u>	<u>8,814</u>	<u>6,685</u>
Other Government grants				
Local authority grants	-	582	582	221
	<u>-</u>	<u>582</u>	<u>582</u>	<u>221</u>
Trip income	-	37	37	24
Other grant income	-	105	105	132
Other income	76	5	81	41
	<u>76</u>	<u>147</u>	<u>223</u>	<u>197</u>
	<u>76</u>	<u>9,543</u>	<u>9,619</u>	<u>7,103</u>

There were no contingencies or unfulfilled conditions attached to government grants during the period.

In 2018 £36,000 of funding for educational operations was unrestricted and £7,067,000 was restricted.

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 (10 months) £000
Hire of facilities	55	-	55	42
	<u>55</u>	<u>-</u>	<u>55</u>	<u>42</u>

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2019 £000	Total 2018 (10 months) £000
Short term deposits	12	-	12	5
	12	-	12	5

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2019 £000	Total 2018 (10 months) £000
Academy trust's educational operations					
Direct costs	5,437	-	574	6,011	4,033
Allocated support costs	2,135	661	1,486	4,282	3,282
	7,572	661	2,060	10,293	7,315

Net income for the period includes:

	2019 £000	2018 (10 months) £000
Operating lease rentals	28	24
Depreciation	234	434
Fees payable to the auditor for:		
Audit	12	12
Other services	6	8

7 Charitable activities

	2019 £000	2018 (10 months) £000
Direct costs – educational operations	6,011	4,033
Support costs – educational operations	4,282	3,282
	10,293	7,315

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

7 Charitable activities (continued)

Analysis of support costs

	Educational Operations £000	2019 £000	2018 (10 months) £000
Support staff costs	2,135	2,135	1,471
Depreciation	234	234	434
Technology costs	108	108	90
Premises costs	660	660	432
Other support costs	1,132	1,132	824
Governance costs	13	13	31
Total support costs	4,282	4,282	3,282

8 Staff

(a) Staff costs

	2019 £000	2018 (10 months) £000
Staff costs during the period were:		
Wages and salaries	5,503	3,734
Social security costs (including apprenticeship levy)	524	342
Pension costs	1,196	713
	7,223	4,789
Agency staff costs	248	297
Staff restructuring costs	101	19
	7,572	5,105
Staff restructuring costs comprise:		
Redundancy payments	83	-
Severance payments	18	19
	101	19

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

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £18,400 (2018: £19,000). Individually, the payments were: £10,000 and £8,400.

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

8 Staff (continued) (c) Staff numbers

The average number of persons employed by the academy trust during the period, and the full time equivalents, was as follows:

	2019 Number	2019 Full-time equivalent	2018 Number	2018 Full-time equivalent
Teachers	117	99	104	85
Administration and support	118	74	88	60
Management	6	6	5	5
	<u>241</u>	<u>179</u>	<u>197</u>	<u>150</u>

(d) Higher paid staff

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

	2019 No.	2018 No.
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	1	1

(e) Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy trust during the year was £447,000 (10 months 2018: £351,000).

9 Central Services

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

- Finance
- IT services
- Payroll
- Human resources

The academy charges for these services on the following basis:

As a percentage of GAG income: 4%

Recharge on a cost basis for Prior Pursglove and Stockton Sixth Form College

The actual amounts charged in the year were as follows:	2019 £000	2018 £000
Prior Pursglove and Stockton Sixth Form College	125	-
Errington Primary School	28	-

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

10 Related party transactions - Trustees' remuneration and expenses

One Trustee has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal/CEO only receives remuneration in respect of services they provide undertaking the role of Principal/CEO under their contracts of employment, and not in respect of their role as trustee. The value of trustees' remuneration and other benefits was as follows:

Joanna Bailey (Principal, CEO and Trustee):

Remuneration	£95,000 - £100,000 (2018: £90,000 - £95,000)
Employers' pension contributions	£15,000 - £20,000 (2018: £10,000 - £15,000)

During the period ended 31 August 2019, travel and subsistence expenses totalling £2,386 (2018: £2,541) were reimbursed or paid directly to two trustees (2018: two trustees).

No other related party transactions were entered into.

11 Trustees' and officers' insurance

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 £2,000,000 on any one claim and the cost for the period ended 31 August 2019 was £500 (2018: £500). The cost of this insurance is included in the total insurance cost.

