

Tees Valley Collaborative Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
for the Year Ended 31 August 2020

“ESFA Copy”

Tees Valley Collaborative Trust and its Subsidiary Company

Annual Report and Financial Statements

For the Year Ended 31 August 2020

Contents

| | Page |
|---|-------------|
| Reference and Administrative Details | 1 |
| Trustees' Report | 3 |
| Governance Statement | 10 |
| Statement on Regularity, Propriety and Compliance | 14 |
| Statement of Trustees' Responsibilities | 15 |
| Independent Auditor's Report on the Financial Statements | 16 |
| Independent Reporting Accountants Assurance Report on Regularity | 19 |
| Consolidated Statement of Financial Activities incorporating Income & Expenditure Account | 21 |
| Consolidated Balance Sheet | 22 |
| Trust Balance Sheet | 23 |
| Consolidated Statement of Cash Flows | 24 |
| Notes to the Financial Statements | 25 |

Tees Valley Collaborative Trust and its Subsidiary Company

Annual Report and Financial Statements

For the Year Ended 31 August 2020

| | | |
|--|---|---|
| Members | Ian Alexander Valerie Bailey Margaret Hirst Felix O'Hare Sue Symington | |
| Trustees | Heather Adams Joanna Bailey Paul Gavens Christopher Groves Margaret Hirst Keith Hurst John Milner Jenn Plews Paul Welford Valerie Bailey Sarah Mayo | (Principal, CEO and Accounting Officer) (Chair) (Vice Chair) (appointed vice chair 01/10/2019) (Vice Chair) (resigned 01/10/2019) (appointed 14/10/2019) (resigned 17/09/2019) (appointed 13/03/2020) (appointed 19/09/2020) |
| Senior Management Team | Joanna Bailey Asma Shaffi Lyle Nicholson David Dobson Jonathan Newton Michael Mackin Olivia Wytcherley | (Principal and CEO) (Deputy Principal and Head of Centre) (Director of Resources) (Chief Financial Officer) (Assistant Principal) (Director of Progress) (Director of Progress) |
| Company Name | Tees Valley Collaborative Trust | |
| 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 and its Subsidiary Company

Annual Report and Financial Statements

For the Year Ended 31 August 2020

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 and its Subsidiary Company

Trustees' Report

For the Year Ended 31 August 2020

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

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 2,095 students on roll attending its primary and 16-19 academies in October 2020, in addition to adult and part time learners enrolled at the Guisborough 16-19 site.

Subsidiary Company

The Trust owns the sole £1 ordinary share of Tees Valley Collaborative Enterprises Limited and as such it has been consolidated within these financial statements. The registered office is the same as it is for the Trust and is noted on page 1.

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 operates 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.

Tees Valley Collaborative Trust and its Subsidiary Company

Trustees' Report

For the Year Ended 31 August 2020

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 the Senior Leadership Team. 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.

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 |
|---|---|
| 4 | 2.56 |

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.

Tees Valley Collaborative Trust and its Subsidiary Company

Trustees' Report

For the Year Ended 31 August 2020

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 and its Subsidiary Company

Trustees' Report

For the Year Ended 31 August 2020

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 exams were cancelled in summer 2020 due to Covid 19 and outcomes were based on Centre Assessed Grades (CAGs) – there has been a significant amount of controversy how Ofqual then applied an algorithm process to CAGs to calibrate results in line with the college and sector average. This indiscriminately disadvantaged some students therefore this action was reversed after much opposition from schools and colleges but it left an impact on the outcomes as not being as realistic if compared to final exam outcomes for both sites. The CAGs yielded just above zero value added overall for A levels and BTECs. Adult learning, level one and two qualifications achievement is very close to 18/19 performance. The data on achievement, retention and value added will not be published. The targets for 20/21 will be based on the final internal assessment, CAGs and 18/19 outcomes with a weighted average of strengths and weaknesses that depicts a realistic picture of performance. The key point to note is subject retention of Year 13 A level which is counted from the start of October 2020 - SSFC is 87% and PPC 94% - the national benchmark is 84% for full two year subject retention. The overall attendance before the lockdown remained to be above national average.

At Errington Primary School due to the impact of the coronavirus pandemic the traditional assessment structures that would normally be utilised were replaced with a teacher based assessment following the last relevant assessment window.

In the previous academic year Errington Primary was meeting targets in EYFS and KS1 and was 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.

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%.

The percentage of pupils working at greater depth or 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).

In the 19/20 academic year 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 than Disadvantaged pupils nationally, but still below 'Other' pupils nationally.

Tees Valley Collaborative Trust and its Subsidiary Company

Trustees' Report

For the Year Ended 31 August 2020

Achievements and Performance (continued)

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 £10,891,000 (2019: £12,226,000 including £2,272,000 on conversion). Expenditure for the year amounted to £11,654,000 (2019: £10,293,000) which included costs from the pension valuation of £481,000 (2019: £346,000). The Trust generated a net loss before other gains and losses in the year of £763,000 (2019: net income of £1,933,000, including £2,272,000 transfer on conversion). The trust had a loss on the latest pensions valuation of £2,336,000 (2019: loss of £1,839,000) leading to a reduction in net funds of £4,260,000 (2019: reduction of £2,882,000). 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 £8,712,000 (2019: £12,972,000) of which £219,000 (2019: £149,000) are unrestricted funds and cash balances of £2,931,000 (2019: £2,972,000). The actual position of reserves (restricted general fund excluding pensions reserve plus unrestricted reserve) amounted to £2,302,000 (2019: £2,402,000).

