

Company Registration Number: 09175427 (England & Wales)

The Howard Academy Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2022

The Howard Academy Trust
(A company limited by guarantee)

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Reference and Administrative Details
For the Year Ended 31 August 2022

Members

Professor A Reed
Rev N Ward (resigned 16th September 2021)
Mr A Norman
Mrs J Watson
Dr C Ude (appointed 30th June 2022)

Trustees

Mr D McDonald* (Chair)
Mr R McKenna* (Vice Chair) (resigned 16th September 2021)
Mr S Bass* (Chair Finance, Audit and Resources Committee)
Ms C Nott (Vice Chair) (appointed 29th September 2021)
Mr D Giles (Chair of the Academic Standard Committee)
Mr O McColgan (Chief Executive & Accounting Officer)
Miss H Tait (appointed 28th June 2022)
Mrs D Cusack (appointed 28th June 2022)

* members of the Finance, Personnel & Estates Committee
renamed Finance, Audit and Resources Committee

Company registered number 09175427 (England and Wales)

Principal and registered office Waterfront UTC
South Side Three Road
Chatham
Gillingham
ME4 4FQ

Senior management team Mr O McColgan, Chief Executive & Accounting Officer
Ms C Reid, Director of Education/Executive Head (Secondary)
Mrs L Lewis, Executive Head (Primary Academies) (resigned 19 April 2022)
Mr K Taylor, Head of Finance
Ms A Neech, School Improvement Partner
Mrs S Teachen, HR Manager (resigned 31 August 2022)
Mr G Bennett, Head of Estates (resigned 31 October 2021)
Mr S Mayes, Head of Estates (appointed 24 November 2021)
Mrs F McRory, Head of HR (appointed 03 October 2022)

Independent auditors UHY Kent LLP t/a UHY Hacker Young
Chartered Accountants, Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent. ME10 4BJ

Bankers Lloyds Bank
142-146 High Street
Chatham
Kent
ME4 4DQ

Solicitors Anthony Collins LLP
134 Edmund Street
Birmingham
B3 2ES

Actuaries Barnett Waddingham
Cheapside House
138 Cheapside
London
EC2V 6BW

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Trustees' Report
For the Year Ended 31 August 2022

The Directors present their annual report together with the financial statements and auditor's report of the academy trust for the year 1 September 2021 to 31 August 2022. The annual report serves the purposes of both a trustees report, and a directors' report under company law.

The academy trust operates 6 primary/secondary academies in Medway, Kent. Its academies have a combined pupil capacity of 3,222 and had a roll of 3,047 in the October 2021 school census.

Academy	October 2021 Census
Deanwood Primary School	226
The Howard School	1,483
Miers Court Primary School	385
Temple Mill Primary School	241
Thames View Primary School	457
Waterfront UTC	255
Total	3,047

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The academy trust is a company limited by guarantee and an exempt charity. The charitable company's memorandum and articles of association are the primary governing documents of the academy trust. The trustees of The Howard Academy Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as The Howard Academy Trust.

The academy trust is known as The Howard Academy Trust.

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

Directors' Indemnities

The academy trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its directors'. The academy trust has also granted indemnities to each of its trustees and other officers to the extent permitted by law. Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) were in force during the period and remain in force, in relation to certain losses and liabilities which the directors or other officers may incur to third parties in the course of acting as directors or officers of the academy trust.

Details of the insurance cover are provided in note 15 to the financial statements.

Method of Recruitment and Appointment or Election of Directors

The management of the Academy Trust is the responsibility of the Directors who are elected and co-opted under the terms of the Trust deed.

The Academy Trust has the following Directors and methods of appointment:

- a) Up to 9 Directors appointed under Article 50 (appointed by the Members by ordinary resolution);
- b) The Chief Executive Officer;
- c) A minimum of two Parent Directors appointed by parents of registered pupils at the Academy, in the event that no Local Academy Boards are established or if no provision is made for at least 2 Parent Directors on each established Local Academy Board

Policies and procedures adopted for the induction and training of trustees

Upon their appointment, all new Directors are given an induction by the Academy Trust and Board of Directors. All Directors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Directors.

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Organisational Structure

The structure of the organisation has three levels; the Directors, the Academy Trust Executive and the operational Academy Trust Leaders. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. The Directors are responsible for overall administration of the Academy Trust's finances. They are also responsible for ensuring that funding is used for the purposes intended, approve the annual budget and material changes, ensure a scheme of delegation is in place, ensure assets are managed and accounting records are maintained, ensure budget monitoring statements are a true and accurate record on income and expenditure and approve the Annual Statutory Financial Statements.

The operational Academy Trust Leaders are responsible for the day-to-day operation of the Academy Trust departments, in particular organising staff, facilities and pupils.

The Governance structure within the Trust consists of Members, Board of Directors, and Local Academy Boards within each academy to represent local stakeholder views.

Arrangements for setting pay and remuneration of key management personnel

The key management personnel of the academy trust comprise the trustees and senior leadership team as disclosed on page 1.

The key management personnel within the organisation are the Directors who do not receive a salary with the exception of staff Directors. Senior Management of the Trust salaries are determined in line with the Trust's Pay Policy.

Total remuneration paid to senior management personnel is set out in note 12(d).

Trade union facility time

Relevant union officials

Number of employees who were relevant union official during the relevant period	Full-time equivalent employee number
4	4

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	4
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Provide the total cost of facility time	Release is ad hoc as and when required
Provide the total pay bill	£13,251,550
Provide the percentage of the total pay bill spent on facility time, calculated as: (total cost of facility time ÷ total pay bill) × 100	Not disclosed due to ad hoc and limited nature

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours calculated as: (total hours spent on paid trade union activities by relevant union officials during the relevant period ÷ total paid facility time hours) × 100	Release is ad hoc as and when required
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Related Parties and other Connected Charities and Organisations

There are no connected organisations or related party relationships other than those noted in note 33 to the Financial Statements.

Engagement with employees (including disabled persons)

Regular engagement takes place with all employees within the Trust via an annual employee survey. This is carried out by the Trust Central Team to provide feedback to individual academies about areas of strength and future opportunities. In addition, each academy holds Academy Council meetings three times per year. Representatives from teaching and support staff meet with Executive Leaders from

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THAT to discuss what is going well within the school and trust and what improvements could be made. This is a valuable mechanism for gaining staff voice across our organisation.

The Trust ensures that engagement with employees by providing them with information on matters of concern to them ensuring that employees and/or their representatives regularly so that the views of employees can be considered in making decisions which are likely to affect their interests. All employees play a key role in ensuring that the Academy Trust performs and achieves positive outcomes for the children that attend our academies.

Engagement with suppliers, customers and others in a business relationship with the trust

Key suppliers and customers for lettings activity are communicated with regularly. Key suppliers hold regular account review meetings to ensure that effective relationships take place between them and the Trust.

OBJECTIVES AND ACTIVITIES

Objects and Aims

The principal object of the Academy Trust 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 a school offering a broad and balanced curriculum (the mainstream Academies) or educational institutions which are principally concerned with providing full-time or part-time education for children of compulsory school age who, by reason of illness exclusion from school or otherwise, may not for any period receive suitable education unless alternative provision is made for them (the alternative provision Academies) or 16 to 19 Academies offering a curriculum appropriate to the needs of its students (the 16 to 19 Academies) or schools specially organised to make special educational provision for pupils with Special Educational Needs (the Special Academies,
- to promote for the benefit of individuals living in the South-East area of England who have need by reason of their age, infirmity or disability, financial hardship or social and economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interests of social welfare and with the object of improving the condition of life of the said individuals.

Objectives, Strategies and Activities

The vision statement from September 2021 has been amended to be "Working together to build a community of successful learners". This is underpinned by four core values:

- Inclusivity
- Dignity
- Respect
- Ambition

The mission statement of the Trust consists of:

Learning and growth are at the heart of The Howard Academy Trust ethos. We strongly advocate that all members of our community have the opportunity to become the very best that they can be. We recognise and value the unique talents and expertise within our community and aim to create a culture of dignity, inclusivity, respect and ambition, where all can thrive.

This is achieved through:

- Excellent teaching and learning that celebrates diversity whilst promoting inclusivity;
- Regular opportunities for collaborative high quality CPD to ensure best practice across academies;
- A proactive network for joint working across academies, for staff at various career stages;
- The highest standards of behaviour and conduct achieved through clear expectations and positive relationships;
- The unique character of each academy is valued and contributes to the THAT whole Trust ethos;
- Shared whole trust values of dignity, respect and ambition;
- High aspirations for all involved with the Trust;
- Each academy is a hub for its local community and families;
- Facing outwards and working in collaboration with other organisations and stakeholders;
- A centralised team that allows academy leaders to focus on their core purpose of education.

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Public Benefit

The Directors acknowledge the duty to have due regard to the Charity Commission's published general and relevant sub sector guidance on public benefit. We have referred to this guidance when reviewing our aims, strategy and in planning future activities. All activities undertaken by the Academy Trust are for the public benefit.

In setting our objectives and planning our activities the trustees have carefully considered the Charity Commission's general guidance on public benefit'.

STRATEGIC REPORT



Achievement and Performance

Due to COVID-19 this is the first year of public examinations for secondary students since 2019. The pandemic has had a different impact on children and within the education sector it was unclear how this would impact on examination outcomes.

