



Parallel Learning Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements
Year ended 31 August 2021

Company Registration Number:
08605705 (England and Wales)

Parallel Learning Trust
(A company limited by guarantee)

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Reference and Administrative Details of The Academy Trust, its Directors And Advisors

Members	RA Neal (Resigned 1 December 2020) C Malec N Diffey (Appointed 25 May 2021) R Newlove V M D C Da Silva
Directors	RA Neal (Chair) (Resigned 1 December 2020) R Newlove (Vice Chair) (Resigned 18 November 2020) M Jordan (CEO and Accounting Officer) M Martell RF Pugh (Resigned – 2 July 21) B Wallia (Resigned 12 October 2020) L Farrow (Acting Vice Chair) Resigned – 26 February 2021 J Alvis C Howells (Acting Chair) (Appointed 16 September 2020) N Alderson (Appointed 1 December 2020) D Heaton (Appointed 1 December 2020) N Cross (Appointed 25 January 2021) I Nath (Appointed 25 January 2021)
Company Secretary	RF Pugh (resigned 16 September 2020) C Gould (Appointed 17 September 2020)
Senior Management Team:	
1. Chief Executive Officer (CEO)	M Jordan
2. Chief Finance Officer	H Cardy (Appointed May 2020)
3. Strategic Head of Finance	D High
4. Executive Headteacher	M O'Donnell
Company Name	Parallel Learning Trust
Principal and Registered Office	Suite 1, 1 & 2 Leonard Place, Westerham Road, Bromley Keston, BR2 6HQ
Company Registration Number	08605705 (England and Wales)
Independent Auditor	UHY Kent LLP trading as UHY Hacker Young Thames House, Roman Square Sittingbourne, Kent, ME10 4BJ
Bankers	Lloyds Bank PLC George Street, Croydon, CR9 2NS
Solicitors	Geldards LLP, Enterprise House 1-2 Hatfields London, SE1 9PG

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Directors' Report for the year ended 31 August 2021

The Directors (who are also Trustees of the charity for the purpose of the Charities Act) present their annual report together with the audited financial statements and Auditors' report of the Parallel Learning Trust (the Trust) for the period from 1st September 2020 to 31 August 2021.

The Directors confirm that the Annual Report and financial statements of the Academy Trust, comply with the current statutory requirements, the requirements of the Trust's governing document and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005. The annual report serves the purposes of both as a trustees' report and a Directors' report under company law.

The Parallel Learning Trust's principal activities are set out in its articles of association and the funding agreement.

The Parallel Learning Trust (the Trust) has been set up as an academy Trust under the standard multi-academy model (11 July 2013) and completed the conversion of the first two academy provisions, Kennington Park AP Academy and Park Campus AP Academy, on 1 July 2014.

The Trust was granted Academy Sponsor Status in February 2015 enabling the Trust to sponsor other alternative provision settings, special schools and primary schools. The Trust has subsequently worked with the Department for Education on a number of projects that have led to the Trust being named the preferred sponsor for three special schools: After ministerial approval, the Trust converted its first 'sponsored academy' in April 2016 and further AP and SEMH academies have joined the Trust since July 2017.

Since January 2018 PLT had been formally supporting Wandle Valley School, a Single Academy Trust (SAT) in Sutton. The Regional School Commissioner for SESL region is aware and in support of the arrangement which focuses on Leadership, Governance, Finance and school improvement. Wandle Valley Academy joined PLT on 1 November 2018.

STRUCTURE, GOVERNANCE AND CONSTITUTION

The Trust is a company limited by guarantee and an exempt charity incorporated on 11 July 2013. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The Directors of Parallel Learning Trust are also the Directors of the charitable company for the purposes of company law. The charitable company is known as Parallel Learning Trust and also makes itself known as PLT.

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

Members' Liability

Each member of the Trust 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.

Directors' Indemnities

A Director may benefit from any unlimited indemnity insurance, purchased at the Trust's expense through the ESFA Risk Protection Arrangement (RPA) Scheme, to cover the liability of the Directors, which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default or breach of trust or breach of duty of which they may be guilty in relation to the Trust. Provided that any such insurance shall not extend to any claim arising from any act or omission which the Directors knew to be a breach of duty or was committed by the Directors in reckless disregard to whether it was a breach of duty or not and provided also that any such insurance shall not extend to the costs of any successful defence to a criminal prosecution brought against the Directors in their capacity as Directors of the Parallel Learning Trust.

Method of Recruitment and Appointment or Election of Directors

The members may appoint up to 6 Directors.

The total number of Directors, including the Chief Executive, who are employees of the company shall not exceed one third of the total number of Directors. Directors may appoint co-opted Directors.

The term of office for any director shall be four years, save that:

- This time limit shall not apply to the Chief Executive
- The term of office may be shorter than four years for any co-opted Director, if the Directors determine this at the time of appointment of such a Director.

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Policies and Procedure Adopted for the Induction and Training of Directors

Potential Directors are recruited through:

- Recommendation
- Referral from a recruiting organisation
- Self-Referral
- Advertisement, following a skills audit which identifies gaps

Potential Directors will, in the first instance, be met by the Chief Executive and given an overview of the organisation from an operational perspective. They will be given background written information about the organisation and invited to interview with a panel including at least 1 Member and at least 1 representative from the Board and/or CEO to ascertain the following information:

- Skills
- Background
- Experience of working within a governance role
- Experience of working with young people, especially vulnerable children and those with learning disabilities

This meeting is a two-way process and the discussion should present the prospective Directors with an opportunity to find out more about being a Director for the Trust and decide whether or not they are still interested.

They will be asked at this stage to complete an application form and a DBS form if they wish to continue the process of appointment. Two references will be sought, directly following this meeting and on receipt of references and DBS check, recommendations will be made to the Board of Directors and if agreed the new candidate will be invited to attend the next available board meeting.

At this point, the new Director will be asked to:

- Complete and sign the declaration of interest form, to be retained by the Company Secretary
- Sign a declaration that they are eligible to serve as a Director
- Agree and sign two copies of the code of conduct, one to be retained by the Director and the other by the Company Secretary
- The new Director will be sent a letter of appointment. The Company Secretary will notify Companies House of the appointment.

Induction and Training of Directors

All Directors should receive:

- An organisational chart
- A copy of the previous year's annual report and financial report
- A copy of the memorandum and articles of association
- A copy of the previous board meeting minutes
- A copy of the business plan
- Charity Commission CC3 - The essential trustee: What you need to know
- Charity Commission CCI 0 - The Hall Marks of an Effective Charity
- Current Newsletter
- Copies of all the current up to date policies and procedures
- EFA Academies Financial Handbook

All new Directors will be invited to attend:

- Safeguarding Training
- Staff induction Training

All new Directors will be encouraged to visit at least one of the Trust's Academies.

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Directors' Report for the year ended 31 August 2021

Ongoing Support and Training

Directors will be offered ongoing training opportunities and be kept up to date with Charity Commission guidance and policy news through the board meetings and via email.

They will be invited to attend training relevant to their role, such as:

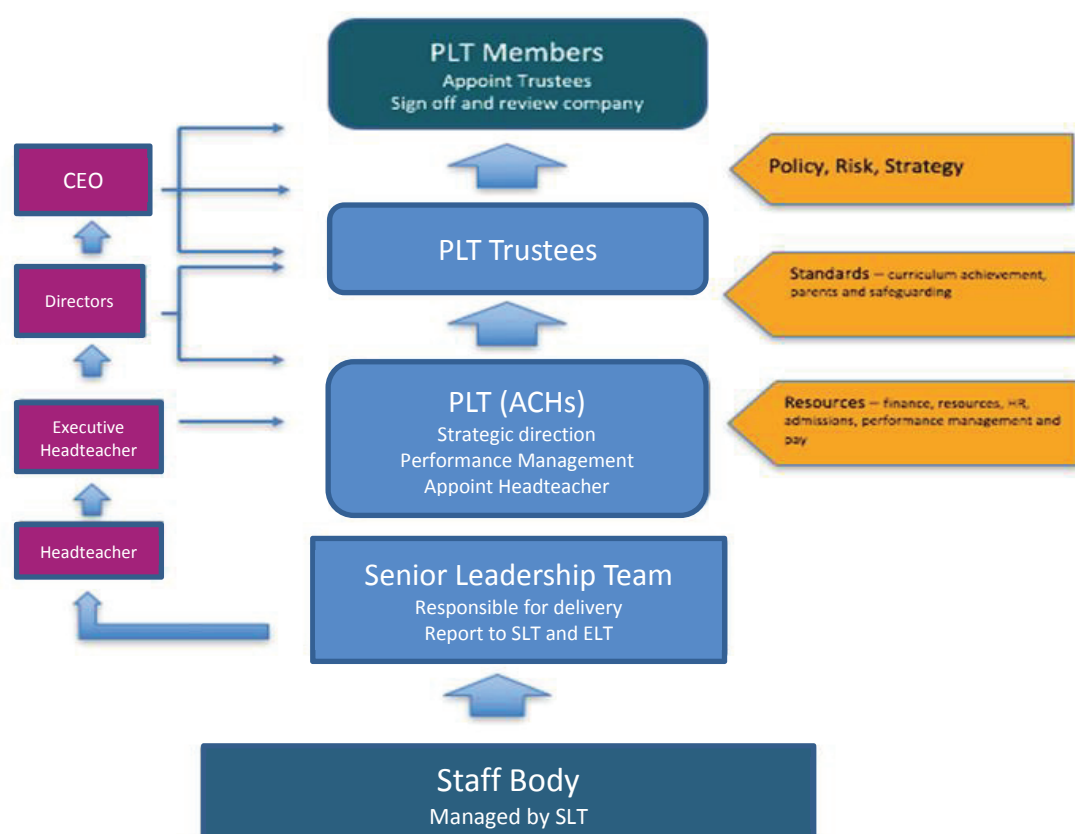
- Health and Safety
- Employment Law
- Financial management
- Diversity and Equal Opportunities

The training may be face to face, in a collective setting, or through virtual on-line packages delivered via the corporate membership or the National Governors Association (NGA) or via training providers deemed appropriate by the board. Directors will be kept up to date, by email, on updates from the ESFA, Charity Commission, Companies House, Trustee Network or other national support organisation.

Organisational Structure

The organisational structure consists of three levels

- Board of Directors
- Executive Leadership Team
- Local Governance



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The Executive Leadership Team consists of the Chief Executive, Headteachers/Heads of each academy, the Central PLT team and Chief Finance Officer. These leaders have operational responsibility of the academies at an executive level, implementing the policies laid down by the Board of Directors and reporting back to them. As a group, the Executive Leadership Team is responsible for the authorisation of spending, within agreed budgets and the appointment and performance management of staff. Spending control is exercised via a delegated scheme with set limits, above which a senior manager must countersign. The ELT have extended senior leadership teams in each academy, with these managers responsible for the day-to-day operation of the academies, in particular organising the teaching staff, facilities and learners.

The Parallel Learning Trust Board and its committees act strategically by:

- Setting the aims and objectives for the Trust's academies
- Setting policies for achieving those aims and objectives
- Setting targets by which progress towards those aims and objectives can be measured
- Reviewing and monitoring progress in achieving the aims and objectives

In all of the above the Trust Board and its committees will act in accordance with education law and will consider any advice given by the Chief Executive, acting as a 'critical friend' by providing advice, support, guidance and challenge and when necessary constructive criticism.

The Role of the Chief Executive

The Chief Executive is a Director of the Parallel Learning Trust Board and is entitled to attend all committees of the Trust and its Local Governing Bodies.