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 and its Subsidiary Company

Trustees' Report

For the Year Ended 31 August 2020

Principal Risks and Uncertainties (continued)

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.

Implications of Covid 19

The disruption caused by Covid 19 had some impacts of Trust budgets during the financial year, these were not considered to be materially significant with costs recovered where possible. The potential impact of Covid 19 was also considered as part of financial planning in the financial year ended 31 August 2021 where possible.

Plans for Future Periods

At its inception we planned to establish an all-through provision including at least one secondary school. Although opportunities to add a secondary school are very limited we do still plan to develop expertise across all key stages from 1 to 5. In November 2019 the Trust acquired a day nursery provision through an arms length subsidiary Tees Valley Collaborative Enterprises Limited.

We are commissioned by two local authorities to run three social, emotional and mental health bases. We plan to develop our Trusts involvement in Alternative Provision at Key Stage 3 and Key Stage 4.

Funds held as Custodian Trustee on behalf of others

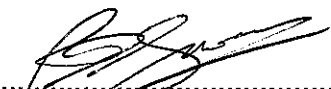
There were no funds held as Custodian Trustee on behalf of others during the year.

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 15 December 2020 and signed on the board's behalf by:



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

Tees Valley Collaborative Trust and its Subsidiary Company

Governance Statement

For the Year Ended 31 August 2020

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Tees Valley 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) | 5 | 6 |
| M Hirst (Vice Chair, resigned 1 October 2019) | 1 | 1 |
| C Groves (Appointed Vice Chair 1 October 2019) | 5 | 6 |
| J Bailey (Chief Executive Officer and Accounting Officer) | 6 | 6 |
| K Hurst | 4 | 6 |
| P Welford (resigned 17 September 2019) | - | - |
| Jenn Plews | 3 | 6 |
| Heather Adams | 5 | 6 |
| John Milner (appointed 14 October 2019) | 2 | 5 |
| Val Bailey (appointed 13 March 2020) | 4 | 4 |

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 approved and updated 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 2019; 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 and its Subsidiary Company

Governance Statement

For the Year Ended 31 August 2020

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) | - | - |
| C Groves | 3 | 3 |
| 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) (Resigned 5 December 2019) | 1 | 1 |
| J Milner (appointed 26 February 2020) | 2 | 3 |
| J Bailey (Chief Executive Officer) | 3 | 3 |
| S Mayo (appointed 19 September 2020) | - | - |

A representative from Wylie & Bisset LLP was invited to and attended three 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 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 Stockton Borough Council 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, resigned 14 October 2019) | 1 | 1 |
| P Gavens | 2 | 3 |
| M Collins | 2 | 3 |
| C Groves (Chair of Search, Governance and Remuneration Committee, appointed 14 October 2019) | 3 | 3 |
| J Bailey (Chief Executive Officer) | 3 | 3 |
| J Plews (Appointed 14 October 2019) | 1 | 3 |

Tees Valley Collaborative Trust and its Subsidiary Company

Governance Statement

For the Year Ended 31 August 2020

Governance (continued)

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.

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 the Prior Pursglove college site.
- 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 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 2020 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the 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 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of trustees.

Tees Valley Collaborative Trust and its Subsidiary Company

Governance Statement

For the Year Ended 31 August 2020

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- Regular reviews by the 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
- Identification and management of risks

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 internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. The areas reviewed during the year include:

- Overall Financial Controls
- Procurement and Contract Management
- Risk Management
- Learner records
- Curriculum Planning and Quality Assurance
- Corporate Governance

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

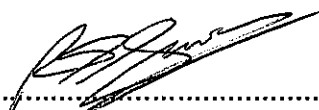
Review of Effectiveness

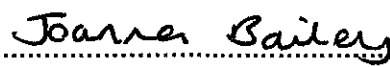
As accounting officer, the principal/chief executive officer has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- The work of the internal 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 15 December 2020 and signed on its behalf by:


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


.....
Joanna Bailey, Accounting Officer

Tees Valley Collaborative Trust and its Subsidiary Company

Statement on Regularity, Propriety and Compliance

For the Year Ended 31 August 2020

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 2019.

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 2019.

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

Joanna Bailey

.....
Joanna Bailey, Accounting Officer

15 December 2020

Tees Valley Collaborative Trust and its Subsidiary Company

Statement of Trustees' Responsibilities

For the Year Ended 31 August 2020

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 2019 and the Academies Accounts Direction 2019 to 2020
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the 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 15 December 2020 and signed on its behalf by:



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

Tees Valley Collaborative Trust and its Subsidiary Company

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

For the Year Ended 31 August 2020

Opinion

We have audited the financial statements of Tees Valley Collaborative Trust (the 'trust') and its subsidiary (the 'group') for the year ended 31 August 2020 which comprise Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Trust Balance Sheet the Consolidated 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 2019 and the Academies Accounts Direction 2019 to 2020 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 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities 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 and its Subsidiary Company

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

For the Year Ended 31 August 2020

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees' report (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 and its Subsidiary Company

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

For the Year Ended 31 August 2020

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 January 2021

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 and its Subsidiary Company

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 2020

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 2019 to 2020, 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 ended 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Tees Valley 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.