The 2021/22 year has been very positive for The Howard Academy Trust with key highlights including successful Ofsted visits, significant improvements in the financial position of the organisation, successful Ofsted MAT Summary Evaluation and improvements in outcomes in some member academies.

Student Outcomes at KS4

Outcomes at Key Stage 4 have been compared to 2019 outcomes which are the last published data set available. UTCs due to their nature are not subject to Progress 8 measures and are measured on their destinations data. An analysis of UTC data has been conducted against CAT 4 tests which are taken on entry to the UTC to measure progress pupils have made. This considers the variety of starting points that pupils have coming from a wide variety of schools at the end of year 8 or elective home education. Due to the exceptionally small cohort within the UTC data fluctuations may appear to show large movements from the prior year.



				
	THE HOWARD SCHOOL		WATERFRONT UTC	
	2019	2022	2019	2022
Cohort	229	253	62	54
Progress 8	(0.14)	(0.18)		
Attainment 8	39.97	42.95	36.99	34.00
Grade 9-7 in English	13.1%	8.7%	4.8%	2.0%
Grade 9-7 in Maths	2.6%	7.9%	3.2%	4.0%
Grade 9-7 in English & Maths	0.9%	2.4%	1.6%	0.0%
Grade 9-5 in English	55.5%	49.4%	30.6%	30.0%
Grade 9-5 in Maths	33.2%	40.3%	25.8%	28.0%
Grade 9-5 in English & Maths	28.8%	35.6%	14.5%	17.0%
Grade 9-4 in English	77.7%	71.9%	45.2%	56.0%
Grade 9-4 in Maths	67.2%	64.8%	58.1%	44.0%
Grade 9-4 in English & Maths	61.1%	59.7%	29.0%	31.0%
GCSE Average Grade	4.05	4.00	3.46	2.00
Vocational Average Grade	M1	L2M	P2	L2P

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Outcomes at KS4 have remained consistent with 2019 with improvements in Attainment 8 at The Howard School and an increase in pupils achieving a Grade 9-7 and Grade 9 – 5 in Maths and English. The Howard School achieved outcomes that were above the boys national average and places them at the joint top for boys in Medway non-selective schools.

For UTC outcomes data when compared against CAT4 tests show that pupils have made progress when measured against their starting points. Value added was positive in English, Business Studies, Geography and Design Technology. Progress in Maths and Engineering was almost neutral indicating that expected progress was made by pupils. The cohort at UTC that have completed GCSE examinations joined the school in 2019 which was not a normal school year and was the first of three years heavily disrupted by the pandemic.

				
	THE HOWARD SCHOOL		WATERFRONT UTC	
	2019	2022	2019	2022
Cohort	89	103	36	24
Academic Cohort	87	103	22	3
Academic Entries	172.5	202	32	3
Applied General Cohort	9	83	33	22
Applied General Entries	9	137	91	69
Value Added				
Average Points Score per Entry	23.67	29.28	26.79	28.96
Average Grade	D + (M)	C (M +)	C - (M +)	C (M +)
Academic APS				
Academic Average Grade	21.84	29.80	16.29	30.00
	D +	C	D -	C
Applied General APS				
Applied General Average Grade	26.67	28.50	29.04	28.91
	M	M+	M +	M +
Academic				
A* - A	2.6%	14.0%	6.3%	0.0%
A* - C	47.8%	66.0%	40.6%	100.0%
A* - E	91.9%	95.0%	71.9%	100.0%
Applied General				
D* - D	11.1%	25.0%	49.5%	38.0%
D* - M	77.8%	73.0%	74.7%	78.0%
D* - P	100.0%	94.0%	96.7%	94.0%

Student Outcomes at KS5

Further improvements have taken place within the reporting period for performance in Key Stage 5 qualifications when compared to 2019 data. Average points per entry and average grade have improved across both academics. Average point score and average grade has improved for both academic and vocational qualifications.

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Average academic grade at The Howard School and Waterfront UTC have made improvements since 2019 and is now a Grade C for academic and a M+ for vocational qualification. The average academic grade in Academic qualifications at The Howard School was previously a D.

Average points score per entry at The Howard School increased from 23.67 in 2019 to 29.28 in 2022 and also increased at Waterfront UTC from 26.79 to 28.96. Average point scores increased for both schools in both academic and vocational qualifications

Primary Performance at Key Stage 1 and 2

Performance at Key Stage 1 and 2 has varied due to the impact that COVID-19 has had on different schools and children across the Trust. This is the first year that data has been published for primary academies since 2019.

It is important to note that some key stage 1 and 2 cohorts had been badly impacted by attendance issues within the class and staffing absence throughout the pandemic, which has resulted in variations in outcomes. Leaders have carefully analysed the data to identify trends and improve performance in schools where pupils did not achieve in line with local and national averages.

THAT academies have selected the appropriate phonics scheme for their school. Not all of these schemes have fully embedded with outcomes due to improve overtime as the scheme embeds.

KEY STAGE 1				
	Thames View	Miers Court	Deanwood	Temple Mill
Phonics				
Year 1 - Meeting Expected	47.5	74.5	36.7	80.0
Reading, Writing & Maths				
At least expected	31.1	53.3	46.4	26.7

KEY STAGE 2				
	Thames View	Miers Court	Deanwood	Temple Mill
Reading, Writing & Maths				
Expected	48.3	59.4	29.0	50.0

Variations in performance has largely been within writing and mathematics, which are a key focus area for 2022/23.

The focus areas in 2022/23 within primary academies are:

- Embed phonics programmes ensuring that the percentage of children achieving the phonics screening check by the end of Year 2 is in line with national average of 87%
- Ensure that pupil achievement in Mathematics increases and that gaps in prior knowledge are closed via effective intervention
- Ensure that pupil achievement in writing improves. This area has been impacted most by Covid and was difficult to successfully deliver via remote education.

Ofsted Inspections

During the reporting period Ofsted inspected two THAT academies. The Howard School and Miers Court Primary School received inspections in November 2021 and both remained good schools. All academies that have joined The Howard Academy Trust have either improved or maintained their Ofsted rating when inspected.

In addition, The Howard Academy Trust was selected by Ofsted to receive a MAT Summary Evaluation in July 2022. The purpose of the MAT Summary Evaluation is for Ofsted to look at the impact that the multi academy trust is having on delivering a high quality education for its members schools and also improving pupil achievement.

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The MAT Summary Evaluation is in its infancy within the education sector. The Howard Academy Trust received the only evaluation conducted in the South East this year.

Strategic Priorities

The Trust Strategic priorities have been refreshed for the next three years. The Trust refrained from refreshing the Strategic Priorities following a change of Leadership due to the challenges of the pandemic and the impact this has had on leaders and staff within academies. Since April 2021 the new strategic priorities have been launched.

- Continuously improving the quality of provision of all our academies and enhance pupil outcome across the Trust.
- Provide excellent teaching and learning that promotes inclusivity
- Continue to build the profile of THAT to support further growth within the Southeast
- Champion our THAT People Strategy to retain, recruit, develop and reward an excellent workforce
- Ensuring a financially viable and sustainable MAT with a strong business infrastructure
- Ensuring effective leadership and governance at all levels.

Key Performance Indicators

The Directors consider the following are the key performance indicators for the Trust via the trust academy review process.

- Latest pupil outcomes
- Ofsted ratings for each THAT Academy
- Pupil Attendance
- Behaviour & Exclusions
- Finance
 - Target Reserves
 - Percentage of Income spent on Teaching Staff
 - Percentage of Income spent on Total Staff Costs
 - General Financial Position of each THAT Academy
- Staff Turnover
- Pupil Numbers

Key performance areas are frequently reported to the Board of Directors via full board meetings or sub committees. The Trust Executive Team are responsible for carrying out the Quality Assurance mechanism within our academies. The Trust uses external School Improvement Advisors for external validation of judgements.

Going Concern

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

The Directors believe that the Trust is a going concern since there are consistent student numbers and good performance across all our academies, which secures future income for the academies' operations. The Trust currently prepares five-year budget forecasts which enables management to ensure that a secure budget is in place.

Overall the Trust is carrying a net surplus of £279k on revenue income reserves, a significant improvement from a deficit of £547k last year. All academies and the central fund returned in year surplus in 2021/22. As disclosed in note 20 all, but one, individual academies carry a revenue surplus. Overall strong financial progress has been made.

Waterfront UTC remains in deficit of £872k, although it did return an in year surplus of £27k in 2021/22. Waterfront UTC joined the Trust during 2019, and brought a revenue deficit of £131k with it. The position worsened during 2019/20 primarily due to a pupil number adjustment, and the UTC's deficit increased by a further £65k during 2020/21.

The central trust function remains in a small deficit position despite a healthy 2021/22 in year surplus of £116k.

Further information about the Trust's planned actions to return revenue income funds to surplus is provided in note 20.

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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

The strategic objectives of the Trust are agreed by the Board of Directors to ensure that the areas of focus are considered and their implications across the wider Trust for students and staff are assessed.

The Trust regularly gathers the views of stakeholders including staff, students, parents/carers and Governors. It is important to the Trust that staff voice is taken regularly to ensure that this feedback is used to inform our future improvements to our employment offer.

The Howard Academy Trust has a strong reputation within the community we serve and within the local area/region.

Financial review

Most of the Trust's recurrent income is received in the form of grants from the Education and Skills Funding Agency ("ESFA"), the use of which is restricted to particular purposes. The grants received from the ESFA during the year ended 31 August 2022 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities ("SoFA").

