

Company Registration Number: 07344732 (England & Wales)

Swale Academies Trust
(A company limited by guarantee)

Annual Report and Financial Statements

For the Year Ended 31 August 2023

Swale Academies Trust
(A company limited by guarantee)

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Reference and Administrative Details
For the year ended 31 August 2023

Members	Mr L. Blomstrand Mr B. Chilton Mr G. Clifton Mrs C. George (appointed 26/06/2023) Mr P. Goodson Mrs J. McCarthy-Penman (resigned 16/05/2023)
Trustees	Mr P. Goodson (Chairman) Dr C. Duckling* (Vice Chairman) Ms L. Bench (appointed 10/10/2023) Mrs C. George (resigned 20/02/2023) Ms L. Juett (appointed 10/10/2023) Mrs J. McCarthy-Penman (appointed 26/06/2023) Mr R. Moreton (resigned 06/10/2022) Mr S. Penney* Mr E. Weir* (Chairman Audit and Risk Committee) Mr J. Whitcombe (Accounting Officer) (resigned as a trustee 07/10/2022) Mrs C. Wilson (appointed 16/03/2023) Mr M. Wilson (Accounting Officer) (appointed 29/11/2022) *members of the Audit and Risk Committee
Company registered number	07344732 (England and Wales)
Principal and registered office	Ashdown House Johnson Road Sittingbourne Kent ME10 1JS
Senior management team	Mr J. Whitcombe, Trust CEO and Accounting Officer (resigned these responsibilities 07/10/2022) Mr M. Wilson, CEO/Director of Primary (appointed as CEO and Accounting Officer 07/10/2022) Ms R. Gough, School Improvement Lead Mrs J. Garraway, Chief Operating Officer Mr G. Bailey, Head of Finance Mrs S. Dickinson, Director of Secondary (appointed 01/09/2022)
Independent auditors	UHY Kent LLP t/a UHY Hacker Young Chartered Accountants, Statutory Auditors Thames House Roman Square Sittingbourne Kent ME10 4BJ
Bankers	HSBC 115 High Street Sittingbourne Kent ME10 4AL

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Trustees' Report

For the Year Ended 31 August 2023

The trustees present their annual report together with the financial statements and auditor's report of the Academy Trust for the year 1 September 2022 to 31 August 2023. The annual report serves the purposes of both a Trustees' Report, and a Directors' Report under company law.

During the year, the Academy Trust operated 10 primary and 9 secondary academies across Kent, East Sussex, and Bromley. Its academies have a combined pupil capacity of 13,949 and had a roll of 13,489 in the October 2022 census.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Constitution

The Swale Academies Trust, 'Academy Trust', is a company limited by guarantee and an exempt charity and the memorandum and articles of association are its primary governing documents. The trustees are also the directors for the purposes of company law.

Details of the trustees who served during the year are included in the Reference and administrative details on page 1.

Members' Liability

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

Trustees' Indemnities

The Academy Trust maintains trustees' and officers' liability insurance which gives appropriate cover for any legal action brought against its trustees. 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 trustees or other officers may incur to third parties in the course of acting as trustees or officers of the Academy Trust.

Details of the insurance cover are provided in note 17 to the financial statements.

Method of Recruitment and Appointment or Election of Trustees

The number of trustees shall not be less than three but shall not be subject to a maximum.

The Members of the Academy Trust may appoint up to nineteen trustees save that, for each academy, there shall be no more than three employees of the Trust including the Trust CEO appointed as trustees. This is in line with the Trust's Articles of Association, which are model articles published by the DfE.

The Trust CEO shall be a trustee for as long as he remains in office.

The trustees may appoint up to three co-opted trustees. A co-opted trustee means a person who is appointed to be a trustee by being co-opted by trustees who have themselves been so appointed. The trustees may not co-opt an employee of the Trust as a co-opted trustee if the number of trustees who are employed by the Trust would thereby exceed the maximum of three, including the CEO.

The Secretary of State may appoint additional trustees as he thinks fit if a warning notice has been given to the trustees in the event that standards of performance of pupils at any of the academies are unacceptably low, there is a serious breakdown in the way the academies are managed or governed or the safety of staff and pupils is threatened and following this, the trustees have failed to comply, or secure compliance, with the notice to the Secretary of State's satisfaction with the compliance period.

The Secretary of State may also appoint additional trustees following an inspection by the Chief Inspector in accordance with the Education Act 2005 and if any academy receives an Ofsted grading which amounts to a drop, either from one inspection to the next or between two inspections carried out within a five year period.