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 2019, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

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 and its Subsidiary Company

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 2020

Conclusion

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



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

Dated: 20 January 2021

Tees Valley Collaborative Trust and its Subsidiary Company

Consolidated Statements of Financial Activities (Including Income and Expenditure Account)

For the Year Ended 31 August 2020

| | Note | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total 2020 £000 | Total 2019 |
|--|------|-------------------------------|--|--|-----------------------|----------------|
| Income and endowments from: | | | | | | |
| Donations and capital grants | 2 | - | 35 | 121 | 156 | 268 |
| Transfer on conversion | | - | - | - | - | 2,272 |
| Charitable activities: | | | | | | |
| Funding for the academy trust's educational operations | 3 | 54 | 10,563 | - | 10,617 | 9,619 |
| Other trading activities | 4 | 105 | - | - | 105 | 55 |
| Investments | 5 | 13 | - | - | 13 | 12 |
| Total | | 172 | 10,598 | 121 | 10,891 | 12,226 |
| Expenditure on: | | | | | | |
| Charitable activities: | | | | | | |
| Academy trust's educational operations | 6,7 | 102 | 11,050 | 502 | 11,654 | 10,293 |
| Total | | 102 | 11,050 | 502 | 11,654 | 10,293 |
| Net income / (expenditure) | | 70 | (452) | (381) | (763) | 1,933 |
| Transfers between funds | 17 | - | (160) | 160 | - | - |
| Other recognised gains / (losses) | | | | | | |
| Actuarial loss on defined benefit pension schemes | 25 | - | (2,336) | - | (2,336) | (1,839) |
| Revaluation of land and buildings | | - | - | (1,161) | (1,161) | (2,976) |
| Net movement in funds | | 70 | (2,948) | (1,382) | (4,260) | (2,882) |
| Reconciliation of funds: | | | | | | |
| Total funds brought forward | 17 | 149 | (1,912) | 14,735 | 12,972 | 15,854 |
| Total funds carried forward | 17 | 219 | (4,860) | 13,353 | 8,712 | 12,972 |

Tees Valley Collaborative Trust and its Subsidiary Company

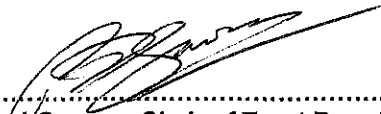
Balance Sheet

As at 31 August 2020

Company Limited by Guarantee
Registration Number: 10743632

| Consolidated balance sheet | Notes | 2020 £000 | 2020 £000 | 2019 £000 | 2019 £000 |
|---|-------|--------------|--------------|--------------|--------------|
| Fixed assets | | | | | |
| Intangible assets | 12 | | 10 | | - |
| Tangible assets | 13 | | 13,357 | | 14,735 |
| Current assets | | | | | |
| Debtors | 14 | 437 | | 559 | |
| Cash at bank and in hand | | 2,931 | | 2,972 | |
| | | 3,368 | | 3,531 | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 15 | (955) | | (1,095) | |
| Net current assets | | | 2,413 | | 2,436 |
| Total assets less current liabilities | | | 15,780 | | 17,171 |
| Creditors: amounts falling due after more than one year | | | (125) | | (34) |
| Net assets excluding pension liability | | | 15,655 | | 17,137 |
| Defined benefit pension scheme liability | 25 | | (6,361) | | (3,594) |
| Enhanced pensions provision | | | (582) | | (571) |
| Total net assets | | | 8,712 | | 12,972 |
| Funds of the academy trust: | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 17 | 13,353 | | 14,735 | |
| General fund | 17 | 2,083 | | 2,253 | |
| Pension reserve | 17 | (6,943) | | (4,165) | |
| Total restricted funds | | | 8,493 | | 12,823 |
| Unrestricted income funds | 17 | | 219 | | 149 |
| Total funds | | | 8,712 | | 12,972 |

The financial statements on pages 20 to 44 were approved by the trustees, and authorised for issue on 15 December 2020 and are signed on their behalf by:


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

Tees Valley Collaborative Trust and its Subsidiary Company

Balance Sheet

As at 31 August 2020

Company Limited by Guarantee
Registration Number: 10743632

| Trust balance sheet | Notes | 2020 £000 | 2020 £000 | 2019 £000 | 2019 £000 |
|---|-------|--------------|---------------|--------------|---------------|
| Fixed assets | | | | | |
| Tangible assets | 13 | | 13,353 | | 14,735 |
| Current assets | | | | | |
| Debtors | 14 | 471 | | 559 | |
| Cash at bank and in hand | | 2,921 | | 2,972 | |
| | | <u>3,392</u> | | <u>3,531</u> | |
| Liabilities | | | | | |
| Creditors: Amounts falling due within one year | 15 | (954) | | (1,095) | |
| | | <u></u> | | <u></u> | |
| Net current assets | | | 2,438 | | 2,436 |
| Total assets less current liabilities | | | <u>15,791</u> | | <u>17,171</u> |
| Creditors: amounts falling due after more than one year | | | (125) | | (34) |
| | | | <u></u> | | <u></u> |
| Net assets excluding pension liability | | | 15,666 | | 17,137 |
| Defined benefit pension scheme liability | 25 | | (6,361) | | (3,594) |
| Enhanced pensions provision | | | (582) | | (571) |
| | | | <u></u> | | <u></u> |
| Total net assets | | | <u>8,723</u> | | <u>12,972</u> |
| Funds of the academy trust: | | | | | |
| Restricted funds | | | | | |
| Fixed asset fund | 17 | 13,353 | | 14,735 | |
| General fund | 17 | 2,083 | | 2,253 | |
| Pension reserve | 17 | (6,943) | | (4,165) | |
| | | <u></u> | | <u></u> | |
| Total restricted funds | | | 8,493 | | 12,823 |
| Unrestricted income funds | 17 | | 230 | | 149 |
| | | | <u></u> | | <u></u> |
| Total funds | | | <u>8,723</u> | | <u>12,972</u> |