Total income for the year, as shown by the SoFA, amounted to £23.87m, an increase on the £16.3m in the prior year. Within this total is capital funding of £6.2m, which includes the donation of our new state of the art Science and DT block at The Howard School, valued at £5.6m.

Excluding the capital funding, revenue income funds for the year ended 31 August 2022 were £17.67m, up from £15.96m in the prior year. Most of this revenue income comprises funding for the Trust's academies' educational operations, as detailed in note 6. Core General Annual Grant (GAG) funding is the key element and this has increased by £1.7m in the year.

The SoFA shows total expenditure for the year of £20.08m, resulting in a net income of £3.8m before other recognised gains and losses. After an actuarial gain of £8.5m (2021: actuarial loss of £841k), in respect of the Local Government Pension Scheme (LGPS) fund, the overall movement in funds for year was an increase of £12.29m (2021: reduction of £2.71m). The significant actuarial gain during the year arises as a result of changes to the key actuarial assumptions; these are explained in more detail in notes 2 and 24.

These overall movements do not reflect the operational result for the day-to-day running of the Trust, with the new school building donation, other capital transactions, depreciation and the movement in the LGPS fund all blurring the more meaningful result on revenue income funds.

The table below has therefore been included to reconcile to the movement in revenue income funds, an increase of £826k (2021: £403k), and then to the operational result prior to the voluntary contributions to capital, which represent fixed assets acquired with revenue income funds:

	2022 (£000s)	2021 (£000s)
Overall net movement in funds for the year per SOFA	12,294	(2,708)
Decrease attributable to fixed asset fund	(4,097)	1,432
LGPS actuarial loss	(8,505)	841
LGPS service and interest costs	1,134	838
Movement in revenue income funds	826	403
Add: Transfers from revenue to capital to fund fixed asset additions	235	46
Operational surplus /(deficit) on revenue funds before transfers to capital	1,061	449

At 31 August 2022, the net book value of fixed assets was £49m and movements in tangible fixed assets are shown in note 16 to the financial statements. During the year the assets were used almost exclusively for providing education and the associated support services to the pupils of the academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

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Financial position

The Trust held fund balances at 31 August 2022 of £48.0m (2021: £35.8m). These funds comprised:

- restricted fixed asset funds of £49.1m (2021: £44.9m) which represent the net book value of fixed assets, together with any unspent capital grant money, less associated permitted loans;
- revenue income reserves, which were in overall surplus by £279k (2021: deficit of £547k) split across restricted and unrestricted funds as shown in note 20.
- The pension reserve deficit of £1.28m (2021: £8.65m). This funds represents the Trust's apportioned share of the LGPS deficit. The reduction in this reserve during the year has been triggered by the actuarial gain arising as a result of changes in the underlying actuarial assumptions. These are explained in more detail in note 2, critical judgements, and note 28 for pension commitments. The deficit is not a concern and does not mean that an immediate liability crystallises. It can be described as an accounting deficit which has no direct effect on the employer contribution rate paid by the school, which is determined using longer-term funding assumptions. These contribution rates are reviewed every three years in consultation with the scheme's administrators, and current employer contributions due by the multi-academy trust are fixed until 1 April 2023.

Reserves Policy

The Directors review the reserve levels of the trust annually. The policy of the Directors is to maintain a level of reserves that will be adequate to provide a stable base for the continuing operation of the Trust whilst ensuring that excessive funds are not accumulated. The Directors always try to match income with expenditure in the current year (set and manage a balanced budget), will only carry forward reserves that it considers necessary and will have a clear plan for how it will be used to benefit the pupils.

As noted in the financial position section above, revenue income funds were in surplus by £279k at 31 August 2022, this is a significant improvement from the prior year which ended at 31 August 2021 with a cumulative deficit of £547k. Since 31 August 2020 the Trust has improved its position by a substantial £1.25m. Waterfront UTC reports a deficit of £872k at 31/08/2022 and remains an ongoing challenge, although pupil numbers for 2021/22 were 21% higher than the prior year, and the school delivered its first in year surplus since joining the Trust. The 2021/22 year sees all schools and the Trust central fund end the year with a positive in year surplus.

The Trust have set a budget for 2022/23 which anticipates a further in year surplus of £76k. However there are substantial cost pressures in the 2022/23 financial year, including pay awards and increased energy contracts for two primary schools, and thus the Trust is already working on a savings plan to prevent schools from falling into deficit.

Investment Policy

The Academy Trust does not currently invest funds. The Directors have considered the needs for reserves and would ideally like to build up an amount which equates to 1-2% of GAG income for each academy.

Principal Risks and Uncertainties

The principal goal for the Academy Trust is to safeguard its long-term ability to continue to attract high calibre staff, deliver an excellent education to all pupils, and to maintain its physical facilities.

The principal risk for the finances of the Academy Trust is a reduction in pupil numbers. Most of the Academy Trust's income comes from the ESFA, which is principally calculated by reference to the numbers of students enrolled at the Academy. The Directors assess the risk of a substantial reduction in funding to be low.

However, income could still be affected by any changes in government funding. The Government is currently transitioning towards National Funding Formula. Early indications show that all THAT academies will benefit from the new formula. The Directors have mitigated this risk by being mindful of the situation and are therefore constantly monitoring and promoting each academy within the Trust to ensure that it has sufficient pupil numbers.

The deficit within the Local Government Pension Scheme (LGPS) remains a key risk for the Trust. The pension fund is reviewed on a triennial basis by the scheme actuaries which could cause the pension contribution rate to increase. This creates a substantial risk for the Trust and could cause support staff costs to increase significantly.

Increased cost pressures across the sector are a significant risk to all schools within the academy sector. Increased prices for supplies, utilities and unfunded staff pay awards have resulted in budget pressures in all schools. The Trust finance team continue to monitor the impact of price increases closely and adapt budget plans as a result.

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FUNDRAISING

Fundraising within the organisation is limited due to the nature of the organisation. Any funds raised are donated to charities for a specific purpose for example Children in Need. The academy trust does not use any external fundraisers. All fundraising undertaken during the year was monitored by the Trustees.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data for the period	1 September 2021 to 31 August 2022	1 September 2020 to 31 August 2021
Energy consumption used to calculate emissions (kWh):		
Gas	2,548,497	2,326,145
Electricity	1,043,575	1,879,143
Transport fuel	16,006	2,755
<u>Scope 1 emissions in metric tonnes CO2e</u>		
Gas consumption	464	429
Owned transport – mini-buses	0.29	0.29
Total scope 1	464.29	429.29
<u>Scope 2 emissions in metric tonnes CO2e</u>		
Purchased electricity	202	399
<u>Scope 3 emissions in metric tonnes CO2e</u>		
Business travel in employee owned vehicles	2.03	0.33
Total gross emissions in metric tonnes CO2e	671.02	828.52
<u>Intensity ratio</u>		
Tonnes CO2e per pupil	0.22	0.28

Quantification and Reporting Methodology:

We have followed the HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the UK Government’s Conversion Factors for Company Reporting.

Intensity measurement

The chosen intensity measurement ratio is total gross emissions in metric tonnes CO2e per pupil, the recommended ratio for the sector.

Measures taken to improve energy efficiency

We have installed smart meters across all sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites.

PLANS FOR FUTURE PERIODS

A refresh of the Trust Vision & Values took place from April – August 2021 and continues to be embedded throughout the organisation. The focus within future periods will be to continue implementing the strategic priorities of the trust as outlined on the following page.

The Howard Academy Trust
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Trustees' Report
For the Year Ended 31 August 2022

Strategic Priorities (2021 – 2023)



Continuously improving the quality of provision of all our academies and enhance pupil outcomes across the Trust.

Provide excellent teaching and learning that promotes inclusivity.

Continue to build the profile of THAT to support further growth within the Southeast.

Champion our THAT People Strategy to retain, recruit, develop and reward an excellent workforce.

Ensuring a financially viable and sustainable MAT with a strong business infrastructure.

Ensuring effective leadership and governance at all levels.

The strategic priorities above are key to The Howard Academy Trust continuing to develop and improve our existing provision for our member academies whilst growing capacity to support further growth within the sector.

The Board of Directors continue to explore growth opportunities as they arise and have also considered the publication of the White Paper by the Government earlier in the year. The future growth of The Howard Academy Trust will be measured ensuring that any school joining is the correct cultural fit for THAT. Future growth of the Trust will depend on whether it is a maintained school looking to join the Trust, a merger or a sponsored academy joining a strong trust. The risk profile of each will carefully be considered by Directors before progressing.

A key future plan for THAT is the roll out of a one to one device scheme in secondary academies and key stage 2 within primary academies within the next few years. This has been planned to ensure that our pupils are digitally literate and use technology as part of their daily learning preparing them for future employment and training.

AUDITOR

In so far as the trustees are aware:

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

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

Mr D McDonald
Chair of Directors

Mr O McColgan
Accounting Officer

Date: 14 December 2022

The Howard Academy Trust
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Governance Statement
For the Year Ended 31 August 2022

Scope of Responsibility

As Directors, we acknowledge we have overall responsibility for ensuring that The Howard Academy 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.