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

12 Tangible fixed assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Furniture and Equipment £000	Computer Hardware £000	Assets under construction £000	Total 2019 £000
Cost						
At 1 September 2018	15,325	-	140	250	-	15,715
Transfer on conversion	-	2,246	-	-	-	2,246
Additions	83	100	102	16	117	418
Revaluation	(2,976)	-	-	-	-	(2,976)
At 31 August 2019	12,432	2,346	242	266	117	15,403
Depreciation						
At 1 September 2018	342	-	48	44	-	434
Charged in year	74	37	45	78	-	234
At 31 August 2019	416	37	93	122	-	668
Net book values						
At 31 August 2019	12,016	2,309	149	144	117	14,735
At 31 August 2018	14,983	-	92	206	-	15,281

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

- The freehold land and buildings at Stockton and Guisborough sites have been revalued to depreciated replacement cost based on valuation provided by the ESFA in February 2019.
- Included within the transfer on conversion during the year are amounts donated on transfer on conversion to an academy of £2,246k for Errington Primary School, with the transfer of 125 year peppercorn lease from Redcar and Cleveland Borough Council. The valuation is based on figures written out of the books of the local authority.

13 Debtors

	2019 £000	2018 £000
Trade debtors	1	14
VAT recoverable	131	64
Prepayments and accrued income	427	258
	559	336

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

14 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	426	123
Payments received in advance	87	83
Other taxation and social security	143	112
Other creditors	275	188
Accruals and deferred income	164	110
	<u>1,095</u>	<u>616</u>

Deferred income

	2019 £000	2018 £000
Deferred income at 1 September 2018	5	-
Released from previous years	(5)	-
Resources deferred in the period	2	5
Deferred income at 31 August 2019	<u>2</u>	<u>5</u>

At the balance sheet date, the academy trust was holding funds received in advance for rent of B Block at the Stockton site for September 2019.

15 Creditors: amounts falling due in greater than one year

	2019 £000	2018 £000
Other creditors	34	-
	<u>34</u>	<u>-</u>

At the balance sheet date, the academy trust owed a balance to the local authority in relation to the historic deficit of Errington Primary School transferred on conversion to the Trust which is repayable over three years ending May 2022.

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

16 Funds

	Balance at 1 September 2018 £000	Transferred on conversion £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2019 £000
Restricted general funds						
General Annual Grant (GAG)	2,606	(70)	8,153	(8,257)	(201)	2,231
ESFA Adult Education Budget	-	-	320	(320)	-	-
Start Up Grant	-	-	25	(25)	-	-
Other DfE group grants	-	-	191	(191)	-	-
ESFA Free Meals in FE	-	-	76	(76)	-	-
Rates Relief	-	-	95	(95)	-	-
Local Authority Income	-	-	582	(582)	-	-
Trips	-	-	37	(26)	-	11
Eramus	21	-	16	(26)	-	11
NECOP Grant	2	-	87	(89)	-	-
Donations	-	-	5	(5)	-	-
Other grants	2	-	7	(9)	-	-
	2,631	(70)	9,594	(9,701)	(201)	2,253
Pension reserve	(1,592)	96	-	(334)	(1,764)	(3,594)
Enhanced Pensions	(522)	-	-	26	(75)	(571)
	517	26	9,594	(10,009)	(2,040)	(1,912)
Restricted fixed asset funds						
Transfer on conversion	15,188	2,246	-	(111)	-	17,323
DfE/ESFA capital grants/GAG	93	-	217	(123)	201	388
Revaluation	-	-	-	-	(2,976)	(2,976)
	15,281	2,246	217	(234)	(2,775)	14,735
Total restricted funds	15,798	2,272	9,811	(10,243)	(4,815)	12,823
Total unrestricted funds	56	-	143	(50)	-	149
Total funds	15,854	2,272	9,954	(10,293)	(4,815)	12,972

Fund transfers relate to the purchase of fixed assets from GAG.

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

- GAG is for the core funding for the Sixth Form College, the Academy Trust was not subject to any limit on GAG carry-forward.
- ESFA Adult Education Budget is for the provision of adult education.
- Start Up Grant is given to all academy schools to cover some of the cost of the actual conversion.
- Other DfE grants includes teachers pay grant, pupil premium income and sports premium funding.
- ESFA Free Meals in FE is for the provision of free meals for the most disadvantaged students.