The CEO, as the principal manager for the academies, is responsible for the internal organisation, management and control of the academies; for advising the Trust Board members and implementing the strategic framework, incorporated in the role of advising the Trust Board are:

- Formulating aims and objectives, for adoption, amendment or rejection by the Board
- Formulating policies and targets for the Trust Board to consider adopting
- Reporting to the Trust Board on progress

Delegation of the Trust Board Functions

The Trust Board has considered delegation of its responsibilities in light of the following:

- The requirement of the Trust Board to fulfil a largely strategic function within academies
- The responsibility of the EHT for the internal organisation, management and control of academies
- The requirement of the EHT to comply with any reasonable direction of the Trust Board members in carrying out a function delegated by the Board

The Trust Board's Committee Structure and Terms of Reference

The Terms of Reference for all committees are provided in the Terms of Reference Continuation Handbook (ToRCH). Committees may have powers delegated to them. Sub-committees do not have delegated powers. In general, the Trust Board establishes committees, and most sub committees including the LGB following their committee structure model. The Local Governing Body as required may also establish sub committees.

The Parallel Learning Trust Board may choose to set up Committees or Sub-Committees in whichever way is agreed will be most appropriate to each institution, taking separate areas of responsibility under separate Committees, or combining several areas under one committee.

The Parallel Learning Trust Board has chosen the following model:

1. **Finance, Resources and Premises Committee responsibilities for:**
a) Health and Safety b) Appeals c) Charges and Lettings
2. **Staffing and Performance Management and Safeguarding Including responsibilities for:**
a) Safeguarding b) Discipline c) Staffing Overview

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3. Audit & Risk Committees

- a) Compliance and risk

4. Academy Councils

- a) Academic performance b) Local safeguarding

The above committee structure will be reviewed annually.

Local Governing Bodies

The Terms of Reference for all Academy Councils are provided in the Terms of Reference Continuation Handbook (ToRCH). The following are required sub committees of the Board:

- The Family Committee
- Local Finance/Budget Committee
- The Standards and Curriculum Sub-Committee

Arrangements for setting pay and remuneration of key management personnel

Pay sub-committee is responsible for agreeing the senior management pay and leadership of the school.

Related Parties and other Connected Charities and Organisations

The Trust has a wholly owned subsidiary, Logic Schools Services CIC. This previously provided central services to academies within the Trust, however this ceased trading from September 2019.

The Trust had one related party transaction during 2020-21 with an education consultant, John Wotherspoon, who is also a governor for the Essex and Southend Academy Council. John, through his company JWETC, provides advice, school improvement support and quality assurance to academies within PLT.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The Company's object is specifically restricted to the following:

To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing:

- Schools ("the mainstream Academies") offering a broad and balanced curriculum;
- Educational institutions which are principally concerned with providing full time or part time education for children of compulsory school age who, by reason of illness, exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them ("the alternative Academies"); and
- Schools specifically organised to make special education provision for pupils with Special Educational Needs ("the Special Academies").

Objectives, Strategies and Activities

The Strategic Objectives are summarised as follows:

1. To review, evaluate and improve Governance at strategic Board level
2. Improve standard of financial awareness, skills and monitoring across all academies providing appropriately detailed information to Academy Councils and the Board
3. To build a 'family' of Good and Outstanding cross-phase Academies that provide the best possible outcomes for pupils
4. Continue to build transferable leadership and infrastructure models for the successful delivery of learning in existing and new sponsored academies.
5. These strategic objectives are underpinned by four key priorities for our schools and services.

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Public Benefit

The Directors of the Trust confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the charitable trust's objectives and aims and in planning future activities for the year. The Directors consider that the charitable trust's aims are demonstrably to the public benefit.

STRATEGIC REPORT

Achievements and Performance

Key Performance Indicators

The Directors use the following key performance indicators to assess the success of the activities of The Parallel Learning Trust.

Standards of Achievement

1. Assessment information, indicating rates of progress for individuals and groups, including pupils eligible for pupil premium funding.
2. Achievement at the end of key stage in line with national expectation.

Quality of Teaching

1. Teaching profile based upon lesson observation judgements
2. Tracking of pupil progress
3. Monitoring of marking and presentation

Behaviour and Safety

1. Behaviour records, including the measurement of progress against scales of Behavioural Competencies and incidents of bullying and racial harassment.
2. Attendance rates, including lateness and persistent absence
3. Child protection and safeguarding audits
4. Pupil, parent/carers and staff surveys

Leadership and Management

1. Impact of leadership and management on standards of achievement and the quality of teaching
2. Staff development processes, including performance management
3. Ofsted inspections
4. Academy and/or the Trust commissioned reviews
5. Academy self-evaluation processes
6. Quality marks and awards
7. Impact or support on external partners
8. Relationship with commissioners (especially schools in supporting early intervention and reintegration) as seen through the demand for pupil places.
9. Budget monitoring, analysis and future projection

The Key Performance Indicators for the Trust relate to standards of achievement within each academy.

As an extremely busy academic year draws to a close, whilst too early to analyse the academic and overall successes of our existing and new academies, I will use this interim report to outline current performance, where we are on growth plan and where we need to get to in order to cement the success of Parallel Learning Trust as a successful Multi Academy Trust (MAT).

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PLT Academy performance by Ofsted judgement criteria

Academy	Ofsted Judgement Areas				
	Overall effectiveness (previous inspection grade)	Leadership and management	Quality of Education	Behaviour & Attitudes	Personal Development
Ramsden Hall Academy	2 (3)	2	2	2	2
Sutton House Academy	3 (4)	2	3	3	2
Victory Park Academy	3 (4)	3	3	2	2
Inspire Academy	2 (2)	2	2	2	2
Kennington Park Academy	2 (2)	2	2	2	2
Park Campus Academy	3 (2)	3	3	3	2
Wandle Valley Academy	2 (3)	2	2	2	2
1 - Outstanding 2-Good 3- Requires Improvement 4 - Inadequate					

During 2020-21 all provisions have improved and strengthened, embedding the core systems of the Trust in the following key areas;

- Academy self-evaluation
- Academy improvement planning
- Behaviour management system
- Progress system

Establishing core systems across the Trust has been pivotal in driving improvement providing the executive team with the ability to develop consistency, refine approaches and compare and contrast performance in key areas of performance. This has enabled senior leaders and the central Trust team to identify and consolidate strengths whilst supportively challenging areas that required further development. Significant progress has been made with sharing good practice in the key limiting judgement area of Quality of Education. A new Trust lead has developed Trust wide steering groups for this strand of the inspection framework and has also set up subject specific focus groups to improve performance and problem solve in planning, delivery, moderation and assessment in all subjects.

The Trust has also improved the tracking and monitoring of educational performance by installing the same academic progress software system across the organisation. This enables colleagues to compare, contrast and target areas for further improvement through benchmarking against Trust wide data. The system is also used to inform the Trust wide Triangulation system that was developed the previous year and is used successfully across primary and secondary key stages.

The Trust have also aligned physical intervention approaches with all academies now adopting the MAPA approach as part of the Trust wide approach to behaviour management. The Trust wide Behaviour lead has been instrumental in developing good practice and creating an inbuilt system to quality assure behaviour which includes reviewing physical interventions. The Trust has also invested in training and each academy also has several externally accredited trainers that are qualified to train our own staff in the behaviour management approaches. This significantly improves consistency as well as support for staff who face a range of complex and challenging situations daily.

A significant area of improvement continues to be the finance at both operational and strategic levels. Operationally all transactional activity was outsourced to Thinking Solutions for Education (TSfE) and this has drastically improved the accuracy and availability of financial information both locally to academy leaders and local governance as well as informing strategic priorities and decision making. An example of this is a new and consistent format for financial reporting at local governance level. Local governance have positively engaged in this by close scrutiny of the financial information before and during the local governance meetings. This work is underpinned by frequent, scheduled operational finance meetings with the finance team, Headteachers and member of the executive team. A new procurement policy was developed in September 2020 and this has improved the way decisions are made and also delivered significant savings. For example, during the year the Trust went out to the market and was able to achieve much lower costs for energy by going out for this as a Trust wide contract. Additional savings have been made by doing the same for other services such as minibuses and the executive team are now looking at additional areas of procurement to deliver further economies of scale.

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During the pandemic there were no Ofsted inspections that took place but the Trust were able to continue with the current quality assurance process that it uses to effectively review performance of the provisions within the Trust. The results of these are displayed in the table above and are used to inform both local priorities within an academy but also at a strategic level, with priorities for training and development being directly aligned to areas identified that need further improvement. The Trust is currently exploring opportunities to develop external validation of academy performance with another specialist MAT which is aligned to the RSC's preferred methodology of how MAT's should and could work. This is planned to be a development of the organisation for 2022-23.

The whole Trust has responded to the challenge of working through the pandemic with great success which has resulted in the minimum disruption to pupil's education given the challenging set of circumstances. The Trust effectively managed the risk of remaining open during the pandemic, central to this was the systematic testing of pupils, staff and visitors as well as the introduction of new technology in every main entrance point that accurately measured the temperature of people as they entered. Any positive cases were isolated and the areas cleaned using a fogging technique to ensure the facilities were safe to use. The Trust also effectively used Covid catch up funding to purchase a range of laptops as well as, improving the Trust's virtual learning platforms and train staff so the learning experience and outcomes for pupils were the best that they could have been.

All academies remained open throughout the duration with the exception of a single occasion of closure for a few days due to low staffing numbers. Subsequently pupil achievement bucked national trend and remained high despite the pandemic as the access to education remained consistent for the vast majority of PLT learners. Through regular updates with the Regional School's Commissioner's Office and the AP/SEND Network, members of the executive team were invited to sit on National steering groups for SEN provisions for Covid where not only were they able to contribute and help shape the national response to the pandemic within the educational sector but the Trust also benefitted by trialing and refining pupil risk assessments which enabled the Trust to ensure the highest standard of support for vulnerable pupils and families during the pandemic. This included provided food parcels, IT resources and online therapy sessions, which, provided an important support network for vulnerable learners.

The Trust has strengthened significantly with the embedding of a central team that has expertise in Teaching & Learning, Behaviour & Inclusion, as well as on more focused areas such as GDPR, Human Resources and admin to ensure that all parts of the Trust and academies were able to strengthen. This provided staff at different levels to work collaboratively to raise standards as whilst improving the quality of experiences pupils had in learning, therapeutic support and interventions.

Another challenge for the Trust was to manage the changes in the volatile funding of the AP academies within the Trust, particularly when commissioners do not adhere to the DfE guidance for changes to the High Needs Funding Block. The Trust had to act swiftly and effectively to manage a significant reduction in funding resulted in reviewing and reshaping of academies that were affected by reduction in commissioning. The executive team worked with Trustees to review and refine its offer, successfully implemented a restructure in year and identify new business opportunities.

Year 11 Examination performance on PLT academies 2020-21

Academy Yr 11 exam performance: Overall performance across the Trust significantly improved this academic year but this was largely in line with predictions and not as a result of COVID-19 due to the robust internal and external moderation processes that are embedded across the Trust. There are a number of benchmarking data categories for measuring performance at Year 11 level which are externally recognised as key performance indicators.

The table below highlights the key areas and provides a top level analysis from last year to this year broken down by Trust average, SEMH academy average and then AP academy average.