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

The board of directors has delegated the day-to-day responsibility to the Chief Executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between The Howard Academy 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 Director's Report and in the Statement of Directors Responsibilities. The board of trustees has formally met [x] times during the year. Attendance during the year at meetings of the board of trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Bass	6	6
Mr D Giles	6	6
Mr O McColgan – Chief Executive	5	6
Mr D McDonald – Chair of Directors	4	6
Ms C Nott	6	6
Miss H Tait	1	1
Mrs D Cusack	1	1

Governance reviews

The Trust conducted a full external review of Governance in May 2021. This was conducted by a National Leader of Governance and was commissioned via the Confederation Schools Trust.

The review undertaken analysed the impact and the effectiveness of the Board of Directors, Trust Executive Leaders and Local Governance in Local Academy Boards.

The review consisted of:

- A review of key governance documentation.
- Website compliance review
- One-to-one discussions with Members, CEO, Directors, Principals, and LAB Chairs
- A questionnaire for Board attendees.
- A questionnaire for Local Academy Boards
- Observation of a wide range of Trust and LAB meetings
- A report with recommendations.

The main enquiry lines used to evaluate Governance within the review consisted of:

- Strategic governance, leadership, and direction
- The impact and effectiveness of governance
- Members, Directors, the Board, and its committees
- Local Academy Boards

Findings within the report have found that the Board of Directors robustly challenge the Trust Executive Team for implementing the Strategic Priorities of the Trust. Areas of development within the view focussed on strengthening the link between the Board of Directors and Local Academy Boards ensuring that all key stakeholders are aware of their role within the Governance structure of the Trust.

The Board of Directors will carry out a self-evaluation of Governance at the end of the next reporting period and will carry out periodic

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Governance Statement
For the Year Ended 31 August 2022

external reviews of Governance as appropriate. During the reporting period the findings of the Governance review have been implemented by Executive Leaders for full implementation in September 2022.

As part of the Governance Review, the three subcommittees of the Board of Directors have been condensed to create two committees. These are now known as:

- The Finance, Audit and Resources Committee
- Academic Standards Committee

The Finance, Audit and Resources is a sub-committee of the main board of trustees. Its purpose is to:

- Initially reviewing and recommending of the annual budget to the Board of Directors;
- Regular monitoring of actual expenditure and income against budget;
- Ensuring the annual accounts are produced in accordance with the requirements of the Companies Act 2006, the Charity Commission's Statement of Recommended Practice: Accounting and Reporting by Charities and the DfE guidance issued to academies;
- Authorising the award of contracts up to the amount stated in the Scheme of Delegation;
- Reviewing the reports of the Responsibility Officer on the effectiveness of the financial procedures and controls. Reports must also be reported to the Board of Directors;
- Reviewing the financial policies of the Academy and where necessary, make recommendations to the Board of Directors
- Monitor the integrity of the financial statements and any formal announcements relating to financial performance;
- Review internal financial controls and, unless there is a separate board risk committee, review the company's internal control and risk management systems;
- Monitor and review the effectiveness of the internal audit function;
- Make recommendations to the board in relation to the appointment, re-appointment and removal of the external auditor and approve the remuneration and terms of engagement of the auditor;
- Review the auditor's independence and objectivity; and
- Develop and implement the non-audit services policy.

Attendance at meetings in the year was as follows;

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr S Bass - Chair	3	3
Mr David Giles	3	3
Mr D McDonald – Chair of Directors	1	3

Mr S Bass, a member of the Finance, Audit and Resources Committee, is a qualified accountant.

The previous committee called Audit, Risk Management and Policy committee responsibilities were consolidated into the above committee with the new terms of reference being agreed upon on 25 November 2021.

The membership of the Audit, Risk Management and Policy committee was as below and the last meeting was held on the 4 July 2021.

<u>Trustee</u>
Mr S Bass - Chair
Mr D Giles
Mr D McDonald

The Academic Standard Committee is a sub-committee of the main board of trustees. Its purpose is to:

- Review data on academic outcomes, including attainment and achievement data, the overall performance of each of the academics; Leadership standards; Governance effectiveness; Academy's quality improvement and intervention strategies and plans; Special Educational Needs (SEN) and inclusion; Partnership working; Admissions; Safeguarding arrangements; Attendance – Absence, Persistent Absence and Exclusions figures; Performance Dashboard displayed in a traffic light (RAG) format outlining all key data information by school together with three-year trend outcomes data.
Review all external monitoring reports and monitor agreed actions

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Governance Statement
For the Year Ended 31 August 2022

- The Committee will be responsible for the Academies' statutory requirements in relation to the curriculum offer and other curriculum issues such as spiritual, moral, social and cultural learning.
- Review and monitor the educational needs of the pupils attending the Trust's academies.
- Monitor and review Extracurricular activities.
- Review and agreed on the Trust's policies in relation to its Curriculum Statement.
- Determine and update relevant strategies relating to the above.
- Monitor and review the achievement of strategic objectives, in particular, the overview of performance against quantitative and qualitative benchmarks for key indicators/outcomes and the Ofsted framework and provide the appropriate challenge.
- Receive information on curriculum and quality issues for all the Trust's academies.
- Receive progress reports on the implementation of post-Ofsted action plans and each academy's actions following on from THAT external quality assurance.

Attendance at meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mrs C Nott	3	3
Mr D Giles	3	3
Mr O McColgan – Chief Executive	3	3

Conflicts of Interest

Conflicts of Interest are checked regularly by way of an annual statement from each trustee as well as confirmation at each Full Board and Committee meeting. Were there to be any conflict of interest declared the individual would not be able to take part in the agenda item discussion or voting. This would be documented by the Clerk to Trustees.

Review of value for money

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

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

- Ending the 2021/22 financial and academic year with all schools delivering an in year surplus, which evidences the Trusts efforts to drive value for money and improve financial performance across Trust.
- Successfully integrated Deadwood Ducklings nursery into Deanwood Primary school- ensuring a net positive financial contribution to the school
- Procuring new energy contracts for all schools for gas and four schools for electricity before the utility price hikes, protecting our schools from substantial increases
- Implemented a new premises management system to improve performance against KPI's ensuring a more efficient service and continued to identify in the Trusts drive to retain more complex premises work in house, to reduce spend on external contractors
- Continued to embed sound procurement and contract management practices, to continue to, and further achieve Trust wide economies of scale
- Implementing strategic plans to ensure substantial pupil number growth at Waterfront UTC, growing numbers by 21% in 21/22 compared to the prior year and successfully winning an estimated funding business case attracting £220k of funding for the growth

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of academy trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in The Howard Academy Trust for the year to 31 August 2022 and up to the date of approval of the annual report and financial statements.

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Governance Statement
For the Year Ended 31 August 2022

Capacity to Handle Risk

The board of directors have reviewed the key risks to which the academy trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of directors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period year to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the board of directors.

The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the board of trustees
- regular reviews by the finance and general purposes 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
- identification and management of risks

The board of trustees has decided to appoint an internal scrutiny partner to support the Trust in meeting its Internal Scrutiny requirements and to provide assurance to the board of trustees. After a successful tender, McCabe Ford Williams were appointed as Internal Scrutiny partner, they will support on financial audits only. Specialist scrutiny partners will be brought in for services such as educational monitoring assurance.

The Trust complies with the requirement to have a separate internal scrutiny and external audit firm.

The role of McCabe Ford Williams includes giving advice on financial and other matters and performing a range of checks on the academy trust's financial and other systems. In particular, the checks carried out in the current period focused on payroll and purchasing internal controls.

On a yearly basis, the external auditor reports to the board of trustees, through the audit committee on the operation of the systems of control and on the discharge of the board of trustees' financial responsibilities and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations, and conclusions to help the committee consider actions and assess year on year progress.

Review of Effectiveness

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

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

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

Approved by the Board of Directors and signed on its behalf by:



Dan McDonald
Chairman of Trustees



Owen McColgan
Accounting Officer

Date: 14 December 2022

The Howard Academy Trust
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Statement on Regularity, Propriety and Compliance

As accounting officer of The Howard Academy Trust I have considered my responsibility to notify the academy Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy, under the funding agreement in place between the academy 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 2021.

I confirm that I and the academy Board of Trustees are able to identify any material irregular or improper use of all funds by the academy, or material non-compliance with the terms and conditions of funding under the academy's funding agreement and the Academies Financial Handbook 2021.

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



Mr O McColgan
Accounting Officer

Date: 14 December 2022

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Statement of Trustees' responsibilities
For the Year Ended 31 August 2022

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

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

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2019 and the Academies Accounts Direction 2021 to 2022;
- 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 Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

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



Mr D McDonald
Chair of Trustees

Date: 14 December 2022

The Howard Academy Trust
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Independent Auditors' Report on the financial statements to the Members of The Howard Academy Trust

Opinion

We have audited the financial statements of The Howard Academy Trust (the 'academy') for the year ended 31 August 2022 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 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2022 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 2021 to 2022 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 academy 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 Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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Independent Auditors' Report on the financial statements to the Members of The Howard Academy Trust
(continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the academy and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

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

In preparing the financial statements, the Trustees are responsible for assessing the academy's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the academy 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 academy 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 academy trust, including the Academy Trust 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.

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Independent Auditors' Report on the financial statements to the Members of The Howard Academy Trust
(continued)

We assessed the susceptibility of the academy 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.