The Secretary of State may also appoint further trustees as he thinks fit, if a Special Measures Termination Event occurs in respect of any academy.

The term of notice for any trustee shall be four years, save that this time limit shall not apply to the Trust CEO. Subject to remaining eligible to be a particular type of trustee the trustee may be re-appointed or re-elected.

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For the Year Ended 31 August 2023

Policies and Procedures Adopted for the Induction and Training of Trustees

All new trustees will be given the chance to meet with staff and students. All trustees are provided with copies of policies, procedures, minutes, financial statements, budgets, plans and other documents that they will need to undertake their role. Induction tends to be done informally and is tailored specifically to the individual upon their appointment. Where necessary, induction will provide training on charity, educational, legal and financial matters.

Organisational Structure

A unified management structure is operated within Swale Academies Trust, which prioritises the safeguarding of children. The structure consists of three levels: the trustees, the senior managers and the management team. The aim of the management structure is to devolve responsibility and encourage involvement in decision making at all levels. There is a clear line of delegation which is supported by a detailed Scheme of Delegation. The Trust CEO is also confirmed as the Accounting Officer.

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust by the use of budgets and making major decisions about the direction of the Academy Trust, capital expenditure and senior staff appointments. The trustees also receive and approve the audited financial statements of the Academy Trust at the period end.

The senior managers are the Trust CEO, Director of Secondary, Director of Primary, School Improvement Lead, the Chief Operating Officer and the Head of Finance. These managers control the Multi Academy Trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Senior Managers are responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Management Team always contain a trustee. Some spending control is devolved to members of the Management Team, with limits above which a Senior Manager must countersign.

The Management Team includes the Executive Headteachers, Heads of School, School Senior Management and Curriculum Area Managers. These managers are responsible for the day to day operation of schools under Swale Academies Trust, in particular organising the teaching staff, facilities and students.

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 remuneration policy, setting the terms and conditions for the key management personnel, was developed and approved by the Board of Trustees, after taking advice from the Trust CEO and following guidance from the relevant professional pay review bodies. Naturally, the Trust CEO was not involved in setting his own remuneration package.

Only staff trustees, including the Trust CEO, are remunerated and these individuals only receive remuneration in respect of services they provide under their contracts of employment, and not in respect of their role as trustees. Specific disclosures concerning staff trustees' remuneration is included in note 16.

The day to day running of the remuneration policy is delegated to the Trust CEO and monitored by the Trust Board. A Remuneration Committee has been constituted, but did not meet during the period. All details for setting pay and remuneration of key management personnel are set out in the pay policy and appraisal policy which are reviewed annually by the Board of Trustees.

Remuneration of key management personnel is set at an individual level and where possible the trustees have taken external professional advice which includes benchmarking, market trends and advice on structuring of incentives. Senior management salaries are linked to pay spines, helping trustees conclude that each individual is remunerated at an appropriate level. As such salaries are linked to factors such as length of service and experience. Total remuneration packages include employer pension contribution rates at specific approved rates.

The board always bear in mind the charitable status of the Academy Trust and recognise the fact that the Trust receives funding under a funding agreement with the Secretary of State for Education, and therefore ensure the remuneration paid to senior management personnel never exceeds a reasonable amount that provides value for money to the Trust. The performance of senior management personnel is reviewed on a regular basis to ensure continuing value for money.

Total remuneration paid to senior management personnel is set out in note 14(f).

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	0.25

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Trustees' Report

For the Year Ended 31 August 2023

Trade union facility time (continued)

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	£13,120
Provide the total pay bill	£76,024,293
Provide the percentage of the total pay bill spent on facility time, calculated as: $(\text{total cost of facility time} \div \text{total pay bill}) \times 100$	0.02%

Related parties and other Connected Charities and Organisations

The Trust works with East Sussex County Council in a maintained school improvement context supporting maintained schools.

Engagement with Employees (including disabled persons)

Employees receive regular updates from their schools and the Trust, through briefings, newsletters and other means. Key policies and documents are cloud hosted to ensure accessibility and improve document control.

The Trust publishes an Equality Statement which is reviewed annually. This statement sets out Swale Academies Trust's commitment to Equality, Diversity and Human Rights as well as explaining the key principles, drivers and duties that inform this responsibility. It also explains what the Trust will do to make sure that we fulfil these responsibilities. Each school within the Trust will produce an individual set of equality objectives.

It is the Trust's policy to treat all workers and job applicants equally and fairly irrespective of their sex, marital status, civil partnership status, trans-gender status, sexual orientation, race, colour, nationality, ethnic origin, national origin, culture, religion, age, or disability.