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PLT Qualification Data 2019-20 vs 2020-21

Year 11		Inspire (SEMH)				Park Campus (AP)				Ramsden Hall (SEMH)			
		2019 - 2020 Qualification		2020 -2021 Qualification		2019 -2020 Qualification		2020 -2021 Qualification		2019 -2020 Qualification		2020 -2021 Qualification	
No. of Y11 Pupils on roll		9		9		21		10		14		13	
		No. of students	%	No. of students	%	No. of students	%	No. of students	%	No. of students	%	No. of students	%
% achieving at least five (9-4 or equivalent) qualifications (inc. English and Maths		1	11.1%	0	0%	3	14.3%	3	30.0%	0	0.0%	3	23.1%
% achieving at least five (9-1 or equivalent) qualifications (inc. English and Maths		5	55.6%	5	55.6%	10	47.6%	4	40.0%	7	50.0%	6	46.2%
% achieving at least five (9-1 or equivalent) qualifications		7	77.8%	7	77.8%	10	47.6%	4	40.0%	9	64.3%	7	53.8%
% achieving a GCSE qualification in both English & Maths (1-9)		3	33.3%	5	55.6%	19	90.5%	4	40.0%	8	57.1%	3	23.1%
% achieving a GCSE qualification in English (1-9)		3	33.3%	7	77.8%	19	90.5%	4	40.0%	8	57.1%	3	23.1%
% achieving a GCSE qualification in Maths (1-9)		7	77.8%	6	66.7%	19	90.5%	8	80.0%	10	71.4%	9	69.2%
% achieving a Functional Skills qualification in Maths (L1 – L2)	L1	5	55.6%	4	44.4%	3	14.3%	2	20.0%	13	92.9%	6	46.2%
	L2	1	11.1%	1	11.1%	17	81.0%	8	80.0%	4	28.6%	4	30.3%
% achieving a Functional Skills qualification in English (L1 – L2)	L1	4	44.4%	4	44.4%	9	42.9%	4	40.0%	11	78.6%	7	53.8%
	L2	1	11.1%	0	0.0%	9	42.9%	5	50.0%	1	7.1%	3	23.1%

Year 11		Sutton House (SEMH)				Victory Park (AP)				Wandle Valley (SEMH)			
		2019 - 2020 Qualification		2020 -2021 Qualification		2019 -2020 Qualification		2020 -2021 Qualification		2019 -2020 Qualification		2020 -2021 Qualification	
No. of Y11 Pupils on roll		11		8		27		18		12		8	
		No. of students	%	No. of students	%	No. of students	%	No. of students	%	No. of students	%	No. of students	%
% achieving at least five (9-4 or equivalent) qualifications (inc. English and Maths		0	0.0%	1	12.5%	4	14.8%	5	27.8%	0	0.0%	2	25.0%
% achieving at least five (9-1 or equivalent) qualifications (inc. English and Maths		7	63.6%	8	100%	21	77.8%	12	66.7%	3	25.0%	4	50.0%
% achieving at least five (9-1 or equivalent) qualifications		7	63.6%	8	100%	21	77.8%	13	72.2%	3	25.0%	4	50.0%
% achieving a GCSE qualification in both English & Maths (1-9)		9	81.8%	8	100%	21	77.8%	13	72.2%	8	66.7%	5	62.5%
% achieving a GCSE qualification in English (1-9)		9	81.8%	8	100%	21	77.8%	13	72.2%	10	83.3%	6	50.0%
% achieving a GCSE qualification in Maths (1-9)		9	81.8%	8	100%	21	77.8%	15	83.3%	8	66.7%	5	62.5%
% achieving a Functional Skills qualification in Maths (L1 – L2)	L1	0	0.0%	1	12.5%	0	0.0%	0	0.0%	5	41.7%	3	37.5%
	L2	0	0.0%	0	0.0%	0	0.0%	0	0.0%	1	8.3%	2	25.0%
% achieving a Functional Skills qualification in English (L1 – L2)	L1	6	54.5%	5	62.5%	0	0.0%	0	0.0%	5	41.7%	5	62.5%
	L2	2	18.2%	2	25.0%	0	0.0%	0	0.0%	0	0.0%	3	37.5%

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Directors' Report for the year ended 31 August 2021

We are pleased to confirm that all 6 PLT academies that have Year 11 pupils (KPA is Primary only) either equaled or improved their score in all 3 of the main headline categories listed above, this is a significant achievement. However, the specific area for targeting improvement is in the overall % of pupils achieving a Level 2 qualification in either English or Maths as per the section of the results table.

Key Headlines:

- 5/6 academies increased the % of pupils achieving at least 5 (9-4 or equivalent) qualifications including English and Maths
- Overall PLT academies increase the % of pupils achieving at least 5 (9-4 or equivalent) qualifications including English and Maths
- by 11% from a total of 9% up to 21%
- Overall PLT academies increase the % of pupils achieving at least 5 (9-1 or equivalent) qualifications including English and Maths
- by 3% from a total of 56% up to 59%
- Overall PLT academies increase the % of pupils achieving at least 5 (9-1 or equivalent) qualifications by 4% from a total of 61% up to 65%

Further analysis has identified the following strengths and areas for further development. The Trust is exploring comparing and contrasting performance with other specialist MAT's to further qualify performance of PLT academies.

The following is a table that shows the average progress scores for all academies within PLT also broken down by provision type.

Year 11		PLT (Overall)				PLT (SEMH Overall)				PLT (AP Overall)			
		2019 - 2020 Qualification		2020 -2021 Qualification		2019 -2020 Qualification		2020 -2021 Qualification		2019 -2020 Qualification		2020 -2021 Qualification	
No. of Y11 Pupils on roll		94		66		46		38		48		28	
		No. of students	%	No. of students	%	No. of students	%	No. of students	%	No. of students	%	No. of students	%
% achieving at least five (9-4 or equivalent) qualifications (inc. English and Maths		8	9%	14	21%	1	2%	6	16%	7	15%	8	29%
% achieving at least five (9-1 or equivalent) qualifications (inc. English and Maths		53	56%	39	59%	22	48%	23	61%	31	65%	16	57%
% achieving at least five (9-1 or equivalent) qualifications		57	61%	43	65%	26	57%	26	68%	31	65%	17	61%
% achieving a GCSE qualification in both English & Maths (1-9)		68	72%	38	58%	28	61%	21	55%	40	83%	17	61%
% achieving a GCSE qualification in English (1-9)		70	74%	41	62%	30	65%	24	63%	40	83%	17	61%
% achieving a GCSE qualification in Maths (1-9)		74	79%	51	77%	34	74%	28	74%	40	83%	23	82%
% achieving a Functional Skills qualification in Maths (L1 – L2)	L1	26	28%	16	24%	23	50%	14	37%	3	6%	2	7%
	L2	23	24%	15	23%	6	13%	7	18%	17	35%	8	29%
% achieving a Functional Skills qualification in English (L1 – L2)	L1	35	37%	25	38%	26	57%	21	55%	9	19%	4	14%
	L2	13	14%	13	20%	4	9%	8	21%	9	19%	5	18%

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Directors' Report for the year ended 31 August 2021

PLT Key behaviour data

The following is an average summary for each academy in PLT looking at the 3 key areas of attendance, fixed term exclusions and restrictive physical interventions. Please note that the SEMH and AP academies have been separated for Directors to compare and contrast data from similar type provisions as well as averages for SEMH academies as well as AP academies and the overall average for all PLT academies. It is necessary to compare the rate and not the total frequency of the number of incidents as this would not be a fair comparator. The rate is calculated by dividing the total number of incidents, divided by the number of pupils on roll, which is then finally divided by the total number of days of education. This allows a fair comparison of pupils across PLT academies regardless of the size or term as some academies are larger than others and some terms have more days. This Trust wide comparison is a significant strength and development achieved in 2020-21.

PLT Behaviour Data 2020-21

Overview Year to Date: 1/9/20 - 18/7/21

		% Attendance Whole School	Rate: Fixed Term Exclusions	Rate: Negative Events	Rate: Restrictive Physical Interventions (RPI)
AP	Victory Park	62.46%	0.001 (13)	0.052 (516)	0.004 (48)
AP	Kennington Park	82.56%	0.0001 (1)	0.064 (410)	0.014 (83)
AP	Park Campus	56.25%	0.010 (78)	0.238 (1683)	0.001 (10)
SEMH	Wandle Valley	70.25%	0.005 (80)	3.267 (43540)	0.004 (56)
SEMH	Ramsden Hall	60.20%	0.002 (39)	0.180 (2589)	0.007 (109)
SEMH	Inspire	67.10%	0.009 (79)	0.240 (2092)	0.010 (139)
SEMH	Sutton House	73.70%	0.0004 (5)	0.052 (468)	0.011 (101)
Average		67.50%	0.003 (42)	0.137 (1293)	0.007 (78)
SEMH Average		67.81%	0.004 (50)	0.157 (1716)	0.008 (101)
AP Average		67.09%	0.003 (30)	0.118 (869)	0.006 (47)
		Exc. WVA			

Note: Negative behaviour has been calculated excluding Wandle Valley Academy (WVA) due to the way in which negative behaviour is recorded. Points are awarded based on the severity of behaviour which skews the data significantly. Discussions with WVA will ensure comparable data will be available from September 2021

	Above 1% or 0.001 of setting average
	Within 1% or 0.001 of setting average
	Below 1% or 0.001 of setting average

Positive behaviours were not comparable between schools due to the variety of ways this is recorded by each individual academy therefore, has been removed from this report. Recording of positive events will be discussed at the behaviour steering group on the 9th September to ensure comparable data will be available from September 2021. Averages have been provided per type of setting to allow academies to benchmark and compare data to similar settings. However, further work is required from September 2021 to develop sleuth to allow this data is more accurate as some academies offer both SEMH and PRU provision. Additionally, a primary average would also benefit some academies going forward requiring the data to be further analysed and split.

Positive behaviours were not comparable between academies due to the variety of ways this is recorded by each individual academy therefore, has been removed from this report. Recording of positive events will be discussed at the behaviour steering group on the 8th July to ensure comparable data will be available from September 2021. Averages have been provided per type of setting to allow academies to benchmark and compare data to similar settings. However, further work is required from September 2021 to develop sleuth to allow this data is more accurate as some academies offer both SEMH and AP provision. Additionally, a primary average would also benefit some academies going forward requiring the data to be further analysed and split.

COVID-19 and restrictions in place during term 3 (Spr1) has significantly impacted on whole school attendance with the majority of academies recording a 50% reduction in attendance during this term impacting on whole school attendance and attendance in term 4 (Spr2) as academies put in place re-engagement plans for pupils to support anxieties, encouraging pupils returning to school. Despite this reduction on average AP's have maintained attendance in line with national average prior to the COVID-19 pandemic. Attendance will remain a focus for SEMH provisions who have been impacted more by the pandemic and an increase in more complex cases. Personalised and individual timetables to support identified pupils have been required and will continue to be required from September 2021. As an action each academy will work closely with the local authority on each of these cases.

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SEMH provisions on average used Fixed Term Exclusions (FTE) as a consequence more than AP's. There are examples of both SEMH provisions and AP'S within the Trust that have used FTE as a consequence very little over the course of 2020-21 enabling us to share strategies used within these settings to reduce exclusions across the Trust. Term 3 (Spr1) under COVID-19 restrictions required the least number of FTE (5) of any term suggesting staff during this period were able to offer more personalised approaches to reduce anxiety and prevent escalated or persistent behaviour. Inspire, Park Campus and Wandle Valley have used FTE as a consequence 50% more than the average suggesting further support and analysis may be required.

Averages for negative behaviour have been calculated excluding Wandle Valley Academy (WVA) due to the way in which negative behaviour is recorded. At WVA points are awarded based on the severity of behaviour which skews the data significantly. Discussions with WVA will ensure comparable data will be available from September 2021. The rate of recorded negative behaviour reduces term on term within each academy from term 1 to term 5 excluding term 3 during COVID-19 restrictions. All academies experienced a slight spike when pupils returned to school full time during term 4 (Spr2). This demonstrates that as relationships, boundaries and routines are established following a break within each academy negative behaviours reduce.