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 academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy'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 academy 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: 19 December 2022

The Howard Academy Trust
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Independent Reporting Accountant's Assurance Report on Regularity to The Howard Academy Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 6 April 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Howard Academy Trust during the year 1 September 2021 to 31 August 2022 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 The Howard Academy Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Howard Academy Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Howard Academy Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Howard Academy Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of The Howard Academy Trust's funding agreement with the Secretary of State for Education dated 27 November 2015 and the Academy Trust Handbook, extant from 1 September 2021, 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 2021 to 2022. 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 2021 to 31 August 2022 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 academy'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 The Howard Academy Trust for the year ended 31 August 2022 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 academy 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.

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**Independent Reporting Accountant's Assurance Report on Regularity to The Howard Academy 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 2021 to 31 August 2022 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

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

Date: 19 December 2022

The Howard Academy Trust
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Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2022

	Note	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	Total funds 2021 £
Income from:						
Donations and capital grants	3	4,992	-	6,203,376	6,208,368	370,024
Other trading activities	4	588,719	95,777	-	684,496	288,730
Investments	5	131	-	-	131	121
Funding for educational operations	6	7,395	16,969,748	-	16,977,143	15,667,508
Total income		601,237	17,065,525	6,203,376	23,870,138	16,326,383
Expenditure on:						
Raising funds	8	-	146,763	-	146,763	95,159
Charitable activities	9	134,802	17,457,709	2,342,227	19,934,738	18,098,681
Total expenditure		134,802	17,604,472	2,342,227	20,081,501	18,193,840
Net income/(expenditure)		466,435	(538,947)	3,861,149	3,788,637	(1,867,457)
Transfers between funds	20	(143,871)	(91,959)	235,830	-	-
Net movement in funds before other recognised gains/(losses)		322,564	(630,906)	4,096,979	3,788,637	(1,867,457)
Other recognised gains/(losses):						
Actuarial gains/(losses) on defined benefit pension schemes	28	-	8,505,000	-	8,505,000	(841,000)
Net movement in funds		322,564	7,874,094	4,096,979	12,293,637	(2,708,457)
Reconciliation of funds:						
Total funds brought forward		655,334	(9,855,262)	44,955,020	35,755,092	38,463,549
Net movement in funds		322,564	7,874,094	4,096,979	12,293,637	(2,708,457)
Total funds carried forward	20	977,898	(1,981,168)	49,051,999	48,048,729	35,755,092

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

The notes on pages 27 to 52 form part of these financial statements.

The Howard Academy Trust
(A company limited by guarantee)
Registered number: 09175427

Balance Sheet
As at 31 August 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	16	49,104,085	45,003,929
Current assets			
Debtors	17	607,441	648,367
Cash at bank and in hand	25	863,093	589,261
		<u>1,470,534</u>	<u>1,237,628</u>
Creditors: amounts falling due within one year	18	(1,198,176)	(1,786,334)
Net current assets / liabilities		<u>272,358</u>	<u>(548,706)</u>
Total assets less current liabilities		<u>49,376,443</u>	<u>44,455,223</u>
Creditors: amounts falling due after more than one year	19	(45,714)	(47,131)
Net assets excluding pension liability		<u>49,330,729</u>	<u>44,408,092</u>
Defined benefit pension scheme liability	28	(1,282,000)	(8,653,000)
Total net assets		<u><u>48,048,729</u></u>	<u><u>35,755,092</u></u>
Funds of the academy			
Restricted funds:			
Fixed asset funds	20	49,051,999	44,955,020
Restricted income funds	20	(699,168)	(1,202,262)
Restricted funds excluding pension liability	20	<u>48,352,831</u>	<u>43,752,758</u>
Pension reserve	20	(1,282,000)	(8,653,000)
Total restricted funds	20	<u>47,070,831</u>	<u>35,099,758</u>
Unrestricted income funds	20	<u>977,898</u>	<u>655,334</u>
Total funds		<u><u>48,048,729</u></u>	<u><u>35,755,092</u></u>

The financial statements on pages 24 to 52 were approved and authorised for issue by the Trustees and are signed on their behalf, by:



Mr D McDonald
Chair of Trustees



Mr O McColgan
Chief Executive & Accounting Officer

Date: 14 December 2022

The notes on pages 27 to 52 form part of these financial statements.

The Howard Academy Trust
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2022

	Note	2022 £	<i>2021</i> <i>£</i>
Cash flows from operating activities			
Net cash provided by operating activities	22	987,900	604,758
Cash flows from investing activities	24	(418,876)	(88,659)
Cash flows from financing activities	23	(295,192)	(306,051)
		<hr/>	<hr/>
Change in cash and cash equivalents in the year		273,832	210,048
Cash and cash equivalents at the beginning of the year		589,261	379,213
Cash and cash equivalents at the end of the year	25, 26	<hr/> <u>863,093</u>	<hr/> <u>589,261</u>

The notes on pages 27 to 52 form part of these financial statements

The Howard Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

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 academy, 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 2021 to 2022 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

The Howard Academy Trust meets the definition of a public benefit entity under FRS 102.

1.2 Going concern

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

1.3 Income

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

• **Grants**

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

General Annual Grant is recognised in full in the Statement of financial activities in the year for which it is receivable and any abatement in respect of the 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.

• **Other income**

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

1.4 Expenditure

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

The Howard Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

1. Accounting policies (continued)

1.4 Expenditure (continued)

• **Expenditure on raising funds**

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

• **Charitable activities**

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

Where relevant, resources expended are inclusive of irrecoverable VAT.

1.5 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the academy; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

1.6 Taxation

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

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

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

Depreciation is provided on all tangible fixed assets other than freehold land 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:

Freehold property	- 10-49 years
Long-term leasehold property	- 39-125 years
Furniture and equipment	- 15%
Computer equipment	- 33%

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.

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

1. Accounting policies (continued)

1.8 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.

1.9 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.

1.10 Liabilities

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

1.11 Financial instruments

The academy only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy 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 17. 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 18 and 19. 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.

1.12 Fund accounting

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

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.

Investment income, gains and losses are allocated to the appropriate fund.

1.13 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy 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 Howard Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

1. Accounting policies (continued)

1.13 Pensions (continued)

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the academy 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.

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 academy 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 28, 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 2022. 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.

Critical areas of judgment:

The ultimate responsibility for setting the LGPS assumptions is that of the academy trust, as the employer, however each year the LGPS actuary proposes a standard set of assumptions as part of the valuation exercise, using their expert opinion, and which comply with the accounting requirements. The academy trust has, in practice with most employers, adopted the recommended actuarial assumptions following further consultation with its auditors to ensure these assumptions are reasonable and in line with those adopted by other academy trusts.

The key assumption is the discount rate, which is the estimated rate of long-term investment returns. This year the discount rate used of 4.25% is considerably higher than the rate of 1.65% used in 2021. Since a higher discount rate means assets will grow more rapidly in the future, this results in lower current liabilities. This is the key driver for the reduction in the carried LGPS deficit from £8.65m to £1.28m during the year.

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

3. Income from donations and capital grants

	Unrestricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Donations	4,992	-	4,992	997
Capital grants	-	6,203,376	6,203,376	369,027
	<u>4,992</u>	<u>6,203,376</u>	<u>6,208,368</u>	<u>370,024</u>
<i>Analysis of 2021 by fund</i>	<u>997</u>	<u>369,027</u>	<u>370,024</u>	

4. Income from other trading activities

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Lettings income	234,391	-	234,391	142,827
Sports partnership income	-	95,777	95,777	45,387
Sales of goods and services	82,775	-	82,775	26,021
Other income	271,553	-	271,553	74,495
	<u>588,719</u>	<u>95,777</u>	<u>684,496</u>	<u>288,730</u>
<i>Analysis of 2021 by fund</i>	<u>243,343</u>	<u>45,387</u>	<u>288,730</u>	

5. Investment income

	Unrestricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Bank interest	131	131	121
	<u>131</u>	<u>131</u>	<u>121</u>
<i>Analysis of 2021 by fund</i>	<u>121</u>	<u>121</u>	

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

6. Funding for educational operations

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Educational operations				
DfE/ESFA grants				
General Annual Grant	-	15,005,425	15,005,425	<i>13,317,534</i>
Other DfE/ESFA grants				
Rates reclaim	-	16,039	16,039	<i>113,511</i>
Pupil Premium	-	513,266	513,266	<i>467,639</i>
16-19 Bursary Funding	-	981	981	<i>17,137</i>
Universal Infant Free School Meals	-	135,404	135,404	<i>137,800</i>
PE and Sports Grant	-	84,303	84,303	<i>64,807</i>
Teachers' pay grant	-	24,071	24,071	<i>179,326</i>
Teachers' pension grant	-	68,022	68,022	<i>506,723</i>
Transition funding	-	-	-	<i>100,000</i>
School supplementary grant	-	170,565	170,565	-
Others	-	37,558	37,558	<i>88,336</i>
	-	16,055,634	16,055,634	<i>14,992,813</i>
Other Government grants				
Local Authority - Special Educational Needs	-	57,851	57,851	<i>30,436</i>
Local Authority - Early Years	-	341,060	341,060	<i>177,334</i>
Other Government Revenue Grants	-	199,860	199,860	<i>145,103</i>
	-	598,771	598,771	<i>352,873</i>
Other income from educational operations	7,395	152,877	160,272	49,728
COVID-19 additional funding (DfE/ESFA)				
Catch-up Premium	-	11,756	11,756	<i>213,640</i>
Other DfE/ESFA COVID-19 funding	-	150,710	150,710	<i>52,979</i>
	-	162,466	162,466	<i>266,619</i>
COVID-19 additional funding (non-DfE/ESFA)				
Coronavirus Job Retention Scheme grant	-	-	-	<i>5,475</i>
	7,395	16,969,748	16,977,143	15,667,508
<i>Analysis of 2021 by fund</i>	<i>572</i>	<i>15,666,936</i>	<i>15,667,508</i>	

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

6. Funding for educational operations (continued)

The academy trust received £12k of funding for catch-up premium to support children and young people to catch up on missed learning caused by coronavirus (Covid-19). This was fully spent..