The financial statements on pages 20 to 44 were approved by the trustees, and authorised for issue on 18 December 2020 and are signed on their behalf by:


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

Tees Valley Collaborative Trust and its Subsidiary Company

Consolidated Statement of Cash Flows

For the Year Ended 31 August 2020

| | Notes | 2020 £000 | 2019 £000 |
|--|-------|--------------|--------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 20 | 11 | 194 |
| Cash flows from financing activities | 21 | 135 | 12 |
| Cash flows from investing activities | 23 | (187) | (201) |
| Change in cash and cash equivalents in the reporting period | | (41) | 5 |
| Cash and cash equivalents at 1 September 2019 | 23 | 2,972 | 2,967 |
| Cash and cash equivalents at 31 August 2020 | 23 | <u>2,931</u> | <u>2,972</u> |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

1 Statement of accounting policies

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

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 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The accounts consolidate those of the Trust and its wholly owned subsidiary, Tees Valley Collaborative Enterprises Limited. The Trust owns the sole £1 ordinary share of Tees Valley Collaborative Enterprises Limited, the registered office is the same as it is for the Trust and is noted on page 1. Tees Valley Collaborative Enterprises Limited in the period to 31 August 2020 made a loss of £10,808 and has net liabilities of £10,807 as at 31 August 2020. No separate SOFA has been presented for the Charity alone as permitted by paragraph 408 of the SORP.

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

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.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

1 Statement of accounting policies (continued)

Income (continued)

- **Donations**

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

- **Other 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 to the net book value of fixed assets received. 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.

Intangible Fixed assets - Goodwill

Goodwill arising on business combinations is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful life. The period chosen for writing off goodwill is 5 years. Provision is made for any impairment.

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.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

1 Statement of accounting policies (continued)

Tangible fixed assets (continued)

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful 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. Assets transferred from Prior Purslove 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.

Leasehold fixed assets

Long leasehold land and building are leased from the local authority on a 125 year lease. The leasehold property has been included in the accounts at depreciated replacement cost.

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 26.

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.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

1 Statement of accounting policies (continued)

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 14. 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.

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 15 & 16. 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 net income/(expenditure) are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability 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.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

1 Statement of accounting policies (continued)

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.

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 25, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 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 and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

2 Donations and capital grants

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2020 £000 | Total 2019 |
|-----------------|-------------------------------|-----------------------------|-----------------------|---------------|
| Capital grants | - | 155 | 155 | 263 |
| Other donations | - | 1 | 1 | 5 |
| | <u>-</u> | <u>156</u> | <u>156</u> | <u>268</u> |

In 2019 £268,000 of donations were restricted.

3 Funding for academy trust's educational operations

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2020 £000 | Total 2019 |
|--------------------------------|-------------------------------|-----------------------------|-----------------------|---------------|
| DfE/ESFA revenue grants | | | | |
| General Annual Grant (GAG) | - | 8,419 | 8,419 | 8,153 |
| Adult education budget | - | 343 | 343 | 320 |
| Start up grants | - | - | - | 25 |
| Other DfE/group grants | - | 792 | 792 | 316 |
| | <u>-</u> | <u>9,554</u> | <u>9,554</u> | <u>8,814</u> |
| Other Government grants | | | | |
| Local authority grants | - | 959 | 959 | 582 |
| | <u>-</u> | <u>959</u> | <u>959</u> | <u>582</u> |
| Trip income | - | 2 | 2 | 37 |
| Other grant income | - | 47 | 47 | 105 |
| Other income | 54 | 1 | 55 | 81 |
| | <u>54</u> | <u>50</u> | <u>104</u> | <u>223</u> |
| | <u>54</u> | <u>10,563</u> | <u>10,617</u> | <u>9,619</u> |

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

In 2019 £76,000 of funding for educational operations was unrestricted and £9,543,000 was restricted.

4 Other trading activities

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2020 £000 | Total 2019 |
|----------------------------------|-------------------------------|-----------------------------|-----------------------|---------------|
| Hire of facilities | 51 | - | 51 | 55 |
| Income of subsidiary undertaking | 54 | - | 54 | - |
| | <u>105</u> | <u>-</u> | <u>105</u> | <u>55</u> |

In 2019 all income from other trading activities was unrestricted.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

5 Investment income

| | Unrestricted Funds £000 | Restricted Funds £000 | Total 2020 £000 | Total 2019 £000 |
|---------------------|-------------------------------|-----------------------------|-----------------------|-----------------------|
| Short term deposits | 13 | - | 13 | 12 |
| | <u>13</u> | <u>-</u> | <u>13</u> | <u>12</u> |

All investment income in 2019 was unrestricted.