High risk behaviour requiring the need to physically intervene is significantly higher within SEMH provisions than AP's. The need to physically intervene as with the number of negative behaviours recorded decreases from term 1 to 5 with the exception of term 3 (Spr1) under COVID 19 restrictions. Following a slight spike again in term 4 (Spr2) the need to physically intervene reduces demonstrating that the support given to pupils to regulate their behaviour improves over time and staff can begin to understand, identify and manage behaviour at both the anxiety and defensive stages reducing escalation and reducing risk behaviour. Summer 1 at Inspire is an anomaly and further analysis may be required.

The most frequent negative behaviours across the Trust are both anxiety and defensive level behaviours suggesting that behaviour is managed appropriately, reducing escalation most of the time. Refusing to follow instructions/requests as the most frequent may be linked to learning alongside insufficient work for their ability, missed learning or part lessons, leaving class and wandering corridors. Further analysis is required to identify if these behaviours are more due to teaching and learning or behaviour. As an action next academic year we are holding a joint steering group between the behaviour and the teaching and learning groups to discuss this further. Configuring sleuth to allow better analysis of what and when is being refused will provide a better picture e.g. work/non work request, inside/outside of lesson. Crucially the appointment of a Behaviour Lead to the Central team will allow for this integrated analysis and work between the two key areas of Teaching & Learning and Behaviour to develop and further refine the work across our academies.

New developments / projects:

PCA successful bid for Targeted support for vulnerable young people in serious violence hotspots: PCA has been successful in accessing £250k per year for the next 2 years for additional inclusion interventions services in order to lower risk and divert young people from serious violence. Vulnerable young people at risk of being drawn into crime or gangs will benefit from a funding boost to help them stay engaged with their education and out of harm. Following commitments laid out in the Government's Beating Crime Plan, the Department for Education has today (Friday 03 September) set out its plans for two new projects to support young people most at risk of serious violence or gang exploitation, preventing them from entering a life of crime and helping them move into further education, employment or training. Available in 21 areas across England from November this year, including London, Manchester, and Birmingham, Alternative Provision Specialist Taskforces will work directly with young people in alternative provision settings to offer intensive support from experts, including mental health professionals, family workers, and speech and language therapists.

Backed by £15 million, awarded from the Treasury's Shared Outcomes Fund, this two-year programme will aim to keep pupils in Alternative Provision including those who have been excluded from school engaged in education, getting them back on track with their studies and preventing them from being drawn into gang activity or becoming involved with serious crime. In addition, £30 million will be invested into a programme of SAFE ('Support, Attend, Fulfil, Exceed') Taskforces which will be rolled out in 10 of these serious violence hotspots areas from early 2022. This three-year initiative will be led by local schools to protect young people at risk of truant and from being permanently excluded. The SAFE programme will deliver targeted interventions to reduce truancy, improve behaviours, and reduce the risk of individuals failing to enter education, employment or training (NEET).

The build programme at Ramsden Hall Academy was completed in Spring 2021. This has provided the academy with a new 3 floor purpose built residential block as well as increasing the existing education block by 30% at a cost of £9.5 million which was fully funded by the DfE. This has provided the academy with better, larger facilities and the executive team are in discussions with the LA over increased commissioning.

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Directors' Report for the year ended 31 August 2021

Going Concern

The Directors 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 Directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

These financial statements are prepared on the going concern basis.

As disclosed in note 18 the financial statements provide for a significant liability owed to the London Borough of Lambeth (LBL). This relates to a legal claim issued by LBL against the trust on 27 January 2017 for unpaid payroll services. A provisional settlement of £3.38m was agreed and with a monthly repayment plan now in place to settle this by January 2024. The balance sheet includes the estimated remaining liability of £1.74m (see note 18). The agreed monthly repayment plan provides for payments of:

- £50,591 from February 2021 to January 2022;
- £55,258 from February 2022 to January 2023;
- £63,592 from February 2023 until full repayment in January 2024.

A signed legal agreement for the value of the unpaid payroll debt was agreed during 2019-20 along with a provisional cost for legal fees. It is expected that any increase in legal fees should not be significant.

The settlement agreement provides for default protocol but to date the trust has been able to settle all monthly payments as they fall due and the directors are confident, having considered detailed cash flow forecasts, the trust will continue to be able to do so.

Contingent liability note 25 discloses a secondary claim of £929k against the trust by LBL relating to historic pension deficit balances, which the directors continue to refute. During 20/21 the Trust has sought further clarification regarding this value and welcomed a review of the Fund Actuary report to confirm the pension liability. Note 25 also details a counterclaim the trust has against LBL relating to unpaid invoices for historic commissioned places.

At the directors' request, the ESFA is acting as an arbitrator between the two parties in respect of these issues.

Investment Policy

A return on working capital should be optimised whilst allowing easy access to the funds. In balancing risk against return the Treasury Management Policy for the Trust policy is clearly geared more towards avoiding risk than towards maximizing return.

The Trust operates an interest bearing current account with a bank approved by the Trust Directors and maintains a balance in that account that is sufficient to cover immediate and forthcoming financial commitments (payroll and payments runs) and sufficient contingency (cash buffer) for unexpected payments.

The Trust will not take out any long-term investments until a reliable cash flow pattern has been established. Monies will only be paid into approved bank deposit accounts allowing access to funds within a term not exceeding three months.

Promoting the success of the company

The Trust ensures that any decisions made in line with its daily operations or furthering its strategic aims and objectives have due regard to;

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the company

Strategic objectives are regularly discussed and agreed with the Board of Trustees to ensure full consideration is given to implications of any decisions affecting staff and students within The Trust and other key stakeholders. The governance structure within The Trust is designed to enable input from a wide range of stakeholder voices and experts to provide a balanced and informed process of monitoring, challenge, support and decision making.

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One of the key developments that PLT have established is soft partnerships with other Trusts to further strengthen processes and quality assure work at executive team.

Fundraising

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

Financial Review and Position

The Trust has had a very positive year and improved the revenue reserves position by £292k during 20-21. This has reduced the revenue deficit from £(1,721)k to £(1,429)k. This is reflective of the hard work of each academy within the Trust to ensure they are managing their budgets within their means.

A priority for the next financial year is to build on last year's success and further develop financial systems and structures as appropriate in successful medium sized MAT's.

No new schools have joined The Trust this year and therefore there are no significant assets inherited into the Trust.

Most of The Trust's recurrent income is obtained from the Local Authority and ESFA in the form of grants, the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2021 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

Core grant income has been supplemented by capital funding and various other self-generated income streams.

Total income for the year was £13.9m compared to £14.9m in the previous year. The reduction is mainly due to a fall in Local Authority Special Education Needs funding, which fell by £1.06m.

The SoFA shows net expenditure for the year of £739k (2020: £159k). The overall net movement in funds, after actuarial movements on the Local Government defined benefit pension scheme ("LGPS"), was a decrease of £2.49m (2020: £494k).

The actuarial loss of £1.7m (2020: £335k) on the LGPS during the year arises due to changes in the actuarial assumptions used by the schemes' actuaries, which are updated at each accounting date to allow for changes in market conditions. Full details of the pension liability and assumptions used are disclosed in note 27. The actuarial loss for the year is only part of the overall movement in the carried deficit, which has increased in total by £2.6m. The other elements are charged to the SoFA as expenditure for the year, within staff costs, as detailed in accounting policy 1.14.

The operational result and movement on revenue funds is not shown directly on the SoFA. The table which follows reconciles from the overall movement in funds by adjusting for non-revenue amounts to reach the increase in revenue funds during the year of £292k referred to at the beginning of this financial review. The table also shows the operational result achieved prior to revenue to capital transfers for fixed assets acquired from revenue grants.

	2021 (£000s)	2020 (£000s)
Overall net movement in funds for the year per SoFA	(2,490)	(494)
<u>Add:</u>		
Decrease attributable to fixed asset fund	200	132
LGPS actuarial loss	1,751	335
LGPS service and interest costs	831	674
Increase in revenue funds during the year	292	647
Add: Transfers from revenue to capital to fund fixed asset additions	66	29
Operational surplus on revenue funds before transfers to capital	358	676

At 31 August 2021, the Trust held fixed assets with a value of £44m (2020: £44m) and movements in tangible fixed assets are shown in note 14 to the financial statements. Most of these assets relate to the value of leasehold school buildings.

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During the year The Trust has provided a central service to its academies during the year. Each academy school pays a 'levy charge' of their General Annual Grant and LA Top-up funding income to The Trust's Central Services fund which pays for key staff, systems or services vital to the running of The Trust. This is detailed in note 14 to the financial statements.

The Trust held fund balances at 31 August 2021 of £28.3m (2020: £30.8m). This total includes the following funds in surplus:

- restricted fixed asset funds of £44.5m (2020: £44.7m) representing the net book value of fixed asset held on the Balance sheet of £44.6m (2019: £44.8m) and unspent capital grant money of £nil (2020: £65k).
- Unrestricted revenue funds of £800k (2020: £611k).

Two funds were in deficit at the 31 August 2021:

- The pension reserve deficit of £14.8m (2020: £12.2m) does not mean that an immediate liability crystallises; it results in a cash flow effect for The Trust in the form of possible future increases in pension contributions, which, if required, will be met from the budgeted annual income. There is therefore no direct impact on the free reserves of The Trust because of recognising the deficit. Employer contributions are reviewed every three years in consultation with the scheme's administrators, and employer contributions due by The Trust have been set until 1 April 2023. The rise in the pension deficit during the year is explained above under the financial review.
- Restricted revenue funds had a deficit of £2.2m (2020: £2.3m). This is linked to the issue with the London Borough of Lambeth disclosed in going concern accounting policy 1.3 and creditors note 18 resulting in the reflection of the long term liability in full within reserves. As explained in accounting policy 1.3 and the statement of funds note 19 a repayment plan is now in place to settle the debt before January 2024.

Reserves Policy

The Trust Board have agreed that going forward there should be a central reserves fund which each academy should proportionately contribute with the aim of creating a £100k over the next 3 years. Whilst this has not been possible previously it is the intention to deliver this going forward however with the volatile commissioning it is accepted that this may not be achievable. The reason for this is to provide sufficient working capital to provide a cushion to deal with unexpected emergencies such as urgent maintenance and to plan for future innovation and development projects. The Directors will review the potential reserve levels of the trust annually. This review encompasses the nature of the income and expenditure streams, the need to match income commitments and the nature of reserves.

Principal Risks and Uncertainties

During 2020-21 there has been consistency at executive level with all key positions filled by contracted staff. The Board has looked to make efficiencies where appropriate to streamline the central function and reducing running costs and subsequently has a service level agreement with an external HR provider instead of employing someone in the central team. The Board feels this provides external challenge and rigour to key decision making which helps to lower risk. In addition, a new executive leadership structure is in place and the new Executive Headteacher & CEO has improved relationships with commissioners as well as the ESFA. This has brought greater financial stability to the Trust. Risks are prioritised using a consistent scoring system and in line with the Academies risk management matrix. In the MAT review the RSC noted:

- the Progress 5 measure developed and how this is being used to benchmark the performance of The Trust's schools
- the improvements made to the financial review process within the Trust
- the significant reductions made in the Trust's operating costs
- the improved relationship Parallel now has with London Borough of Lambeth (LBL)
- the cross-Trust relationships you have developed with Pioneer Academy Trust and TSAT.