Engagement with Suppliers, Customers and Others in a Business Relationship with the Trust

The Trust has given regard to the need to foster the company's business relationship with suppliers, customers and others. The Trust publishes its payment practices report twice per year and always endeavours to adhere to supplier payment terms.

OBJECTIVES, STRATEGIES AND ACTIVITIES

Objects and Aims

The object and aim of the charitable company is the operation of the Swale Academies Trust to provide education for pupils of different abilities up to the age of 19 with an emphasis on English, mathematics, computing, science, geography, history and modern foreign languages.

The curriculum should comply with the substance of the national curriculum.

Objectives, Strategies and Activities

The Trust's main objective is to develop good and outstanding schools and ensure the rapid improvement of schools with challenges. The Trust is an organisation which is driven by the belief that all children deserve a good quality education where they are seen as individuals and above all are exceptionally well cared for. To this end the activities provided include:

- tuition and learning opportunities for all students to attain appropriate academic qualifications;
- training opportunities for all staff;
- a programme of sporting and after school leisure activities for all students;
- a system of after school clubs; and
- a careers advisory service to help students obtain employment or move on to higher education.

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For the Year Ended 31 August 2023

Objectives, Strategies and Activities (continued)

The main objectives of the Trust during the year ended 31 August 2023 are summarised below:

- to ensure that every child enjoys the same high quality education in terms of resourcing, tuition and care;
- to raise the standard of educational achievement of all pupils;
- to improve the effectiveness of the Academy by keeping the curriculum and organisational structure under continual review;
- to provide value for money for the funds expended;
- to comply with all appropriate statutory and curriculum requirements;
- to maintain close links with industry and commerce; and
- to conduct the Academy's business in accordance with the highest standards of integrity, probity, and openness.

Public Benefit

Swale Academies Trust trustees confirm that they have complied with the duties in Section 4 of the Charities Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and in particular to its supplementary public benefit guidance on advancing education.

The trustees confirm that the primary objective of Swale Academies Trust is to provide a good service of education within the local community. The management of, and future planning of, the Trust consistently considers how this objective will be met.

STRATEGIC REPORT

Achievement and Performance

Swale Academies Trust is working towards ensuring that each of its schools has at least a Good Ofsted judgement and that examination results in each of its schools show strong evidence of value added as measured against national benchmarks.

Swale Academies Trust had the following development priorities for the period:

- Evaluate and review roles and responsibilities within the current EHT structure
 - Review: The senior/executive leadership structure has been revised for 2023-4. A Director of Primary has been appointed to start in September. There are clear expectations for the roles and responsibilities of primary and secondary executive leaders.
- Develop a strategic approach to succession planning for senior roles
 - Review: The Secondary Key Standards Groups have been restructured, to be replaced by Secondary Key Priority Groups. These will be HT-led (expressions of interest have been sought and recruitment is currently in progress).
- Improve the quality of HR provision
 - Review: HR capacity has been increased after consultation with schools.
- Improve the effectiveness of governance
 - Review: A new scheme of delegation has been devised. A review of secondary governance has been completed and recommendations will be considered when planning meetings for next year.
- Embed effective approaches to assessment (primary phase)
 - Review: CPD for school leaders has taken place and will continue in 2023- 24 with a renewed focus on pupil progress meetings in all schools. Outcomes have been reviewed regularly by the Exec Team and at PEB meetings
- Develop key approaches for early reading and fluency development for all pupils (primary phase)
 - Review: An external consultant has completed reading reviews in 8 schools, the remaining two schools will be reviewed by the end of January 2024. Key strengths and areas for development have been identified for strategic plans in 2023-24. Aspirational targets will be set for phonics with an average expectation of 90% reaching the expected standard.
- Develop a Trust-wide approach to reducing persistent absence in primary schools
 - Review: All primary schools have tracking systems in place. All schools tailor their attendance strategies to meet the needs of their children and community.
- Develop a Trust-wide culture of target-setting for progress and outcomes (secondary phase)
 - Review: The use of SISRA throughout the year has enabled senior teams to focus on their targets, both as a whole cohort, departments, class teachers and individual pupils. Target setting needs to filter down the school hierarchy so that individual teachers are more aware of their pupils.
- Develop and implement effective systems for tracking students' achievement in KS3, KS4, and KS5
 - Review: All schools have developed their KS3 assessment systems, with the most effective being embedded in conjunction with trust assessments, school and department assessments and schemes of work. Where schools are not as developed they have been given opportunities to work with the more effective schools and bring ideas back to their school context.