6 Expenditure

| | Staff Costs £000 | Non Pay Expenditure Premises £000 | Other Costs £000 | Total 2020 £000 | Total 2019 £000 |
|--|------------------------|---|------------------------|-----------------------|-----------------------|
| Academy trust's educational operations | | | | | |
| Direct costs | 6,347 | - | 520 | 6,867 | 6,011 |
| Allocated support costs | 2,275 | 726 | 1,786 | 4,787 | 4,282 |
| | <u>8,622</u> | <u>726</u> | <u>2,306</u> | <u>11,654</u> | <u>10,293</u> |

In 2019 £50,000 of the expenditure was unrestricted and £10,243,000 was restricted.

Net income for the period includes:

| | 2020 £000 | 2019 £000 |
|----------------------------------|--------------|--------------|
| Operating lease rentals | 25 | 28 |
| Depreciation | 502 | 234 |
| Amortisation | 2 | - |
| Fees payable to the auditor for: | | |
| Audit | 12 | 12 |
| Other services | <u>6</u> | <u>6</u> |

Movement in funds for the year includes £4,249,000 deficit in relation to Tees Valley Collaborative Trust, the parent company.

7 Charitable activities

| | 2020 £000 | 2019 £000 |
|--|---------------|---------------|
| Direct costs – educational operations | 6,867 | 6,011 |
| Support costs – educational operations | 4,787 | 4,282 |
| | <u>11,654</u> | <u>10,293</u> |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

7 Charitable activities (continued)

| Analysis of support costs | Educational Operations £000 | 2020 £000 | 2019 £000 |
|----------------------------------|--|----------------------|----------------------|
| Support staff costs | 2,275 | 2,275 | 2,135 |
| Depreciation and amortisation | 505 | 505 | 234 |
| Technology costs | 116 | 116 | 108 |
| Premises costs | 726 | 726 | 660 |
| Other support costs | 1,152 | 1,152 | 1,132 |
| Governance costs – legal | 12 | 12 | 13 |
| Governance costs - other | 1 | 1 | - |
| Total support costs | 4,787 | 4,787 | 4,282 |

8 Staff

(a) Staff costs

| | 2020 £000 | 2019 £000 |
|---|----------------------|----------------------|
| Staff costs during the period were: | | |
| Wages and salaries | 5,991 | 5,503 |
| Social security costs (including apprenticeship levy) | 572 | 524 |
| Pension costs | 1,699 | 1,196 |
| | 8,262 | 7,223 |
| Agency staff costs | 352 | 248 |
| Staff restructuring costs | 8 | 101 |
| | 8,622 | 7,572 |
| Staff restructuring costs comprise: | | |
| Redundancy payments | 8 | 83 |
| Severance payments | - | 18 |
| | 8 | 101 |

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

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £8,000 (2019: £18,400). Individually, the payment was: £8,000.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

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:

| | 2020 Number | 2020 Full-time equivalent | 2019 Number | 2019 Full-time equivalent |
|----------------------------|----------------|---------------------------------|----------------|---------------------------------|
| Teachers | 122 | 105 | 117 | 99 |
| Administration and support | 103 | 68 | 118 | 74 |
| Management | 6 | 6 | 6 | 6 |
| | 231 | 179 | 241 | 179 |

(d) Higher paid staff

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

| | 2020 No. | 2019 No. |
|--------------------|-------------|-------------|
| £60,000 - £70,000 | 1 | - |
| £70,001 - £80,000 | 1 | 1 |
| £80,001 - £90,000 | - | - |
| £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 £608,000 (2019: £447,000).

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% (2019: Recharge on a cost basis for Prior Pursglove and Stockton Sixth Form College)

The actual amounts charged in the year were as follows:

| | £000 2020 | £000 2019 |
|---|--------------|--------------|
| Prior Pursglove and Stockton Sixth Form College | 288 | 125 |
| Errington Primary School | 35 | 28 |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

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 (2019: £95,000 - £100,000) |
| Employers' pension contributions | £15,000 - £20,000 (2019: £15,000 - £20,000) |

During the period ended 31 August 2020, travel and subsistence expenses totalling £1,119 (2019: £2,386) were reimbursed or paid directly to one trustee (2019: 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 2020 was £500 (2019: £500). The cost of this insurance is included in the total insurance cost.