Outlined below is a description of the principal risk factors that may affect PLT. Not all the factors are within PLT's control. Other factors besides those listed below may also adversely affect the Trust.

COVID-19

The impact of the pandemic has had a negative impact on some key performance indicators such as attendance, progress, attainment and negative behaviour. The pandemic has also had a significant impact on recruitment as well as staffing with colleagues affected directly and indirectly. The Trust has reacted well where necessary and created a strategic response in anticipation to a variety of

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potential scenarios given the potential risks. The Trust is part of a DfE Steering group that meets weekly and is therefore best placed to plan for a range of possible developments. The additional risk here is that there is a high potential for increased costs for PPE and/or staffing to cover absences but there are limited funds that have been made available by the DfE to support this risk.

Government funding

PLT has considerable reliance on continued government funding through the ESFA and Top Up Funding from Local Authorities. In the accounting period 98% of the Trust's revenue was ultimately public funding and this level of requirement is expected to continue. There can be no assurance that national or local government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms. There is significant risk in reduction of commissioning specifically within Lambeth and in addition the length and expiration dates of other commissioning arrangements as these tend to be reviewed on an annual basis.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual agreements
- A new commissioning strategy that secures appropriate funding from a range of sources

Maintain adequate funding of pension liabilities

The financial statement reports the share of the pension scheme deficit on PLT's balance sheet in line with the requirement of FRS 102.

Future growth

- Considerable focus and investment is placed on maintaining and managing key relationships
- By ensuring the academies in PLT Trust is rigorous in delivering high quality education and training ESFA and local government

Auditor

In so far as the Directors are aware:

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

This Directors' Report, incorporating a strategic report, was approved by order of the Board of Directors, and signed on the board's behalf by:



N Diffey
Chair of Directors



M Jordan
Chief Executive Officer and Accounting Officer

Date: 16 December 2021

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Governance Statement for the year ended 31 August 2021

Scope of Responsibility

As Directors we acknowledge we have overall responsibility for ensuring that Parallel Learning 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 Directors 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 Parallel Learning Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Directors any material weaknesses or breakdowns in internal control.

Governance

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

Director	Category	Committees: (see * below)	Attendance at PLT Board Meetings	Attendance at S, P & S Committee	Attendance at F, R & P Committee	Attendance at Audit & Risk Committee
N Diffey	Chair of Board		2/2			
C Howells	Vice Chair of Board	Audit & Risk FR&P	7/7		5/5	3/3
M Jordan	CEO & Accounting Officer	All Committees	7/7	3/3	5/5	3/3
R Newlove	Vice Chair (Member)	FR&P SP&S	2/2	2/2	1/1	
M Martell	Director	SP&S FR&P	7/7	3/3	3/5	
J Alvis	Director	Audit & Risk FR&P	7/7		5/5	3/3
N Alderson	Director	No committee	5/5			
D Heaton	Director	Audit & Risk	5/5			3/3
I Nath	Director	SP&S	4/4	1/1		
N Cross	Director	SP&S	4/4	1/1		
R Pugh	Director & Chair of FR&P Committee (Resigned 2.7.21)	FR&P	6/7		5/5	
B Wallia	Director (resigned (12.10.20))	No committee	0/1			
L Farrow	Director (Resigned 26.2.21)	SP&S committee	4/4	2/2		
R Neal	Chair of Board (Resigned 1.12.20)	None	2/2			

* PLT Committees are:

- Finance, Resources & Premises (FR&P)
- Staffing, Performance & Safeguarding (SP&S)
- Audit & Risk

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Governance Statement for the year ended 31 August 2021

Current Trust Members	Category	Appointed	Attendance at PLT AGM/GMs in last 12 months
N Diffey Chair of Board	Member	As Director 4 May 2021 As Member 28 May 2021	1/1
R Neal Chair of Directors	Member Resigned as Director and Member on 1 December 2020	As Director for 4yrs 26 June 2018 for 4 yrs As Chair of Directors 26 June 2018 Chair of Directors is a de facto member of the Trust	1/1
V Da Silva	Director Member	As Director 11 July 2013 to 29 March 2016 As Member 11 July 2013	4/4
R Newlove Vice-Chair of Directors	Resigned as Director on 18 November 2020 Member	As Director 26 June 2018 for 4yrs As Member 7 Oct 2015	4/4
C Malec	Member	As Member 29 March 2016	4/4

Review of Value for Money

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

The Accounting Officer for the Trust has delivered improved value for money during the year by:

1. Economy - minimising the cost of resources used by the Trust but to ensure quality of services are maintained.
2. Efficiency - improving the relationship between the results achieved and the resources used to get those results.
3. Effectiveness - improving the relationship between the intended impacts and actual impacts of Trust's activities.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Parallel Learning Trust for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Directors has reviewed the key risks to which the academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Directors is of the view that there is a formal ongoing process for identifying, evaluating and managing the academy's significant risks that has been in place for the year 1 September 2020 to 31 August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Directors.

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Governance Statement for the year ended 31 August 2021

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 Directors;
- regular reviews by the Finance & Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties; and
- identification and management of risks.

The Trust appointed Kreston Reeves to undertake internal audit and scrutiny during 2020-21. Key areas of focus were key financial controls and HR and Payroll procedures and processes. The outcome of the visits were positive with any recommendations being swiftly acted upon.

Review of Effectiveness

As Accounting Officer, the 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 auditors;
- the work of the external auditors;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

A plan is in place to address weaknesses and ensure continuous improvement of the systems and controls.

Approved by order of the members of the Board of Directors and signed on their behalf, by:



N Diffey
Chair of Directors



M Jordan
Chief Executive Officer and Accounting Officer

Date: 16 December 2021

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Statement on Regularity, Propriety and Compliance

As accounting officer of Parallel Learning Trust I have considered my responsibility to notify the Trust board of directors and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the Trust, under the funding agreement in place between the 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 2020.

I confirm that I and the Trust board of directors are able to identify any material irregular or improper use of all funds by the Trust, or material non-compliance with the terms and conditions of funding under the Trust's funding agreement and the Academies Financial Handbook 2020.

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 directors and ESFA.



M Jordan
Accounting Officer

Date: 16 December 2021

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Statement of directors' responsibilities
For the year ended 31 August 2021

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The directors 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 directors 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 directors 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 directors and signed on its behalf by:



N Diffey
Chair of Directors

Date: 16 December 2021

Independent Auditors' Report on the financial statements to the Members of Parallel Learning Trust

Opinion

We have audited the financial statements of Parallel Learning Trust (the 'Trust') for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance sheet, the Statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law, 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 2020 to 2021 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 Trust's affairs as at 31 August 2021 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 2020 to 2021 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We would like, however, to draw attention to the disclosures made by the directors in accounting policy 1.3 in reaching their own conclusion.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual report other than the financial statements and our Auditors' report thereon. The directors are responsible for the other information contained within the Annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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 Directors' report including the Strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Directors' report and the Strategic report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report on the financial statements to the Members of Parallel Learning Trust (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report including the Strategic report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records 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 Directors' responsibilities statement, the directors (who are also the directors of the 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

How the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- we identified the laws and regulations applicable to the Trust through discussions with management, and from our commercial knowledge and experience of the academy and wider education sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the accounts or the operations of the Trust, including the Academies Financial Handbook, Annual Accounts Direction, Charity SORP and the Companies Act 2006;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting correspondence; and
- identified laws and regulations were communicated within the audit team and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Trust's accounts to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

Independent Auditors' Report on the financial statements to the Members of Parallel Learning Trust (continued)

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading minutes of meetings of those charged with governance; and
- enquiring of management and representatives of Trustees as to actual and potential litigation and claims.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the charitable 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 charitable Trust's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of

UHY Kent LLP

Chartered Accountants

Statutory Auditors

Thames House

Roman Square

Sittingbourne

Kent

ME10 4BJ

Date: 22 December 2021

Parallel Learning Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Parallel Learning Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 14 September 2020 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Parallel Learning Trust during the year 1 September 2020 to 31 August 2021 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 Parallel Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Parallel Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Parallel Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Parallel Learning Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Parallel Learning Trust's funding agreement with the Secretary of State for Education dated 1 October 2015 and the Academies Financial Handbook, extant from 1 September 2020, 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 2020 to 2021. 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 1 September 2020 to 31 August 2021 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 Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts 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 Trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Parallel Learning Trust for the year ended 31 August 2021 which provide evidence on regularity, our work was limited to only those additional procedures necessary to provide limited assurance.

The work undertaken to draw to our conclusion included:

- an assessment of the risk of material irregularity and impropriety across all of the Trust's activities;
- further testing and review of the areas identified through the risk assessment including enquiry, identification of control processes and examination of supporting evidence across all areas identified as well as additional verification work where considered necessary; and
- consideration of evidence obtained through the work detailed above and the work completed as part of our financial statements audit in order to support the regularity conclusion.

Parallel Learning Trust
(A company limited by guarantee)

Independent Reporting Accountant's Assurance Report on Regularity to Parallel Learning Trust and the Education & Skills Funding Agency (continued)

Conclusion

In the course of our work, nothing has come to our attention which suggest in all material respects the expenditure disbursed and income received during the year 1 September 2020 to 31 August 2021 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 22 December 2021

Parallel Learning Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the year ended 31 August 2021

	Note	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Income from:						
Donations and capital grants	3	12	-	82	94	233
Other trading activities	4	19	-	-	19	40
Funding for educational operations	5	169	13,115	-	13,284	14,134
Provision of boarding activities	32	-	453	-	453	467
Total income		200	13,568	82	13,850	14,874
Expenditure on:						
Raising funds		11	-	-	11	-
Charitable activities	7	-	13,692	348	14,040	14,598
Provision of boarding activities	32	-	538	-	538	435
Total expenditure		11	14,230	348	14,589	15,033
Net income/(expenditure)		189	(662)	(266)	(739)	(159)
Transfers between funds	19	-	(66)	66	-	-
Net movement in funds before other recognised gains/(losses)		189	(728)	(200)	(739)	(159)
Other recognised gains/(losses):						
Actuarial losses on defined benefit pension schemes	27	-	(1,751)	-	(1,751)	(335)
Net movement in funds		189	(2,479)	(200)	(2,490)	(494)
Reconciliation of funds:						
Total funds brought forward	19	611	(14,516)	44,671	30,766	31,260
Net movement in funds		189	(2,479)	(200)	(2,490)	(494)
Total funds carried forward	19	800	(16,995)	44,471	28,276	30,766

The Statement of Financial Activities includes all gains and losses recognised in the year.


The notes on pages 31 to 57 form part of these financial statements.

Parallel Learning Trust
(A company limited by guarantee)
Registered number: 08605705

Balance sheet
As at 31 August 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	14	44,471	44,606
Current assets			
Stocks	4	5	
Debtors	16	900	604
Cash at bank and in hand		895	1,161
		<u>1,799</u>	<u>1,770</u>
Creditors: amounts falling due within one year	17	(2,124)	(1,683)
Net current assets / liabilities		<u>(325)</u>	<u>87</u>
Total assets less current liabilities		<u>44,146</u>	<u>44,693</u>
Creditors: amounts falling due after more than one year	18	(1,104)	(1,743)
Net assets excluding pension liability		<u>43,042</u>	<u>42,950</u>
Defined benefit pension scheme liability	27	(14,766)	(12,184)
Total net assets		<u><u>28,276</u></u>	<u><u>30,766</u></u>
Funds of the Trust			
Restricted funds:			
Fixed asset funds	19	44,471	44,671
Restricted income funds	19	(2,229)	(2,332)
Pension reserve	19	(14,766)	(12,184)
Total restricted funds	19	<u>27,476</u>	<u>30,155</u>
Unrestricted income funds	19	<u>800</u>	<u>611</u>
Total funds		<u><u>28,276</u></u>	<u><u>30,766</u></u>

The financial statements on pages 28 to 57 were approved and authorised for issue by the directors and are signed on their behalf, by:


N Diffey
Chair of Directors


M Jordan
CEO and Accounting Officer

Date: 16 December 2021

The notes on pages 31 to 57 form part of these financial statements.