Notes to the Financial Statements

For the Year Ended 31 August 2019

16 Funds (continued)

- Rates relief is provided by the ESFA to offset the cost of business rates.
- Local authority income is provided to assist student who have special educational needs and to support students for who secondary school education is not appropriate for.
- Trips is provided for student trips.
- Erasmus grants are provided for foreign language trips and exchanges.
- NECOP grants is provided to support young people in the North East think about their futures and how higher education can help them reach their goals.
- Other grants include TVCA Jobs and Skills Scheme and Ogden Income.
- The pension reserve represents the deficit of the LGPS.
- Enhanced Pensions represents the liability created when teachers took retirement on beneficial terms.

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

	Transferred on conversion £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 August 2018 £000
Restricted general funds					
General Annual Grant (GAG)	2,297	6,298	(5,897)	(92)	2,606
ESFA Adult Education Budget	-	289	(289)	-	-
ESFA Free Meals in FE	3	20	(23)	-	-
Rates Relief	-	63	(63)	-	-
Local Authority Income	-	221	(221)	-	-
Trips	7	24	(31)	-	-
Eramus	35	51	(65)	-	21
NECOP Grant	(1)	71	(68)	-	2
Pension reserve	(1,822)	-	(181)	411	(1,592)
Enhanced Pensions	(521)	-	20	(21)	(522)
Other grants	8	30	(36)	-	2
	6	7,067	(6,854)	298	517
Restricted fixed asset funds					
Transfer on conversion	15,587	-	(399)	-	15,188
DfE/ESFA capital grants/GAG	-	36	(35)	92	93
	15,587	36	(434)	92	15,281
Total restricted funds	15,593	7,103	(7,288)	390	15,798
Total unrestricted funds	-	83	(27)	-	56
Total funds	15,593	7,186	(7,315)	390	15,854

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

16 Funds (continued)

Total fund analysis by academy

Fund balances at 31 August 2019 were allocated as follows:

	Total 2019 £000	Total 2018 £000
Prior Pursglove and Stockton Sixth Form College	2,467	2,687
Errington Primary School	(86)	-
Central services	21	-
Total before fixed asset fund and pension reserve	2,402	2,687
Restricted fixed asset fund	14,735	15,281
Pension reserve	(4,165)	-
Total funds	12,972	15,854

Errington Primary School is carrying a net deficit on these funds following academisation. Errington Primary School is expected to deliver surplus budgets in future years with a view to eliminating the existing deficit accordingly.

Analysis of academies by cost for the year ending 31 August 2019

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2019 £000	Total 2018 £000
Prior Pursglove and Stockton Sixth Form College	4,964	1,924	412	1,838	9,138	6,881
Errington Primary School	473	211	66	154	904	-
Central services	-	-	-	18	18	-
Academy Trust	5,437	2,135	478	2,010	10,060	6,881

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

17 Analysis of net assets between funds

Fund balances at 31 August 2019 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	14,735	14,735
Current assets	149	3,382	-	3,531
Current liabilities	-	(1,095)	-	(1,095)
Non-current liabilities	-	(34)	-	(34)
Pension scheme liability	-	(4,165)	-	(4,165)
Total net assets	149	(1,912)	14,735	12,972

Fund balances at 31 August 2018 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	15,281	15,281
Current assets	56	3,247	-	3,303
Current liabilities	-	(616)	-	(616)
Non-current liabilities	-	-	-	-
Pension scheme liability	-	(2,114)	-	(2,114)
Total net assets	56	517	15,281	15,854

18 Commitments under operating leases

Operating leases

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

	2019 £000	2018 £000
Payable, less than one year	20	24
Payable over one year	72	-
	92	24

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

19 Reconciliation of net income to net cash inflow from operating activities and investing activities

	2019 £000	2018 £000
Net income for the reporting period (as per the Statement of Financial Activities)	1,933	15,464
Adjusted for:		
Transferred on conversion (less pension obligation and net current liabilities)	(2,246)	(19,047)
Depreciation (note 12), excluding revaluation	234	434
Capital grants from DfE and other capital income (note 2)	(263)	(36)
Interest receivable (note 5)	(12)	(5)
Defined benefit pension scheme (assets)/obligation inherited	(96)	2,308
Defined benefit pension scheme cost less contributions payable (note 23)	295	142
Defined benefit pension scheme finance cost (note 23)	51	54
(Increase) in debtors	(223)	(336)
Increase in creditors	521	616
Net cash provided by operating activities	194	(406)

Investing activity income related to interest receivable £12,000 (2018 £5,000)

20 Cash flows from financing activities

	2019 £000	2018 £000
Purchase of tangible fixed assets	(418)	(128)
Capital grants from DfE/ESFA	217	36
Net cash used in investing activities	(201)	(92)

21 Analysis of cash and cash equivalents

	2019 £000	2018 £000
Cash at bank and in hand	2,972	2,967
Total cash and cash equivalents	2,972	2,967

22 Members' Liability

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

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

23 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 Teesside Pension Fund. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £109,000 (2018: £89,000) were payable to the schemes at 31 August 2019 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 full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

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

Valuation of the Teachers' Pension Scheme

The Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% 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 £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million;
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations; and
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS is currently underway based on April 2016 data, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 September 2019.