12 Intangible fixed assets

| Group | Goodwill 2020 £000 | Total 2020 £000 |
|--------------------------|--------------------------|-----------------------|
| Cost | | |
| At 1 September 2019 | - | - |
| Additions | 12 | 12 |
| At 31 August 2020 | 12 | 12 |
| Amortisation | | |
| At 1 September 2019 | - | - |
| Charged in year | 2 | 2 |
| At 31 August 2020 | 2 | 2 |
| Net book values | | |
| At 31 August 2020 | 10 | 10 |
| At 31 August 2019 | - | - |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

13 Tangible fixed assets

Group

| | Freehold Land and Buildings £000 | Leasehold Land and Buildings £000 | Furniture and Equipment £000 | Computer Hardware £000 | Assets under construction £000 | Total 2020 £000 |
|--------------------------|---|--|---------------------------------------|------------------------------|---|-----------------------|
| Cost | | | | | | |
| At 1 September 2019 | 12,432 | 2,346 | 242 | 266 | 117 | 15,403 |
| Additions | 95 | - | 49 | 136 | 6 | 286 |
| Revaluation | - | (1,161) | - | - | - | (1,161) |
| Reclassification | 10 | - | 107 | - | (117) | - |
| At 31 August 2020 | 12,537 | 1,185 | 398 | 402 | 6 | 14,528 |
| Depreciation | | | | | | |
| At 1 September 2019 | 416 | 37 | 93 | 122 | - | 668 |
| Charged in year | 340 | (16) | 72 | 107 | - | 503 |
| At 31 August 2020 | 756 | 21 | 165 | 229 | - | 1,171 |
| Net book values | | | | | | |
| At 31 August 2020 | 11,781 | 1,164 | 233 | 173 | 6 | 13,357 |
| At 31 August 2019 | 12,016 | 2,309 | 149 | 144 | 117 | 14,735 |

Trust

| | Freehold Land and Buildings £000 | Leasehold Land and Buildings £000 | Furniture and Equipment £000 | Computer Hardware £000 | Assets under construction £000 | Total 2020 £000 |
|--------------------------|---|--|---------------------------------------|------------------------------|---|-----------------------|
| Cost | | | | | | |
| At 1 September 2019 | 12,432 | 2,346 | 242 | 266 | 117 | 15,403 |
| Additions | 95 | - | 44 | 136 | 6 | 281 |
| Revaluation | - | (1,161) | - | - | - | (1,161) |
| Reclassification | 10 | - | 107 | - | (117) | - |
| At 31 August 2020 | 12,537 | 1,185 | 393 | 402 | 6 | 14,523 |
| Depreciation | | | | | | |
| At 1 September 2019 | 416 | 37 | 93 | 122 | - | 668 |
| Charged in year | 340 | (16) | 71 | 107 | - | 502 |
| At 31 August 2020 | 756 | 21 | 164 | 229 | - | 1,170 |
| Net book values | | | | | | |
| At 31 August 2020 | 11,781 | 1,164 | 229 | 173 | 6 | 13,353 |
| At 31 August 2019 | 12,016 | 2,309 | 149 | 144 | 117 | 14,735 |

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.
- Land and buildings at Errington Primary School were initially recognised at £2,246,000 based on a figure provided by Redcar and Cleveland Borough Council. We have subsequently updated this in line with the desktop valuation provided by the ESFA. The effect of this was to reduce the value by £1,161,000.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

14 Debtors

| | Group | | Trust | |
|---------------------------------------|------------|------------|------------|------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Trade debtors | 6 | 1 | 6 | 1 |
| VAT recoverable | 80 | 131 | 80 | 131 |
| Amount owed by subsidiary undertaking | - | - | 34 | - |
| Prepayments and accrued income | 351 | 427 | 351 | 427 |
| | <u>437</u> | <u>559</u> | <u>471</u> | <u>559</u> |

15 Creditors: amounts falling due within one year

| | Group | | Trust | |
|------------------------------------|------------|--------------|------------|--------------|
| | 2020 | 2019 | 2020 | 2019 |
| | £000 | £000 | £000 | £000 |
| Trade creditors | 278 | 426 | 278 | 426 |
| Payments received in advance | 72 | 87 | 72 | 87 |
| Other taxation and social security | 140 | 143 | 139 | 143 |
| Loans | 25 | - | 25 | - |
| Other creditors | 257 | 275 | 257 | 275 |
| Accruals and deferred income | 183 | 164 | 183 | 164 |
| | <u>955</u> | <u>1,095</u> | <u>954</u> | <u>1,095</u> |

Loans of £25k from Salix which is repayable over 6 years.

Deferred income

| | Group and Trust | |
|-------------------------------------|-----------------|----------|
| | 2020 | 2019 |
| | £000 | £000 |
| Deferred income at 1 September 2018 | 2 | 5 |
| Released from previous years | (2) | (5) |
| Resources deferred in the period | 32 | 2 |
| Deferred income at 31 August 2019 | <u>32</u> | <u>2</u> |

At the balance sheet date, the academy trust was holding funds received in advance for rent at the Stockton site, funds for the social, emotional and mental health provisions and Sports Premium funding.

16 Creditors: amounts falling due in greater than one year

| | Group and Trust | |
|-----------------|-----------------|-----------|
| | 2020 | 2019 |
| | £000 | £000 |
| Other creditors | 15 | 34 |
| Loans | 110 | - |
| | <u>125</u> | <u>34</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 and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