Parallel Learning Trust
(A company limited by guarantee)

Statement of cash flows
For the year ended 31 August 2021

	Note	2021 £000	2020 £000
Cash flows from operating activities			
Net cash used in operating activities	21	(139)	(5)
Cash flows from investing activities	22	(127)	36
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		(266)	31
Cash and cash equivalents at the beginning of the year		1,161	1,130
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	23, 24	<u>895</u>	<u>1,161</u>

The notes on pages 31 to 57 form part of these financial statements

1. Accounting policies

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

1.1 Basis of preparation of financial statements

The financial statements of the Trust, which is a public benefit entity under FRS 102, have been prepared under the historic 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 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Parallel Learning Trust meets the definition of a public benefit entity under FRS 102.

1.2 Group accounts

The financial statements present information about the Trust and not about its group. Although consolidated into group financial statements in previous years the Trustees have deemed the Trust's subsidiary undertaking, Logic School Services C.I.C, to be immaterial to the group for 2020/21 since it has been dormant throughout the year and is in the process of being dissolved.

1.3 Going concern

The directors 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 Trust to continue as a going concern. The directors make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements.

These financial statements are prepared on the going concern basis. However, the directors acknowledge the validity of this approach depends on the Trust obtaining sufficient funding from the ESFA and connected local authorities for each provision, that enable continued settlement of historic debt.

As disclosed in note 18, the financial statements provide for a significant liability owed to the London Borough of Lambeth (LBL). This relates to a legal claim issued by LBL against the Trust on 27 January 2017 for unpaid payroll services. A provisional settlement of £3.38m was agreed and with a monthly repayment plan now in place to settle this by January 2024. The balance sheet includes the estimated remaining liability of £1.74m (see note 18).

The agreed monthly repayment plan provides for payments of:

- £50,591 from February 2021 to January 2022;
- £55,258 from February 2022 to January 2023;
- £63,592 from February 2023 until full repayment in January 2024.

A signed legal agreement for the value of the unpaid payroll debt was agreed during 2019-20 along with a provisional cost for legal fees. It is expected that any increase in legal fees should not be significant.

The settlement agreement provides for default protocol but to date the Trust has been able to settle all monthly payments as they fall due and the directors are confident, having considered detailed cash flow forecasts, the Trust will continue to be able to do so.

Contingent liability note 25 discloses a secondary claim of £929k against the Trust by LBL relating to historic pension deficit balances, which the directors continue to refute. During 20/21 the Trust has sought further clarification regarding this value and welcomed a review of the Fund Actuary report to confirm the pension liability. Note 25 also details a counterclaim the Trust has against LBL relating to unpaid invoices for historic commissioned places. Discussions with LBL have now progressed to quite an advanced stage and the Trust are hopeful this matter can be settled soon.

At the directors' request, the ESFA are in continuing discussions with the two parties. in respect of these issues.

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.4 Income

All income is recognised when the 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 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 year is deducted from income and recognised as a liability.

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

- **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 year it is receivable and to the extent the Trust has provided the goods or services.

- **Donated fixed assets (excluding transfers on conversion or into the Trust)**

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

1.5 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

- **Expenditure on raising funds**

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

- **Charitable activities**

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

Where applicable expenditure is shown are inclusive of irrecoverable VAT.

Notes to the financial statements
For the year ended 31 August 2021

1. Accounting policies (continued)

1.6 Taxation

The 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 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.

1.7 Tangible fixed assets

Assets costing £5,000 or more for a single item and £10,000 or more for group purchases of similar items are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Depreciation is provided on the following bases:

Long-term leasehold property	- over lease term of 125 years
Furniture and equipment	- 20% per annum
Computer equipment	- 20% per annum

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

1.8 Investments

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Statement of financial activities.

Investments in subsidiaries are valued at cost less provision for impairment.

1.9 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.10 Cash at bank and in hand

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1. Accounting policies (continued)

1.11 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 Trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.12 Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement bases 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 16. Prepayments are not financial instruments.

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

Financial liabilities - trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 17 and 18. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

1.13 Operating leases

Rentals paid under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

1.14 Pensions

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

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

1. Accounting policies (continued)

1.15 Fund accounting

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

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

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

2. Critical accounting estimates and areas of judgment

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, 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 2021. 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.

We consider that there has been one key area of judgement in respect of the actuarial assumptions made leading to the closing pension scheme liability:

The "McCloud/Sargeant judgements". These employment tribunal cases relate to all public sector pension schemes and not specifically to the Trust. The cases relate to legal rulings regarding age discrimination arising from public sector pension scheme transitional arrangements. Actuarial evidence suggested that the impact of making an allowance for this judgement would be material and a past service cost adjustment was made, within staff costs, in the Trusts 2018/19 financial statements.

Since then a consultation has taken place. Then, on 13 May 2021, the Government issued a ministerial statement which confirms that changes will be made to the LGPS Regulations to compensate members directly affected by the change to career average benefits from 1 April 2014. The Government's intention is that revised regulations will come into force on 1 April 2023, and draft regulations are expected later in 2021.

In July 2021 the actuary has indicated that they do not believe there are any material differences between the approach underlying the estimated allowance and the proposed remedy, and therefore no further subsequent adjustment has been made.

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3. Income from donations and capital grants

	Unrestricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000	<i>Total funds 2020 £000</i>
Donated assets	-	33	33	-
Donations	12	-	12	17
Capital grants	-	49	49	216
	<u>12</u>	<u>82</u>	<u>94</u>	<u>233</u>
<i>Analysis of 2020 total by fund</i>	<u>17</u>	<u>216</u>	<u>233</u>	

4. Income from other trading activities

	Unrestricted funds 2021 £000	Total funds 2021 £000	<i>Total funds 2020 £000</i>
Hire of facilities	29	29	32
Insurance claims	(10)	(10)	8
	<u>19</u>	<u>19</u>	<u>40</u>
<i>Analysis of 2020 total by fund</i>	<u>40</u>	<u>40</u>	

Insurance claims are negative £10k for 2020/21 due to the reversal of an accrued income adjustment made in the prior year. The adjustment related to an expected staff claim which was resolved without a claim being made.

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5. Funding for educational operations

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	<i>As restated Total funds 2020 £000</i>
DfE/ESFA grants				
General Annual Grant (GAG)	-	5,213	5,213	5,251
Other DfE/ESFA grants				
Pupil premium	-	307	307	364
Others	-	160	160	158
	-	5,680	5,680	5,773
Other Government grants				
Local authority - special educational needs	-	7,116	7,116	8,180
Other government revenue grants	-	98	98	-
	-	7,214	7,214	8,180
Other income from educational operations	169	-	169	145
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	119	119	-
Other DfE/ESFA COVID-19 funding	-	102	102	36
	-	221	221	36
	169	13,115	13,284	14,134
<i>Analysis of 2020 total by fund</i>	145	13,989	14,134	

Following the reclassification in the Academies Accounts Direction 2020 to 2021 of some grants received from the Department for Education and ESFA, this funding is now reported as separate lines under the Other DfE/ESFA grants heading. The prior year numbers have been reclassified.

The Trust received £119k of funding for catch-up premium and costs incurred in respect of this funding totalled £113k, with the remaining £6k to be spent in 2021/22.

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For the year ended 31 August 2021

6. Expenditure

	Staff Costs 2021 £000	Premises 2021 £000	Other 2021 £000	Total 2021 £000	<i>Total</i> <i>2020</i> <i>£000</i>
Expenditure on fundraising trading activities:					
Direct costs	-	-	11	11	-
Educational operations:					
Direct costs	9,546	-	674	10,220	10,671
Allocated support costs	1,862	989	969	3,820	3,927
Boarding activities:					
Direct costs	268	-	9	277	356
Allocated support costs	222	23	16	261	79
	<u>11,898</u>	<u>1,012</u>	<u>1,679</u>	<u>14,589</u>	<u>15,033</u>
<i>Analysis of 2020 total</i>	<u>12,149</u>	<u>1,114</u>	<u>1,770</u>	<u>15,033</u>	

7. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Total funds 2021 £000	<i>Total funds</i> <i>2020</i> <i>£000</i>
Educational operations	-	14,040	14,040	14,598
<i>Analysis of 2020 total by fund</i>	<u>32</u>	<u>14,566</u>	<u>14,598</u>	

8. Analysis of expenditure by activities

	Direct costs 2021 £000	Support costs 2021 £000	Total funds 2021 £000	<i>Total funds</i> <i>2020</i> <i>£000</i>
Educational operations	10,220	3,820	14,040	14,598
<i>Analysis of 2020 total</i>	<u>10,671</u>	<u>3,927</u>	<u>14,598</u>	

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Notes to the financial statements
For the year ended 31 August 2021

8. Analysis of expenditure by activities (continued)

Analysis of support costs

	Total funds 2021 £000	<i>Total funds 2020 £000</i>
Staff costs	1,862	1,990
Depreciation	344	377
Premises costs	738	877
Legal costs	23	36
Governance costs	61	48
Other support costs	792	599
	<hr/>	<hr/>
	3,820	3,927
	<hr/>	<hr/>

9. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2021 £000	<i>2020 £000</i>
Operating lease rentals	29	48
Depreciation of tangible fixed assets	344	377
Fees paid to auditors for:		
- audit	26	27
- other services	6	6
	<hr/>	<hr/>

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Notes to the financial statements
For the year ended 31 August 2021

10. Staff

a. Staff costs

Staff costs during the year were as follows:

	2021	2020
	£000	£000
Wages and salaries	8,027	8,119
Social security costs	778	779
Pension costs	2,493	2,325
	<hr/>	<hr/>
	11,298	11,223
Agency staff costs	384	863
Staff restructuring costs	216	63
	<hr/>	<hr/>
	11,898	12,149
	<hr/>	<hr/>

Staff restructuring costs comprise:

	2021	2020
	£000	£000
Redundancy payments	172	9
Severance payments	44	54
	<hr/>	<hr/>
	216	63
	<hr/>	<hr/>

b. Non-statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £27k (2020 - £34k). Individually, the payments were: £10k, £5k, £4k, £4k and £4k.

c. Staff numbers

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

	2021	2020
	No.	No.
Teachers	99	106
Administration and support	145	140
Management	17	22
	<hr/>	<hr/>
	261	268
	<hr/>	<hr/>

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Notes to the financial statements
For the year ended 31 August 2021

10. Staff (continued)

d. Higher paid staff

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

	2021	2020
	No.	No.
In the band £60,001 - £70,000	7	5
In the band £70,001 - £80,000	7	7
In the band £80,001 - £90,000	-	1
In the band £90,001 - £100,000	1	1
In the band £160,001 - £170,000	1	1
	=====	=====

e. Key management personnel

The key management personnel of the Trust comprise the directors 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 Trust was £278k (2020 - £263k).

11. Directors' remuneration and expenses

The CEO, who is the Accounting Officer, has been paid remuneration as a result of his employment with the Trust. The CEO only receives remuneration in respect of services provided under his contract of employment. The value of his remuneration was as follows:

		2021	2020
		£000	£000
M Jordan (CEO and Accounting Officer)	Remuneration	160 - 165	160 - 165

During the year ended 31 August 2021, no director expenses have been incurred (2020 - £NIL).