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For the Year Ended 31 August 2023

Achievement and Performance (continued)

- Provide professional development for middle leaders to improve standards especially in science, history and geography (secondary phase)
 - Review: Monitoring visits by EHTs and KSG Directors show that standards of teaching and achievement are improving in science, history and geography.
- Deliver a literacy strategy which raises standards for all pupils (secondary phase)
 - Review: All secondary schools have embedded the practice of assessing all Year 7 pupils twice a year to diagnose reading ability, target interventions, and track improvements over time. Testing is used selectively with targeted pupils from Yr8 onwards to ensure appropriate interventions continue to be delivered, tracked and evaluated.
- Identify highly effective strategies which improve pupils' engagement so that rates of attendance improve (secondary phase)
 - Review: All schools have an Attendance Policy in place which is robust, meets statutory guidance which the Secretary of State has committed to for September 2023, and has been quality assured. All policies have been implemented and are personalised to support students in their local context and to uphold the values of the school.
- Establish practices that enable SEND pupils to access the curriculum and learn effectively
 - Review: Inclusive and adaptive teaching is embedded in all Trust schools. Subject-specific inclusive and adaptive teaching is developing in all Trust schools. 100% of schools inspected (x3 primary and x4 secondary) received positive feedback about inclusive and adaptive teaching (along with all SEND provision).
- Teachers ensure that SEND pupils make agreed progress
 - Review: All Trust schools have embedded provision management systems using the Trust '3 layer' approach. All schools will have written an annual impact report for governors by the end of Term 6 which evaluates impact of SEND interventions (data not available at the time of writing this progress review).
- Schools identify, assess and provide high quality provision for pupils with SEMH needs
 - Review: All Trust school leaders have received training in the DfE Behaviour In Schools Advice and related legal duties. All Behaviour policies have been reviewed using the DfE guidance as a framework.
- The strategic oversight of safeguarding across the Trust is set by the Safeguarding Leadership Group, considering current national and local safeguarding concerns and priorities
 - Review: Safeguarding related policies are in place, have shared with governors and are now in practice. The SLG have responded to concerns regarding the length of the Trust Child Protection and Safeguarding Policy by developing a policy for 2023-2024 which meets statutory requirements, is linked closely with Keeping Children Safe in Education and is accessible to a wide audience.
- Develop a strategic approach to quality assuring the standards of safeguarding provision across the Trust
 - Review: All Trust schools have completed an external review with a finding of 'Pupils are safeguarded well'.
- Provide training and development to ensure that leaders responsible for effective safeguarding provision are fully informed of their roles and responsibilities
 - Review: A Governor CPD website has been shared to all LGBs.
- All schools develop an emotional health and wellbeing strategy so that safeguarding risks are reduced
 - Review: Ofsted inspections, school visits and LGB monitoring has shown that the RSE/PSHE supports students to recognise and tackle threats to their mental health and wellbeing.