17 Funds

Group and Trust

| | Balance at 1 September 2019 £000 | Income £000 | Expenditure £000 | Gains, Losses and Transfers £000 | Balance at 31 August 2020 £000 |
|--|---|----------------|---------------------|--|--|
| Restricted general funds | | | | | |
| General Annual Grant (GAG) | 2,231 | 8,410 | (8,419) | (160) | 2,062 |
| ESFA Adult Education Budget | - | 343 | (343) | - | - |
| Other DfE group grants | - | 658 | (646) | - | 12 |
| ESFA Free Meals in FE | - | 78 | (78) | - | - |
| Rates Relief | - | 90 | (90) | - | - |
| Local Authority Income | - | 959 | (959) | - | - |
| Trips | 11 | 2 | (4) | - | 9 |
| Erasmus | 11 | 15 | (26) | - | - |
| NECOP Grant | - | 32 | (32) | - | - |
| Donations | - | 1 | (1) | - | - |
| Covid exceptional cost claim | - | 9 | (9) | - | - |
| Other grants | - | 1 | (1) | - | - |
| | 2,253 | 10,598 | (10,608) | (160) | 2,083 |
| Pension reserve | (3,594) | - | (469) | (2,298) | (6,361) |
| Enhanced Pensions | (571) | - | 27 | (38) | (582) |
| | (1,912) | 10,598 | (11,050) | (2,496) | (4,860) |
| Restricted fixed asset funds | | | | | |
| Transfer on conversion | 17,323 | - | (368) | - | 16,955 |
| DfE/ESFA capital grants/GAG | 388 | 121 | (134) | 160 | 535 |
| Revaluation | (2,976) | - | - | (1,161) | (4,137) |
| | 14,735 | 121 | (502) | (1,001) | 13,353 |
| Total restricted funds | 12,823 | 10,719 | (11,552) | (3,497) | 8,493 |
| Unrestricted funds | | | | | |
| Tees Valley Collaborative Enterprises Limited | - | 54 | (65) | - | (11) |
| Other unrestricted funds | 149 | 118 | (37) | - | 230 |
| Total unrestricted funds | 149 | 172 | (102) | - | 219 |
| Total funds | 12,972 | 10,891 | (11,654) | (3,497) | 8,712 |

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 Academy Trust and it 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.

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

17 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 are provided to support young people in the North East think about their futures and how higher education can help them reach their goals.
- The Covid exceptional cost fund claim related to additional costs incurred by the Trust in relation to Covid 19.
- 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:

| Group and Trust | Balance at 1 September 2018 £000 | Transferred on conversion | 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 |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

17 Funds (continued)

Total fund analysis by academy

Fund balances at 31 August 2020 were allocated as follows:

| | Total 2020 £000 | Total 2019 £000 |
|--|-----------------------|-----------------------|
| Prior Pursglove and Stockton Sixth Form College | 2,319 | 2,467 |
| Errington Primary School | (25) | (86) |
| Central services | 19 | 21 |
| Tees Valley Collaborative Enterprises | (11) | - |
| Total before fixed asset fund and pension reserve | 2,302 | 2,402 |
| Restricted fixed asset fund | 13,353 | 14,735 |
| Pension reserve | (6,943) | (4,165) |
| Total funds | 8,712 | 12,972 |

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 2020

| | Teaching and Educational Support Staff Costs £000 | Other Support Staff Costs £000 | Educational Supplies £000 | Other Costs (excluding Depreciation) £000 | Total 2020 £000 | Total 2019 £000 |
|---|--|--|---------------------------------|--|-----------------------|-----------------------|
| Prior Pursglove and Stockton Sixth Form College | 5,377 | 1,944 | 400 | 1,822 | 9,543 | 9,138 |
| Errington Primary School | 664 | 286 | 96 | 159 | 1,205 | 904 |
| Central services | - | 306 | - | 33 | 339 | 18 |
| Tees Valley Collaborative Enterprises | - | 45 | - | 20 | 65 | - |
| Academy Trust | 6,041 | 2,581 | 496 | 2,034 | 11,152 | 10,060 |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

18 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

| | Unrestricted Funds £000 | Restricted General Funds £000 | Restricted Fixed Asset Funds £000 | Total Funds £000 |
|--------------------------|-------------------------------|--|--|---------------------|
| Tangible fixed assets | 4 | - | 13,343 | 13,367 |
| Intangible fixed asset | 10 | - | 10 | - |
| Current assets | 205 | 3,163 | - | 3,368 |
| Current liabilities | - | (955) | - | (955) |
| Non-current liabilities | - | (125) | - | (125) |
| Pension scheme liability | - | (6,943) | - | (6,943) |
| Total net assets | 219 | (4,860) | 13,353 | 8,712 |

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 |

19 Commitments under operating leases

Operating leases

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

| | 2020 £000 | 2019 £000 |
|-----------------------------|--------------|--------------|
| Payable, less than one year | 25 | 20 |
| Payable over one year | 78 | 72 |
| | 103 | 92 |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

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

| | 2020 £000 | 2019 £000 |
|--|----------------------|----------------------|
| Net income for the reporting period (as per the Statement of Financial Activities) | (763) | 1,933 |
| Adjusted for: | | |
| Transferred on conversion (less pension obligation and net current liabilities) | - | (2,246) |
| Depreciation (note 13), excluding revaluation | 503 | 234 |
| Amortisation (note 12) | 2 | - |
| Capital grants from DfE and other capital income (note 2) | (155) | (263) |
| Interest receivable (note 5) | (13) | (12) |
| Defined benefit pension scheme (assets)/obligation inherited | - | (96) |
| Defined benefit pension scheme cost less contributions payable (note 25) | 408 | 295 |
| Defined benefit pension scheme finance cost (note 25) | 73 | 51 |
| (Increase)/decrease in debtors | 122 | (223) |
| Increase/(decrease) in creditors | (164) | 521 |
| Net cash provided by operating activities | (11) | 194 |