12. Directors' and Officers' insurance

The Trust has opted into the Department for Education's risk protection arrangement (RPA), an alternative to insurance where UK government funds cover losses that arise. This scheme protects directors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business, and provides cover up to £10,000,000. It is not possible to quantify the directors and officers indemnity element from the overall cost of the RPA scheme membership.

Notes to the financial statements
For the year ended 31 August 2021

13. Central services

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

Accounting Officer

The Trust will provide the Accounting officer for all Academies in the form of a Chief Executive (CEO).

Chief Finance Officer (CFO)

The Trust will provide the CFO role.

Core educational support

The Trust will offer the deployment of key staff to support the following:

- Quality assurance of key subjects
- Funding to support Executive leadership responsibilities
- 'Sleuth' behaviour and development tracking software
- 'Perspective' online application to improve SEN processes and impact on quality of education.
- Access to 'The Key' online management information service

Legal and Governance

The Trust will provide the following elements to cover the Legal and Governance requirements:

- Governance and compliance administration to monitor and advise school on legal issues
- External quality assurance costs as directed by the Quality assurance committee
- Clerking costs for the Board and Board committees
- Governance training support package
- GDPR Sentry Online System

Financial Management

The Trust will provide the following elements to cover the financial management requirements:

- Head of Finance to ensure compliance and provide monitoring and support
- All licence costs associated with Finance systems
- Audit fees (both internal and external)
- Training and development costs

Human resources and payroll

The Trust will provide the following elements to cover the HR requirements:

- HR Officer to support recruitment, compliance and provide monitoring and support
- Access to HR consultancy services through Thinking Personnel
- Staff Wellbeing and Occupational Health Service
- Access to ETeach recruitment system
- Educare e-learning service

IT and communications

The Trust will provide the following elements to cover the IT requirements:

- IT manager to ensure compliance and provide monitoring and support
- IT project manager to provide bespoke support for IT projects
- IT Helpdesk system
- All costs linked to websites hosting and developing and audit

Estates

The Trust will provide the following elements to cover the Estates management requirements:

- Access to an Estates Manager to ensure compliance and provide monitoring and support
- Management of capital projects
- Review of key contracts to ensure that best value is offered to schools

Other

The Trust will also cover:

- All costs associated with Head office

Notes to the financial statements
For the year ended 31 August 2021

13. Central services (continued)

The Trust charges for these services on the following basis:

6.5% of ESFA and other government grant funding.

The actual amounts charged during the year were as follows:

	2021	<i>2020</i>
	£000	<i>£000</i>
Park Campus Academy	115	<i>153</i>
Kennington Park Academy	84	<i>105</i>
Ramsden Hall Academy	176	<i>174</i>
Inspire Academy	84	<i>82</i>
Sutton House Academy	83	<i>87</i>
Victory Park Academy	102	<i>127</i>
Wandle Valley Academy	157	<i>147</i>
Total	801	<i>875</i>

Funds of £568k were also transferred in the year to the Central Trust from Park Campus Academy (£379k) and Kennington Park Academy (£189k). This represents the repayments made in the year of the provisional debt settlement sum due to London Borough of Lambeth for unpaid payroll services (see also note 18).

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Notes to the financial statements
For the year ended 31 August 2021

14. Tangible fixed assets

	Long-term leasehold property £000	Furniture and equipment £000	Computer equipment £000	Total £000
Cost or valuation				
At 1 September 2020	45,864	253	683	46,800
Additions	166	-	43	209
At 31 August 2021	46,030	253	726	47,009
Depreciation				
At 1 September 2020	1,470	176	548	2,194
Charge for the year	230	40	74	344
At 31 August 2021	1,700	216	622	2,538
Net book value				
At 31 August 2021	44,330	37	104	44,471
At 31 August 2020	44,394	77	135	44,606

Included in long-term leasehold property is land at value of £23.94m (2019 - £23.94m), which is not depreciated.

15. Fixed asset investments

The Trust has a wholly owned subsidiary undertaking, Logic School Services C.I.C. The investment of £1 is not shown on the Balance Sheet since the financial statements are rounded to £000s. The subsidiary is in the process of being dissolved.

16. Debtors

	2021 £000	2020 £000
Trade debtors	471	245
Other debtors	100	37
Prepayments and accrued income	329	322
	900	604

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Notes to the financial statements
For the year ended 31 August 2021

17. Creditors: Amounts falling due within one year

	2021	<i>2020</i>
	£000	<i>£000</i>
London Borough of Lambeth settlement	630	-
Trade creditors	238	775
Other taxation and social security	307	198
Other creditors	130	323
Accruals and deferred income	819	387
	<u>2,124</u>	<u>1,683</u>
	2021	<i>2020</i>
	£000	<i>£000</i>
Deferred income at 1 September 2020	13	-
Resources deferred during the year	77	13
Amounts released from previous periods	(13)	-
	<u>77</u>	<u>13</u>

At the balance sheet date, the Trust was holding funds received in advance for the 2020/21 academic year for ESFA rates relief.

18. Creditors: Amounts falling due after more than one year

	2021	<i>2020</i>
	£000	<i>£000</i>
London Borough of Lambeth settlement	<u>1,104</u>	<u>1,743</u>

Other creditors at 31 August 2021 include a balance of £1.104m (2020: £1.743m) in respect of a provisional debt settlement sum due to London Borough of Lambeth for unpaid payroll services. The amount is being paid by monthly instalments and under the terms of the settlement agreement is expected to be repaid in full by January 2024.

An additional related liability of £640k is included within other creditors falling due within one year in note 17, and thus the total provisional settlement is £1.74m (2020 £1.74m).

The amounts are provisional since the final debt settlement sum is currently being determined.

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Notes to the financial statements
For the year ended 31 August 2021

19. Statement of funds

	Balance at 1 September 2020 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2021 £000
Unrestricted funds						
General funds	611	200	(11)	-	-	800
Restricted general funds						
General Annual Grant (GAG)	(2,332)	5,213	(5,050)	(66)	-	(2,235)
Other DfE/ESFA grants	-	467	(467)	-	-	-
Other government grants	-	7,667	(7,667)	-	-	-
Catch-up premium	-	119	(113)	-	-	6
Other DfE/ESFA COVID-19 funding	-	102	(102)	-	-	-
Pension reserve	(12,184)	-	(831)	-	(1,751)	(14,766)
	(14,516)	13,568	(14,230)	(66)	(1,751)	(16,995)
Restricted fixed asset funds						
Fixed assets	44,606	33	(344)	176	-	44,471
DfE/ESFA capital grants	65	49	(4)	(110)	-	-
	44,671	82	(348)	66	-	44,471
Total Restricted funds	30,155	13,650	(14,578)	-	(1,751)	27,476
Total funds	30,766	13,850	(14,589)	-	(1,751)	28,276

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

General Annual Grant ('GAG') must be used for the normal running costs of the Trust.

The other DfE/ESFA grants fund is used to track grants provided by the DfE and related bodies, and includes Pupil Premium.

The other government grants fund is used to track grants provided by government departments other than the DfE/ESFA and includes grants received from Local Authorities.

Covid catch-up premium relates to additional funding provided by the DfE to support children and young people to catch up on missed learning caused by coronavirus (Covid-19).

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19. Statement of funds (continued)

The pension reserve relates to the Trust's share of the deficit of the Local Government Pension Schemes overseen by its Local Authorities.

The restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The net transfers into the restricted fixed asset fund of £66k reflect capital purchases made from revenue funds.

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2021.

The Trust is carrying a net deficit of £1,429k on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reasons:

The Central Trust (CEN) deficit is predominantly linked to the historic payroll debt outstanding of £1.74m which is fully recognised at Central.

Park Campus Academy is carrying a large deficit relating to poor financial management many years ago, overseen by the previous executive team.

The Trust is taking the following action to return these funds to surplus:

As the historic payroll debt is repaid in cash to London Borough of Lambeth over the next 30 months, the revenue movement on the balance sheet will be a transfer of funds from KPA and PCA back to CEN which will effectively clear the deficit balance.

Funding allocations for PCA and KPA were significantly reduced during 20/21 with insufficient time to recoup in-year savings. Restructure of the academies has been undertaken to enable the schools to adjust to the reduced funding, however further commissioning opportunities are being planned for 21/22 to enable a stronger financial position at both academies.

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

	<i>Balance at 1 September 2019 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2020 £000</i>
Unrestricted funds						
General funds	441	202	(32)	-	-	611
Restricted general funds						
General Annual Grant (GAG)	(2,809)	5,251	(4,745)	(29)	-	(2,332)
Other DfE/ESFA grants	-	558	(558)	-	-	-
Other government grants	-	8,647	(8,647)	-	-	-
Pension reserve	(11,175)	-	(674)	-	(335)	(12,184)
	<u>(13,984)</u>	<u>14,456</u>	<u>(14,624)</u>	<u>(29)</u>	<u>(335)</u>	<u>(14,516)</u>

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19. Statement of funds (continued)

	<i>Balance at 1 September 2019 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2020 £000</i>
Restricted fixed asset funds						
Fixed assets	44,803	-	(377)	180	-	44,606
DfE/ESFA capital grants	-	211	-	(146)	-	65
Other capital income	-	5	-	(5)	-	-
	<u>44,803</u>	<u>216</u>	<u>(377)</u>	<u>29</u>	<u>-</u>	<u>44,671</u>
Total Restricted funds	<u>30,819</u>	<u>14,672</u>	<u>(15,001)</u>	<u>-</u>	<u>(335)</u>	<u>30,155</u>
Total funds	<u>31,260</u>	<u>14,874</u>	<u>(15,033)</u>	<u>-</u>	<u>(335)</u>	<u>30,766</u>

Total funds analysis by academy

Fund balances at 31 August 2021 were allocated as follows:

	2021 £000	2020 £000
Park Campus Academy	(1,170)	(784)
Kennington Park Academy	(204)	110
Ramsden Hall Academy	526	352
Inspire Academy	596	494
Sutton House Academy	201	103
Victory Park Academy	261	103
Wandle Valley Academy	716	321
Central	(2,355)	(2,420)
	<u>(1,429)</u>	<u>(1,721)</u>
Total before fixed asset funds and pension reserve	(1,429)	(1,721)
Restricted fixed asset fund	44,471	44,671
Pension reserve	(14,766)	(12,184)
Total	<u>28,276</u>	<u>30,766</u>

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19. Statement of funds (continued)

The following academies are carrying a net deficit on their portion of the funds as follows:

	Deficit £000
Central	(2,355)
Park Campus Academy	(1,170)
Kennington Park Academy	(204)
	<u><u> </u></u>

See comments above for the actions being taken in respect of the total Trust revenue deficit.