The academy also received £69k of funding for school led tutoring which has been included within Other DfE/ESFA Covid-19 funding. Costs incurred in respect of this funding totalled £36k with the remaining funding being included within other creditors to be returned to the ESFA.

Other DfE/ESFA Covid-19 funding of £151k also includes £29k of income provided by the DfE to support schools with the costs associated with the coronavirus National Testing Programme, along with £67k of recovery premium and £19k of other Covid related grants.

7. Expenditure

	Staff Costs 2022 £	Premises 2022 £	Other 2022 £	Total 2022 £	<i>Total</i> <i>2021</i> £
Expenditure on raising voluntary income:					
Direct costs	108,760	-	38,003	146,763	<i>95,159</i>
Educational operations:					
Direct costs	11,550,049	1,231,159	2,012,812	14,794,020	<i>14,282,428</i>
Allocated support costs	2,803,302	888,492	1,448,924	5,140,718	<i>3,816,253</i>
	<u>14,462,111</u>	<u>2,119,651</u>	<u>3,499,739</u>	<u>20,081,501</u>	<u><i>18,193,840</i></u>
<i>Analysis of 2021 by type</i>	<u><i>13,726,824</i></u>	<u><i>2,045,305</i></u>	<u><i>2,421,711</i></u>	<u><i>18,193,840</i></u>	

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

8. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total funds 2022 £	<i>Total funds 2021 £</i>
Letting expenditure	-	-	-	155
Sports partnership - other costs	-	38,003	38,003	17,738
Sports partnership - salaries	-	92,013	92,013	62,961
Sports partnership - national insurance	-	5,391	5,391	5,045
Sports partnership - pension costs	-	11,356	11,356	9,260
	<u>-</u>	<u>146,763</u>	<u>146,763</u>	<u>95,159</u>
<i>Analysis of 2021 by fund</i>	<u>155</u>	<u>95,004</u>	<u>95,159</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2022 £	Restricted funds 2022 £	Total 2022 £	<i>Total 2021 £</i>
Educational operations	134,802	19,799,936	19,934,738	18,098,681
	<u>134,802</u>	<u>19,799,936</u>	<u>19,934,738</u>	
<i>Analysis of 2021 by fund</i>	<u>56,155</u>	<u>18,042,526</u>	<u>18,098,681</u>	

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Notes to the Financial Statements
For the Year Ended 31 August 2022

10. Analysis of expenditure by activities

	Direct costs 2022 £	Support costs 2022 £	Total funds 2022 £	<i>Total</i> <i>funds</i> <i>2021</i> <i>£</i>
Educational operations	14,794,020	5,140,718	19,934,738	18,098,681
<i>Analysis of 2021</i>	<i>14,282,428</i>	<i>3,816,253</i>	<i>18,098,681</i>	

Analysis of support costs

	Total funds 2022 £	<i>Total</i> <i>funds</i> <i>2021</i> <i>£</i>
Staff costs	2,803,302	2,420,343
Technology costs	47,263	31,935
Premises costs	974,202	857,738
Other support costs	1,292,324	479,375
Governance costs	23,627	26,862
	<u>5,140,718</u>	<u>3,816,253</u>

11. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2022 £	<i>2021</i> <i>£</i>
Operating lease rentals	140,923	132,473
Depreciation of tangible fixed assets	1,598,419	1,847,265
Loss on disposal of fixed assets *	743,808	-
Fees paid to auditors for:		
- audit	16,950	16,950
- other services	3,100	5,350
	<u>2,482,200</u>	<u>2,041,988</u>

* In November 2021 the Trust opened a new build science and DT block, funded by the Department of Education at a value of £5.5m. As a result two old blocks were demolished, which means their residual value of £743,808 has been accounted for as a loss on disposal of fixed asset.

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

12. Staff

a. Staff costs

Staff costs during the year were as follows:

	2022	<i>2021</i>
	£	<i>£</i>
Wages and salaries	10,062,938	9,740,494
Social security costs	975,938	922,610
Pension costs	3,346,674	2,957,785
	<u>14,385,550</u>	<u>13,620,889</u>
Agency staff costs	55,753	24,961
Staff restructuring costs	20,808	80,974
	<u>14,462,111</u>	<u>13,726,824</u>

Staff restructuring costs comprise:

	2022	<i>2021</i>
	£	<i>£</i>
Redundancy payments	20,808	51,215
Other restructuring costs	-	29,759
	<u>20,808</u>	<u>80,974</u>

b. Staff numbers

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

	2022	<i>2021</i>
	No.	<i>No.</i>
Teachers	175	160
Administration and Support	210	176
Management	5	24
	<u>390</u>	<u>360</u>

c. Higher paid staff

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

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

12. Staff (continued)

c. Higher paid staff (continued)

	2022	<i>2021</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	6	6
In the band £70,001 - £80,000	5	2
In the band £80,001 - £90,000	-	2
In the band £90,001 - £100,000	1	1
In the band £110,001 - £120,000	-	1
In the band £120,001 - £130,000	1	-
	1	<i>-</i>

d. Key management personnel

The key management personnel of the academy comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the academy was £558,968 (2021 - £561,258).

13. Central services

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

- Chief Executive Leadership time and support
- Head of Finance and Estates Management Leadership time and support
- Human resources advice and guidance
- Payroll processing
- Internal and external audit
- Legal advice and support
- Governance and risk management
- External quality assurance from consultants
- Finance system license
- School management information system license

The academy charges for these services on the following basis:

Each school is charged 7.5% of their GAG funding for each financial year.

The actual amounts charged during the year were as follows:

	2022	<i>2021</i>
	£	<i>£</i>
The Howard School	617,203	551,580
Temple Mill Primary School	66,148	61,140
Deanwood Primary School	62,387	56,304
Thamesview Primary School	131,357	118,128
Miers Court Primary School	122,265	109,404
Waterfront UTC	122,473	96,540
Total	1,121,833	<i>993,096</i>

The Howard Academy Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2022

14. Trustees' remuneration and expenses

The Accounting Officer has been paid remuneration and received other benefits from his employment with the academy trust. He only receives remuneration in respect of services provided undertaking his role under his contract of employment, and not in respect of his role as a trustee. The value of his remuneration and other benefits was as follows:

		2022	2021
		£	£
O McColgan	Remuneration	120,000 - 125,000	115,000 - 120,000
	Pension contributions paid	25,000 - 30,000	25,000 - 30,000

During the year ended 31 August 2022, expenses totalling £609 were reimbursed or paid directly to 2 Trustees (2021 - £319 to 1 Trustee).

15. Trustees' and Officers' insurance

The academy 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 Trustees 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 Trustees and officers indemnity element from the overall cost of the RPA scheme membership.

16. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Furniture and equipment £	Computer equipment £	Total £
Cost or valuation					
At 1 September 2021	32,975,714	18,721,563	1,432,570	2,280,600	55,410,447
Additions	5,572,305	194,061	482,669	205,018	6,454,053
Disposals	(1,298,522)	-	-	(11,670)	(1,310,192)
At 31 August 2022	<u>37,249,497</u>	<u>18,915,624</u>	<u>1,915,239</u>	<u>2,473,948</u>	<u>60,554,308</u>
Depreciation					
At 1 September 2021	4,893,686	2,377,054	979,215	2,156,563	10,406,518
Charge for the year	733,878	497,281	266,438	100,822	1,598,419
On disposals	(554,714)	-	-	-	(554,714)
At 31 August 2022	<u>5,072,850</u>	<u>2,874,335</u>	<u>1,245,653</u>	<u>2,257,385</u>	<u>11,450,223</u>
Net book value					
At 31 August 2022	<u><u>32,176,647</u></u>	<u><u>16,041,289</u></u>	<u><u>669,586</u></u>	<u><u>216,563</u></u>	<u><u>49,104,085</u></u>
At 31 August 2021	<u><u>28,082,028</u></u>	<u><u>16,344,509</u></u>	<u><u>453,355</u></u>	<u><u>124,037</u></u>	<u><u>45,003,929</u></u>

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Notes to the Financial Statements
For the Year Ended 31 August 2022

16. Tangible fixed assets (continued)

The academy trust's transactions relating to land and buildings included a new DT and Science block at The Howard School for £5.565m.

17. Debtors

	2022	2021
	£	£
Due within one year		
Trade debtors	24,071	44,315
Other debtors	26,098	43,871
Prepayments and accrued income	507,752	513,016
VAT recoverable	49,520	47,165
	<u>607,441</u>	<u>648,367</u>

18. Creditors: Amounts falling due within one year

	2022	2021
	£	£
Other loans	6,372	300,147
Trade creditors	82,227	314,053
Other taxation and social security	503,601	468,841
Other creditors	39,341	85,779
Accruals and deferred income	566,635	617,514
	<u>1,198,176</u>	<u>1,786,334</u>
	2022	2021
	£	£
Deferred income at 1 September 2021	174,726	104,232
Resources deferred during the year	155,908	174,726
Amounts released from previous periods	(174,726)	(104,232)
	<u>155,908</u>	<u>174,726</u>

At the balance sheet date the Academy Trust was holding funds received in advance of the 2022-23 academic year for Universal Infant Free School Meals, Early Years Funding and school trips.