Investing activity income related to interest receivable £13,000 (2019 £12,000)

21 Cash flows from financing activities

| | 2020 £000 | 2019 £000 |
|--|----------------------|----------------------|
| Repayments of borrowing | (15) | - |
| Cash inflow from new borrowing | 150 | - |
| Net cash used in investing activities | 135 | - |

22 Cash flows from investing activities

| | 2020 £000 | 2019 £000 |
|--|----------------------|----------------------|
| Interest from investments | 13 | - |
| Purchase of tangible fixed assets | (286) | (418) |
| Purchase of intangible fixed assets | (12) | - |
| Capital grants from DfE/ESFA | 15 | 217 |
| Donated fixed assets | 83 | - |
| Net cash used in investing activities | (187) | (201) |

23 Analysis of cash and cash equivalents/Analysis of net debt

| | 2020 £000 | 2019 £000 |
|--|----------------------|----------------------|
| Cash at bank and in hand as at 1 September | 2,972 | 2,967 |
| Cash flows | (41) | 5 |
| Total cash and cash equivalents as at 31 August | 2,931 | 2,972 |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

24 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.

25 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 2016 and of the LGPS 31 March 2019.

Contributions amounting to £144,000 (2019: £109,000) were payable to the schemes at 31 August 2020 and are included within creditors.

Teachers' Pension Scheme

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The employer's pension costs paid to TPS in the period amounted to £1,304,000 (2019: £947,000).

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

Notes to the Financial Statements

For the Year Ended 31 August 2020

25 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 2020 was £372,000 (2019: £317,000), of which employer's contributions totalled £276,000 (2019: £234,000), and employees' contributions totalled £96,000 (2019: £83,000). 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.

| | At 31 August 2020 | At 31 August 2019 |
|--|----------------------------------|----------------------------------|
| <i>Principal Actuarial Assumptions</i> | | |
| Rate of increase in salaries | 3.30% | 3.10% |
| Rate of increase for pensions in payment / inflation | 2.30% | 2.10% |
| Discount rate for scheme liabilities | 1.70% | 1.80% |
| Inflation assumption (CPI) | 2.30% | 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 2020 | At 31 August 2019 |
|------------------------------------|----------------------------------|----------------------------------|
| <i>Retiring today</i> | | |
| Males | 21.8 | 21.9 |
| Females | 23.5 | 23.8 |
| <i>Retiring in 20 years</i> | | |
| Males | 23.2 | 23.6 |
| Females | 25.3 | 25.7 |

| | At 31 August 2020 | At 31 August 2019 |
|--------------------------------------|----------------------------------|----------------------------------|
| <i>Sensitivity analysis</i> | | |
| Discount rate + 0.1% | (0.341) | (0.269) |
| Discount rate - 0.1% | 0.341 | 0.274 |
| Mortality assumption 1 year increase | 0.600 | 0.492 |
| Mortality assumption 1 year decrease | (0.584) | (0.485) |
| CPI rate + 0.1% | 0.308 | 0.212 |
| CPI rate - 0.1% | (0.308) | (0.209) |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | Fair value | |
|-------------------------------------|-------------------------|-------------------------|
| | At 31 August 2020 | At 31 August 2019 |
| Equities | 7,499 | 8,047 |
| Property | 789 | 885 |
| Cash and other liquid assets | 1,145 | 1,338 |
| Other | 434 | 263 |
| Total market value of assets | 9,867 | 10,533 |

The actual return on scheme assets was (£771,00) (2019: £418,000).

Amounts recognised in the statement of financial activities

| | 2020 £000 | 2019 £000 |
|---|--------------|--------------|
| Past service costs | - | 113 |
| Current service cost | 408 | 182 |
| Interest expense | 73 | 51 |
| Total amount recognised in the Statement of Financial Activities | 481 | 346 |

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

| | 2020 £000 | 2019 £000 |
|--|---------------|---------------|
| At 1 September | 14,127 | 10,778 |
| Current service cost | 682 | 416 |
| Interest cost | 253 | 318 |
| Employee contributions | 95 | 83 |
| Actuarial (gain) / loss | 1,335 | 1,903 |
| Benefits paid | (264) | (288) |
| Past service cost | - | 113 |
| Net increase in liabilities due to transfer in off LA school | - | 804 |
| At 31 August | 16,228 | 14,127 |

Tees Valley Collaborative Trust and its Subsidiary Company

Notes to the Financial Statements

For the Year Ended 31 August 2020

25 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

| | 2020 £000 | 2019 £000 |
|---|--------------|---------------|
| At 1 September | 10,533 | 9,186 |
| Interest income | 191 | 279 |
| Return on plan assets (excluding interest income) | (962) | 139 |
| Employer contributions | 274 | 234 |
| Employee contributions | 95 | 83 |
| Benefits paid | (264) | (288) |
| Net increase in liabilities due to transfer in of LA school | - | 900 |
| At 31 August | <u>9,867</u> | <u>10,533</u> |

26 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2020 the trust received £165,000 (2019: £178,000) and disbursed £201,000 (2019: £194,000) from the fund.

An amount of £25,000 (2019: £61,000) is included in other creditors relating to undistributed funds that is carried forward for distribution to students in the period ending 31 August 2021.