Total cost analysis by academy

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

	Teaching and educational support staff costs £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2021 £000	<i>Total 2020 £000</i>
Park Campus Academy	1,536	140	57	156	1,889	2,084
Kennington Park Academy	1,233	173	69	88	1,563	1,525
Ramsden Hall Academy	1,863	292	124	353	2,632	2,760
Inspire Academy	899	138	66	116	1,219	1,186
Sutton House Academy	903	97	105	123	1,228	1,362
Victory Park Academy	1,165	117	87	166	1,535	1,909
Wandle Valley Academy	1,581	194	91	243	2,109	2,146
Central	573	994	81	422	2,070	1,684
Trust	<u><u>9,753</u></u>	<u><u>2,145</u></u>	<u><u>680</u></u>	<u><u>1,667</u></u>	<u><u>14,245</u></u>	<u><u>14,656</u></u>

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Notes to the financial statements
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20. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2021 £000	Restricted funds 2021 £000	Restricted fixed asset funds 2021 £000	Total funds 2021 £000
Tangible fixed assets	-	-	44,471	44,471
Current assets	800	999	-	1,799
Creditors due within one year	-	(2,124)	-	(2,124)
Creditors due in more than one year	-	(1,104)	-	(1,104)
Provisions for liabilities and charges	-	(14,766)	-	(14,766)
Total	800	(16,995)	44,471	28,276

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2020 £000</i>	<i>Restricted funds 2020 £000</i>	<i>Restricted fixed asset funds 2020 £000</i>	<i>Total funds 2020 £000</i>
Tangible fixed assets	-	-	44,606	44,606
Current assets	626	1,079	65	1,770
Creditors due within one year	(15)	(1,668)	-	(1,683)
Creditors due in more than one year	-	(1,743)	-	(1,743)
Provisions for liabilities and charges	-	(12,184)	-	(12,184)
Total	611	(14,516)	44,671	30,766

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Notes to the financial statements
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21. Reconciliation of net expenditure to net cash flow from operating activities

	2021 £000	<i>2020</i> <i>£000</i>
Net expenditure for the year (as per Statement of financial activities)	(739)	(159)
Adjustments for:		
Depreciation	344	377
Capital grants from DfE and other capital income	(82)	(216)
Defined benefit pension scheme cost less contributions payable	632	467
Defined benefit pension scheme finance cost	199	207
Decrease in stocks	1	-
(Increase)/decrease in debtors	(296)	418
Decrease in creditors	(198)	(1,099)
Net cash used in operating activities	(139)	(5)

22. Cash flows from investing activities

	2021 £000	<i>2020</i> <i>£000</i>
Purchase of tangible fixed assets	(209)	(180)
Capital grants from DfE Group	82	216
Net cash (used in)/provided by investing activities	(127)	36

23. Analysis of cash and cash equivalents

	2021 £000	<i>2020</i> <i>£000</i>
Cash in hand and at bank	895	1,161

24. Analysis of changes in net debt

	At 1 September 2020 £000	Cash flows £000	At 31 August 2021 £000	Rounding check £000
Cash at bank and in hand	1,161	(266)	895	-

Notes to the financial statements
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25. Contingent liabilities and assets

(1) London Borough of Lambeth (LBL). As detailed in note 18, the financial statements include a liability of £1.74m in respect of a debt settlement sum due to LBL for unpaid payroll costs. A signed legal agreement for the value of the unpaid payroll debt was agreed during 2019/20 along with a provisional cost for legal fees. It is expected that any increase in legal fees should not be significant.

LBL have separately claimed for a £929k shortfall in historic pension contributions plus some other costs. Further evidence has been sought and received from LBL throughout the year to confirm how this value has been obtained. The Trust are now aware this relates to an assessment of the Pension Fund Actuary from 2016. However, the nature of the assessment unfairly disadvantages the Trust with an abnormal expectation of repayment of pension benefits over a 7 year period. This is at odds with other pension funds and is in fact the only pension fund out of 4 across the Trust to adopt this approach. This has been discussed with the ESFA and they agree that this is unreasonable and have written a letter to the Lambeth Pension Fund confirming that in the event of PLT being unable to pay past pension deficits, these would be underwritten by the ESFA. The ESFA have also confirm their agreement with PLT's approach of challenging the current repayment terms so that they are extended over a longer period and therefore made more affordable and the past shortfall would be reduced.

In addition to the above, the Trust has filed a counterclaim relating to unpaid commission invoices from a number of years ago. Discussions with LBL have now progressed to quite an advanced stage and the Trust are hopeful this matter can be settled soon.

(2) Term time only workers' annual leave. The Trust has contingent liabilities in respect of term time only workers' annual leave settlements:

(i) Last year a contingent liability was disclosed in respect of the Trust's one Kent-based academy, Inspire Academy. This followed action taken by trade unions encouraging their members to collectively make claims against Kent based education employers regarding the calculation of term time only ("TTO") workers' annual leave, following settlements made in other local authorities.

This contingent liability has arisen because the Trust, whilst free to set its own pay rates, has in common with most academies closely followed the local authority pay scales. The Kent County Council (KCC) 'Kent Scheme' Pay Scales were amended from 1 April 2020 following a change to the way leave for term time only staff is calculated, and the Trust followed suit by altering its own approach and aligning its pay scales to KCC rates later in 2020.

At the time the 31 August 2020 financial statements were approved last year KCC were resisting making any collective settlement and encouraging individual employer schools and academies to do likewise. The issue has not yet been fully resolved, however KCC have now negotiated a settlement during 2021. Whilst this settlement was made by KCC, and does not directly affect academy trusts, which negotiate in their own right as their own employer, in line with the KCC recommendation and having taken further appropriate advice, the Trust has chosen to make the same offer settlement to its affected staff.

The amount has not yet been fully quantified but is not expected to have a significant impact on the Trust's finances.

(ii) The Trust has also very recently been notified of a potential TTO claim relating to staff employed by Lambeth schools, which includes Kennington Park Academy, Park Campus Academy and some Central Trust staff. Investigations are now being undertaken to assess the impact on the Trust but due to late notification it is not possible to provide more complete details at this stage.

26. Capital commitments

	2021	2020
	£000	£000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	-	50
	<u> </u>	<u> </u>

Notes to the financial statements
For the year ended 31 August 2021

27. Pension commitments

The 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. The LGPS is a national pension scheme which is administered through numerous local pension funds. Due to the location of the Trust's academies, the four administering Local Authorities are Kent County Council, Essex County Council, London Borough of Lambeth and London Borough of Sutton. Both the TPS and LGPS are multi-employer defined benefit schemes.

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

Contributions amounting to £122,000 were payable to the schemes at 31 August 2021 (2020 - £149,000) 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 full-time 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 a 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 result is due to be implemented from 1 April 2023.

The employer's pension costs paid to TPS in the year amounted to £1,021,000 (2020 - £1,003,000).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2019/04/teachers-pensions-valuation-report.aspx>).

Under the definitions set out in FRS 102, the TPS is an unfunded 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.

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27. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2021 was £801,000 (2020 - £811,000), of which employer's contributions totalled £630,000 (2020 - £648,000) and employees' contributions totalled £171,000 (2020 - £163,000). The agreed contribution rates for future years are set until April 2023 for employers and employees.

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

Principal actuarial assumptions

	2021	2020
	%	%
Rate of increase in salaries	3.80	3.15
Rate of increase for pensions in payment/inflation	2.90	2.25
Discount rate for scheme liabilities	1.65	1.60
Inflation assumption (CPI)	2.90	2.25

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

	2021	2020
	Years	Years
<i>Retiring today</i>		
Males	21.6	21.7
Females	23.9	23.9
<i>Retiring in 20 years</i>		
Males	23.0	23.1
Females	25.4	25.3

Share of scheme assets

The Trust's share of the assets in the scheme was:

	2021	2020
	£000	£000
Equities	6,454	4,996
Gilts	1,711	1,326
Corporate bonds	465	406
Property	866	833
Cash and other liquid assets	206	304
Other	748	543
Total market value of assets	10,450	8,408

The actual return on scheme assets was £1,662,000 (2020 - £563,000).

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For the year ended 31 August 2021

27. Pension commitments (continued)

The amounts recognised in the Statement of financial activities are as follows:

	2021 £000	2020 £000
Current service cost	(1,258)	(1,075)
Past service cost	-	(36)
Interest income	140	149
Interest cost	(339)	(356)
Administrative expenses	(4)	(4)
Total amount recognised in the Statement of financial activities	(1,461)	(1,322)

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

	2021 £000	2020 £000
At 1 September	20,592	18,912
Current service cost	1,258	1,075
Interest cost	339	356
Employee contributions	171	163
Actuarial losses	3,173	560
Benefits paid	(318)	(510)
Past service costs	-	36
At 31 August	25,215	20,592

Changes in the fair value of the Trust's share of scheme assets were as follows:

	2021 £000	2020 £000
At 1 September	8,408	7,737
Interest income	140	149
Actuarial gains	1,422	225
Employer contributions	630	648
Employee contributions	171	163
Benefits paid	(318)	(510)
Administration expenses	(4)	(4)
At 31 August	10,449	8,408

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Notes to the financial statements
For the year ended 31 August 2021

28. Operating lease commitments

At 31 August 2021 the Trust had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2021 £000	<i>2020</i> <i>£000</i>
Not later than 1 year	29	30
Later than 1 year and not later than 5 years	46	38
	<u>75</u>	<u>68</u>

29. Members' liability

Each member of the Trust 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.

30. Controlling party

The Trust is run by the senior management team on a day to day basis. Strategic decisions are made by the directors. There is no ultimate controlling party.

31. Related party transactions

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

The following related party transactions took place during the year:

Transaction with group entities:

The following disclosures are included in order to comply with s2.146 of the Academies Accounts Direction which states that related party transactions between a parent academy trust and its subsidiary must be disclosed and that academy trusts cannot take up the exemption for such disclosures usually afforded in para 33.1a of FRS 102.

The Trust has had a longstanding debtor balancing owing from its subsidiary undertaking, Logic School Services C.I.C (see note 15). This debtor has been fully provided against in the Trust's financial statements since 2019 due to doubts over its recoverability, but the debt has remained in place. Now, with the subsidiary in the process of being dissolved, the debt has officially been written off.

The balance written off amounted to £153,608; since this had already been fully provided against writing off the debt had no impact on the Trust's Statement of financial activities for 2020-21.

During the year, the Trust incurred £2,000 of expenditure on behalf of Logic School Services C.I.C in respect of accountancy fees (2020: £3,526 accountancy and other professional fees).

Expenditure related party transactions:

(1) John Wotherspoon Education and Training Consultancy (JWETC)

John Wotherspoon is a local governor at the Essex and Southend based academies in the trust:

- The Trust incurred a total cost of £5,452 (2020 £4,062) in transactions with JWETC. The costs relate to education quality assurance visits and support.
- The Trust made the purchase at arms' length following a competitive tendering exercise in accordance with its financial regulations, which Mr Wotherspoon neither participated in, nor influenced.
- The element above £2,500 has been provided 'at no more than cost'. The supplier has provided a statement of assurance confirming this.
- The transactions have been appropriately notified to the ESFA in advance.

(2) Employment of close family members

Under FRS 102 the close family of members or trustees of the Trust, or key management personnel, are deemed to be related parties.

During the year the following close family members of such individuals were employed by the Trust and paid a salary under an employment contract for their individual roles:

R. Ashkettle, the brother-in-law of the CEO, M. Jordan, is employed as an Estates Manager.

The relevant connected individual had no involvement in the appointment of their close family member and the Board of Trustees are comfortable that the salary paid provides value for money and is not at a preferential rate.

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32. Boarding school trading account

	2021	2021	2020	2020
	£000	£000	£000	£000
Income				
Direct income				
Grants	453		467	
Total income		453		467
Expenditure				
Direct expenditure				
Direct staff costs	268		352	
Educational supplies	9		4	
Total direct expenditure	<u>277</u>		<u>356</u>	
Other expenditure				
Other staff costs	222		59	
Premises costs	23		12	
Other support costs	16		8	
Total other expenditure	<u>261</u>		<u>79</u>	
Total expenditure		538		435
(Deficit)/surplus from all sources		(85)		32
Boarding school balances at 1 September 2020		770		738
Boarding school balances at 31 August 2021		<u>685</u>		<u>770</u>