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Notes to the Financial Statements
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19. Creditors: Amounts falling due after more than one year

	2022	<i>2021</i>
	£	£
Other loans	45,714	47,131

Included in other loans due within one year is a Salix loan of £1,417 (*2021 - £1,417*) and a CIF loan of £4,955 (*2021 - £4,955*). The prior year balance also includes an ESFA loan of £295,045 which was interest free and fully repaid in the year.

The Salix loan is repayable over 8 years, commencing on 1 September 2019 and scheduled to end in March 2027. The loan is interest free. The original Salix loan was not recognised at commencement therefore an adjustment of £2,832 was made in the year ended 31 August 2022 to correct the creditor balance sitting within other loans due within one year.

The CIF loan is repayable over 10 years with repayments starting 1 September 2022 and ending August 2032. Interest is charged at a rate of 2.22% per annum.

Within creditors falling due after more than one year is a Salix loan totalling £5,668 (*2021 - £7,085*) and CIF loan of £40,046 (*2021 - £40,046*).

The aggregate amount of liabilities payable or repayable wholly or in part more than five years after the reporting date is:

	2022	<i>2021</i>
	£	£
Payable or repayable by instalments	20,225	21,642

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For the Year Ended 31 August 2022

20. Statement of funds

	Balance at 1 September 2021 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 August 2022 £
Unrestricted funds						
General Funds	655,334	601,237	(134,802)	(143,871)	-	977,898
Restricted general funds						
General Annual Grant (GAG)	(1,202,262)	15,005,425	(14,364,653)	(137,678)	-	(699,168)
Other DfE/ESFA grants	-	1,050,209	(1,075,957)	25,748	-	-
Other government grants	-	598,771	(598,771)	-	-	-
Other restricted funds	-	248,654	(266,284)	17,630	-	-
Covid catchup premium	-	11,756	(11,756)	-	-	-
Other DfE/ESFA Covid funding	-	150,710	(153,051)	2,341	-	-
Pension reserve	(8,653,000)	-	(1,134,000)	-	8,505,000	(1,282,000)
	(9,855,262)	17,065,525	(17,604,472)	(91,959)	8,505,000	(1,981,168)
Restricted fixed asset funds						
Fixed assets	45,003,929	-	(2,342,227)	6,442,383	-	49,104,085
DfE/ESFA capital grants	1,762	6,086,376	-	(6,088,138)	-	-
Other capital grants	-	117,000	-	(117,000)	-	-
Salix loans	(5,670)	-	-	(1,415)	-	(7,085)
CIF loan	(45,001)	-	-	-	-	(45,001)
	44,955,020	6,203,376	(2,342,227)	235,830	-	49,051,999
Total Restricted funds	35,099,758	23,268,901	(19,946,699)	143,871	8,505,000	47,070,831
Total funds	35,755,092	23,870,138	(20,081,501)	-	8,505,000	48,048,729

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

General Annual Grant must be used for the normal running costs of the Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward as at 31 August 2022.

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Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

The other DfE/ESFA grants fund is used to track core non-GAG money received from the DfE/ESFA and connected bodies, including Pupil Premium, teachers' pay grant, teachers' pension grant, rates relief, universal infant free school meals, PE and Sports grant.

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

The other restricted funds is used to track income received for school trips and sports partnership.

The Catch-up premium fund tracks additional Covid-related funding provided by the DfE during the year to support children and young people to catch up on missed learning caused by coronavirus.

Other Covid funding relates to school led tutoring, recovery premium, mass testing grants and other Covid related grants provided by the ESFA to support schools with the costs associated with Covid related expenditure.

The pensions reserve is a restricted fund to account for the liability arising under the Local Government Pension Scheme.

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 as well as the current fixed assets held. This fund is also used to track the loans received in respect of fixed asset purchases. The net transfer to the restricted fixed asset fund of £235,830 comprises total capital expenditure met from revenue reserves as well as the loan repayments.

Deficit on revenue income funds

The Trust is carrying a net deficit of £699,168 on restricted general funds (excluding pension reserve) plus unrestricted funds for the following reason:

This is primarily due to historic debt at Waterfront UTC and some overspend in The Howard School and the central trust. Including the surplus of £977,898 on unrestricted general funds the Trust's revenue income funds were in surplus by £278,730 at 31 August 2022.

During the year the Trustees agreed to write-off Deanwood Primary School's year end deficit of £75,324 against the surplus of Thames View Primary School.

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

The Trust central fund is budgeted to be balanced by the end of 2022/23, whilst ensuring a sizeable school improvement pot in each of the next two years.

2021/22 saw the first year that Waterfront UTC returned an in year surplus, despite this WUTC remains a financial challenge. The Trust has worked to successfully grow pupil numbers, securing 37% growth over the last two years. This is crucial to ensuring the schools long term viability; a deficit of this size for a school of the UTC's size is challenging. The Trust continues to explore all potential opportunities to secure the UTC's financial position.

The Trust consolidated position is now in a surplus of £279k.

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Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

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

	<i>Balance at 1 September 2020</i>	<i>Income</i>	<i>Expenditure</i>	<i>Transfers in/out</i>	<i>Gains/ (Losses)</i>	<i>Balance at 31 August 2021</i>
	£	£	£	£	£	£
Unrestricted funds						
General Funds	466,611	245,033	(56,310)	-	-	655,334
	<u>466,611</u>	<u>245,033</u>	<u>(56,310)</u>	<u>-</u>	<u>-</u>	<u>655,334</u>
Restricted general funds						
General Annual Grant (GAG)	(1,416,537)	13,317,534	(13,042,944)	(60,315)	-	(1,202,262)
Other DfE/ESFA grants	-	1,675,279	(1,675,279)	-	-	-
Other government grants	-	358,348	(358,348)	-	-	-
Other restricted funds	-	94,543	(109,075)	14,532	-	-
Covid catchup premium	-	213,640	(213,640)	-	-	-
Other DfE/ESFA Covid funding	-	52,979	(52,979)	-	-	-
Pension reserve	(6,974,000)	-	(838,000)	-	(841,000)	(8,653,000)
	<u>(8,390,537)</u>	<u>15,712,323</u>	<u>(16,290,265)</u>	<u>(45,783)</u>	<u>(841,000)</u>	<u>(9,855,262)</u>
Restricted fixed asset funds						
Fixed assets	46,393,387	-	(1,847,265)	457,807	-	45,003,929
DfE/ESFA capital grants	-	414,028	-	(412,266)	-	1,762
Other capital grants	(5,912)	-	-	242	-	(5,670)
Salix loans	-	(45,001)	-	-	-	(45,001)
	<u>46,387,475</u>	<u>369,027</u>	<u>(1,847,265)</u>	<u>45,783</u>	<u>-</u>	<u>44,955,020</u>
Total Restricted funds	<u>37,996,938</u>	<u>16,081,350</u>	<u>(18,137,530)</u>	<u>-</u>	<u>(841,000)</u>	<u>35,099,758</u>
Total funds	<u><u>38,463,549</u></u>	<u><u>16,326,383</u></u>	<u><u>(18,193,840)</u></u>	<u><u>-</u></u>	<u><u>(841,000)</u></u>	<u><u>35,755,092</u></u>

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Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2022 were allocated as follows:

	2022	<i>2021</i>
	£	£
The Howard Academy Trust (central)	(58,096)	<i>(174,944)</i>
The Howard School	665,890	<i>265,130</i>
Temple Mill Primary School	154,578	<i>67,420</i>
Deanwood Primary School	-	<i>(108,054)</i>
Thamesview Primary School	289,095	<i>255,671</i>
Miers Court Primary School	99,337	<i>46,799</i>
Waterfront UTC	(872,074)	<i>(898,950)</i>
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	278,730	<i>(546,928)</i>
Restricted fixed asset fund	49,051,999	<i>44,955,020</i>
Pension reserve	(1,282,000)	<i>(8,653,000)</i>
	<hr/>	<hr/>
Total	48,048,729	<i>35,755,092</i>
	<hr/> <hr/>	<hr/> <hr/>

The reasons for the deficit on Waterfront UTC and the action being taken to return the funds to surplus are explained on page 42.