The pension costs paid to TPS in the period amounted to £947,000 (10 months to 2018: £649,000).

A copy of the valuation report and supporting documentation is on the [Teachers' Pensions website](#).

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

23 Pension and similar obligations (continued)

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

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2019 was £317,000 (2018, 10 months: £213,000), of which employer's contributions totalled £234,000 (2018: £154,000), and employees' contributions totalled £83,000 (2018, 10 months: £59,000). The agreed contribution rates for future years are 17.5% for employers and range from 5.5% to 12.5% for employees depending on salary.

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

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

23 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

	At 31 August 2019	At 31 August 2018
Principal Actuarial Assumptions		
Rate of increase in salaries	3.10%	3.10%
Rate of increase for pensions in payment / inflation	2.10%	2.10%
Discount rate for scheme liabilities	1.80%	2.80%
Inflation assumption (CPI)	2.10%	2.10%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed live expectations on retirement age 65 are:

	At 31 August 2019	At 31 August 2018
<i>Retiring today</i>		
Males	21.9	22.9
Females	23.8	25.0
<i>Retiring in 20 years</i>		
Males	23.6	25.1
Females	25.7	27.3

	At 31 August 2019	At 31 August 2018
Sensitivity analysis		
Discount rate + 0.1%	(0.269)	(0.205)
Discount rate - 0.1%	0.274	0.209
Mortality assumption 1 year increase	0.492	0.315
Mortality assumption 1 year decrease	(0.485)	(0.314)
CPI rate + 0.1%	0.212	0.167
CPI rate - 0.1%	(0.209)	(0.165)

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

	Fair value	
	At 31 August 2019	At 31 August 2018
Equities	8,047	6,707
Property	885	707
Cash and other liquid assets	1,338	1,653
Other	263	119
Total market value of assets	10,533	9,186

The actual return on scheme assets was £418,000 (2018: £465,000).

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

23 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Amounts recognised in the statement of financial activities

	2019 £000	2018 £000
Past service costs	113	-
Current service cost	182	237
Interest expense	51	39
Total amount recognised in the Statement of Financial Activities	346	276

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

	2019 £000	2018 £000
At 1 September	10,778	-
Conversion of academy	-	10,489
Current service cost	416	296
Interest cost	318	234
Employee contributions	83	59
Actuarial (gain) / loss	1,903	(141)
Benefits paid	(288)	(159)
Past service cost	113	-
Net increase in liabilities due to acquisition	804	-
At 31 August	14,127	10,778

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

	2019 £000	2018 £000
At 1 September	9,186	-
Conversion of academy	-	8,667
Interest income	279	195
Return on plan assets (excluding interest income)	139	270
Employer contributions	234	154
Employee contributions	83	59
Benefits paid	(288)	(159)
Net increase in liabilities due to acquisition	900	-
At 31 August	10,533	9,186

24 Events after the balance sheet date

Tees Valley Collaborative Enterprises Limited (incorporated on 1 May 2019), Tees Valley Collaborative Trust's 100% owned subsidiary, completed the acquisition of Guisborough Montessori Nursery, a children's day nursery, on 25th October 2019. The operation commenced trading on 4 November 2019.

Tees Valley Collaborative Trust

Notes to the Financial Statements

For the Year Ended 31 August 2019

25 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust received £178,000 (2018: £102,000) and disbursed £194,000 (2018: £197,000) from the fund.

An amount of £61,000 (2018: £77,000) is included in other creditors relating to undistributed funds that is carried forward for distribution to students in the period ending 31 August 2020.

26 Conversion to an academy trust

On 1st November 2018 Errington primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Tees Valley Collaborative Trust from the Redcar and Cleveland Borough Council for £nil consideration.

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

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Freehold land and buildings	-	-	2,246	2,246
Other tangible fixed assets	-	-	-	-
	-	-	2,246	2,246
LGPS pension surplus	-	96	-	96
Deficit on conversion	-	(70)	-	(70)
Net assets	-	26	2,246	2,272