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Notes to the Financial Statements
For the Year Ended 31 August 2022

20. Statement of funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £	Other support staff costs £	Educational supplies £	Other costs excluding depreciation £	Total 2022 £	<i>Total 2021 £</i>
The Howard Academy Trust (central)	321,171	1,623,665	3,580	265,646	2,214,062	1,774,479
The Howard School	5,875,398	792,717	522,650	1,737,463	8,928,228	7,677,813
Temple Mill Primary School	814,229	63,900	57,823	151,798	1,087,750	1,042,618
Deanwood Primary School	739,630	88,376	47,565	164,554	1,040,125	887,562
Thamesview Primary School	1,399,526	104,130	93,308	254,973	1,851,937	1,795,951
Miers Court Primary School	1,255,207	118,441	99,378	211,643	1,684,669	1,594,813
Waterfront UTC	1,144,888	120,833	102,154	308,436	1,676,311	1,573,339
Academy	11,550,049	2,912,062	926,458	3,094,513	18,483,082	16,346,575

21. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2022 £	Restricted funds 2022 £	Restricted fixed asset funds 2022 £	Total funds 2022 £
Tangible fixed assets	-	-	49,104,085	49,104,085
Current assets	1,082,833	387,701	-	1,470,534
Creditors due within one year	(104,935)	(1,086,869)	(6,372)	(1,198,176)
Creditors due in more than one year	-	-	(45,714)	(45,714)
Provisions for liabilities and charges	-	(1,282,000)	-	(1,282,000)
Total	977,898	(1,981,168)	49,051,999	48,048,729

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Notes to the Financial Statements
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21. Analysis of net assets between funds (continued)

Analysis of net assets between funds - prior year

	<i>Unrestricted funds</i> 2021 £	<i>Restricted funds</i> 2021 £	<i>Restricted fixed asset funds</i> 2021 £	<i>Total funds</i> 2021 £
Tangible fixed assets	-	-	45,003,929	45,003,929
Current assets	722,850	513,016	1,762	1,237,628
Creditors due within one year	(67,516)	(1,715,278)	(3,540)	(1,786,334)
Creditors due in more than one year	-	-	(47,131)	(47,131)
Provisions for liabilities and charges	-	(8,653,000)	-	(8,653,000)
Total	655,334	(9,855,262)	44,955,020	35,755,092

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

	2022 £	2021 £
Net income/(expenditure) for the year (as per Statement of financial activities)	3,788,637	(1,867,457)
Adjustments for:		
Depreciation	1,598,419	1,847,265
Capital grants from DfE and other capital income	(6,023,376)	(369,027)
Interest receivable	(131)	(121)
Defined benefit pension scheme cost less contributions payable	996,000	730,000
Defined benefit pension scheme finance cost	138,000	108,000
Decrease in stocks	-	2,720
Decrease/(increase) in debtors	40,926	(38,254)
(Decrease)/increase in creditors	(294,383)	191,632
Loss on disposal of fixed assets	743,808	-
Net cash provided by operating activities	987,900	604,758

23. Cash flows from financing activities

	2022 £	2021 £
Cash inflows from new borrowing	-	56,337
Repayments of borrowing	(295,192)	(362,388)
Net cash used in financing activities	(295,192)	(306,051)

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Notes to the Financial Statements
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24. Cash flows from investing activities

	2022	<i>2021</i>
	£	<i>£</i>
Dividends, interest and rents from investments	131	121
Purchase of tangible fixed assets	(6,454,053)	(457,807)
Proceeds from the sale of tangible fixed assets	11,670	-
Capital grants from DfE Group	5,906,376	369,027
Capital funding received from sponsors and others	117,000	-
Net cash used in investing activities	(418,876)	<i>(88,659)</i>

25. Analysis of cash and cash equivalents

	2022	<i>2021</i>
	£	<i>£</i>
Cash in hand and at bank	863,093	589,261

26. Analysis of changes in net debt

	At 1 September 2021	Cash flows	At 31 August 2022
	£	£	£
Cash at bank and in hand	589,261	273,832	863,093
Debt due within 1 year	(300,147)	293,775	(6,372)
Debt due after 1 year	(47,131)	1,417	(45,714)
	241,983	569,024	811,007

27. Capital commitments

	2022	<i>2021</i>
	£	<i>£</i>
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	131,465	279,554

28. Pension commitments

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

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28. Pension commitments (continued)

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 £257,843 were payable to the schemes at 31 August 2022 (2021 - £238,934) 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 2024.

The employer's pension costs paid to TPS in the year amounted to £1,579,416 (2021 - £1,615,723).

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 academy has accounted for its contributions to the scheme as if it were a defined contribution scheme. The academy has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2022 was £758,000 (2021 - £642,000), of which employer's contributions totalled £595,000 (2021 - £496,000) and employees' contributions totalled £163,000 (2021 - £146,000). The agreed contribution rates for future years are 5.5-12.5 per cent for employees. The current employer's rate of 22.5% has recently been confirmed as continuing until March 2026.

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.

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28. Pension commitments (continued)

Principal actuarial assumptions

	2022	2021
	%	%
Rate of increase in salaries	3.95	3.90
Rate of increase for pensions in payment/inflation	2.95	2.90
Discount rate for scheme liabilities	4.25	1.65
Inflation assumption (CPI)	2.95	2.90

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

	2022	2021
	Years	Years
<i>Retiring today</i>		
Males	21.0	21.9
Females	23.5	23.8
<i>Retiring in 20 years</i>		
Males	22.3	23.3
Females	24.9	25.3

Sensitivity analysis

	2022	2021
	£000	£000
Discount rate +0.1%	(249)	(420)
Discount rate -0.1%	255	430
Mortality assumption - 1 year increase	305	690
Mortality assumption - 1 year decrease	(297)	(664)

Share of scheme assets

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

	At 31 August	<i>At 31 August</i>
	2022	<i>2021</i>
	£	£
Equities	6,197,000	5,894,000
Gilts	55,000	50,000
Corporate bonds	1,251,000	1,250,000
Property	1,112,000	926,000
Cash and other liquid assets	160,000	258,000
Other	681,000	627,000
Total market value of assets	9,456,000	<i>9,005,000</i>

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Notes to the Financial Statements
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28. Pension commitments (continued)

The actual return on scheme assets was £(117,000) (2021 - £1,106,000).

The amounts recognised in the Statement of Financial Activities are as follows:

	2022	<i>2021</i>
	£	£
Current service cost	(1,586,000)	<i>(1,221,000)</i>
Interest income	153,000	<i>123,000</i>
Interest cost	(291,000)	<i>(231,000)</i>
Administrative expenses	(5,000)	<i>(5,000)</i>
Total amount recognised in the Statement of Financial Activities	(1,729,000)	<i>(1,334,000)</i>

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

	2022	<i>2021</i>
	£	£
At 1 September	17,658,000	<i>14,483,000</i>
Current service cost	1,586,000	<i>1,221,000</i>
Interest cost	291,000	<i>231,000</i>
Employee contributions	163,000	<i>146,000</i>
Actuarial (gains)/losses	(8,775,000)	<i>1,824,000</i>
Benefits paid	(185,000)	<i>(247,000)</i>
Losses on curtailments	-	<i>-</i>
At 31 August	10,738,000	<i>17,658,000</i>

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

	2022	<i>2021</i>
	£	£
At 1 September	9,005,000	<i>7,509,000</i>
Interest income	153,000	<i>123,000</i>
Actuarial (losses)/gains	(270,000)	<i>983,000</i>
Employer contributions	595,000	<i>496,000</i>
Employee contributions	163,000	<i>146,000</i>
Benefits paid	(185,000)	<i>(247,000)</i>
Administrative expenses	(5,000)	<i>(5,000)</i>
At 31 August	9,456,000	<i>9,005,000</i>

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Notes to the Financial Statements
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29. Operating lease commitments

At 31 August 2022 the academy had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2022	<i>2021</i>
	£	£
Not later than 1 year	97,327	<i>130,909</i>
Later than 1 year and not later than 5 years	72,020	<i>143,394</i>
	<u>169,347</u>	<u><i>274,303</i></u>

30. Members' liability

Each member of the academy 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.

31. Agency arrangements

The academy trust distributes 16-19 bursary funds to the students as an agent of the ESFA. During the year ended 31 August 2022, the trust received £19,630 and disbursed £20,331 from the fund. £2,439 of undistributed funds are included in other creditors as at 31 August 2022.

32. Controlling party

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

The Howard Academy Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2022

33. Related party transactions

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

The following related party transactions took place during the year:

Income related party transactions

(1) Prior to the forming of the Academy Trust in 2014, The Howard School sold a piece of land at the school to Scallywags (Medway) Limited. Joanne Watson, is a director of Scallywags (Medway) Limited and was a trustee of The Howard Academy Trust up to 15 November 2018. Joanne Watson is now a member of the Trust.

As part of this sale, a legal easement for shared access was granted and Scallywags (Medway) Limited has to pay The Howard School £4,800 per annum for this access.

In the year to 31 August 2022, The Howard School received £4,800 (2021 - £4,800) under the agreement.

(2) Medway Academy of Performing Arts hire facilities at The Howard School. They are a related party by virtue of Owen McColgan being a trustee of The Howard Academy Trust and a Partner at Medway Academy of Performing Arts.

The Howard School received £4,276 (2021 - £1,801) for the hire of these facilities.

(3) Inspiring Change Multi-Academy Trust (ICMAT) leases a building at Miers Court Primary School for the Primary Support Service from 1 September 2021. They are a related party due to trustee Caron Nott being a trustee of The Howard Academy Trust and trustee and executive head at ICMAT.

(4) Miers Court Primary School received £12,252 (2021 - £Nil) for the leasing of this building.

Owen McColgan and Catherine Reid, members of the trust's executive and senior leadership team, became qualified Ofsted Inspectors during the year. Ofsted pay the Trust for these employees to perform Ofsted Inspections on their behalf and £7,395 (2021 - £Nil) was received during the year.

Expenditure related party transactions

The husband of Mrs C. Reid, a member of the trust's executive and senior leadership team, is employed by the academy trust as a teacher. The appointment was made in open competition and Mrs Reid was not involved in the decision-making process regarding appointment. Mrs Reid's husband is paid within the normal pay scale for his role and receives no special treatment as a result of his relationship to a member of the senior leadership team.