Key Performance Indicators

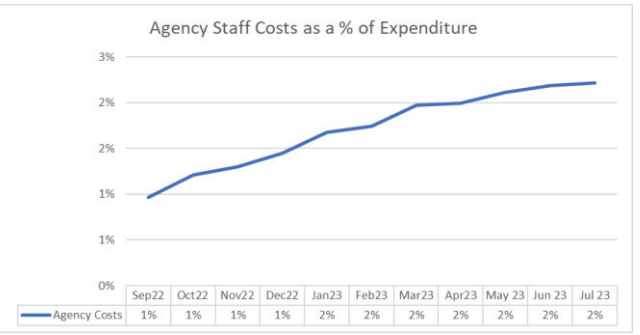
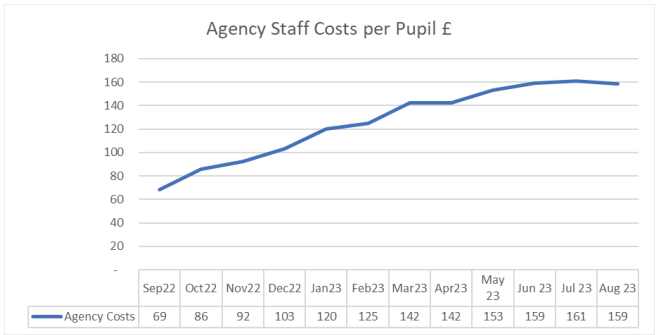
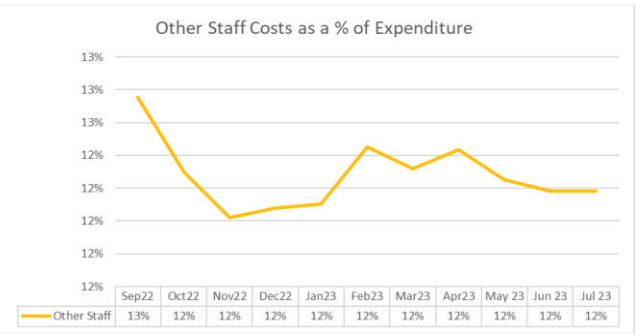
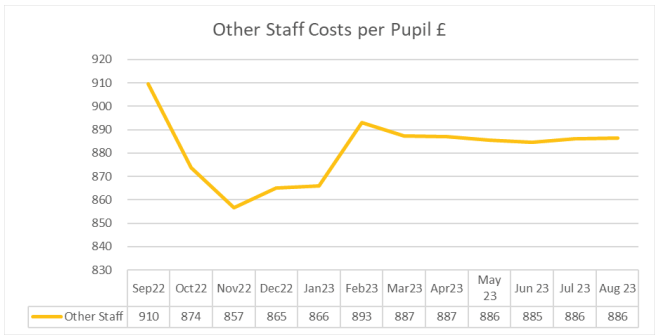
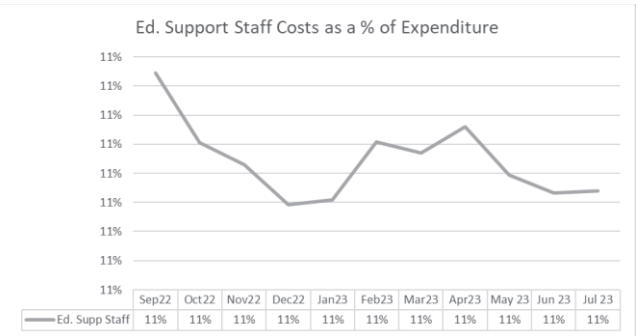
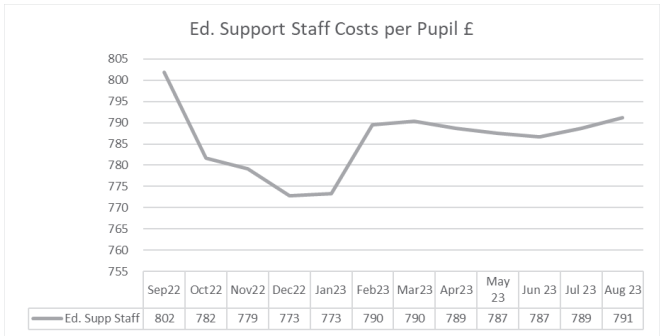
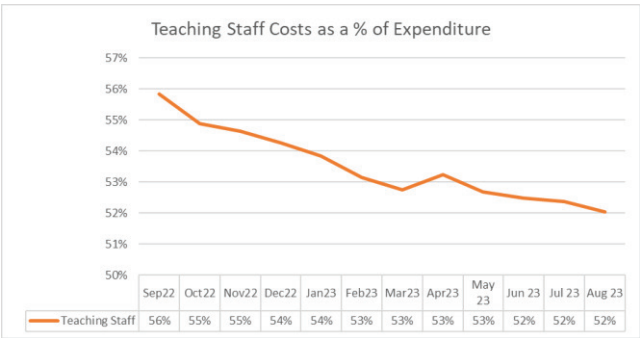
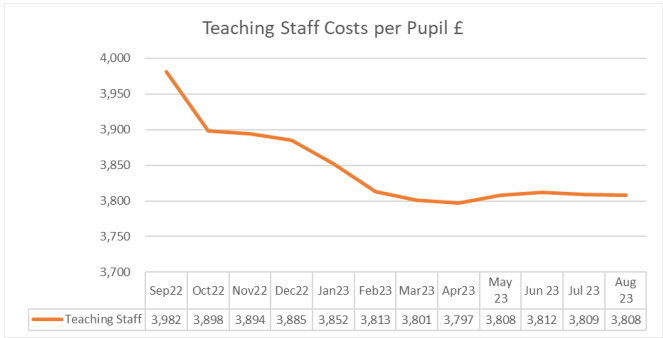
Ofsted Inspections

Seven schools were inspected during the period. Six of the judgements were Good, and one was Requires Improvement. The latter was previously judged to be Requires Improvement prior to joining the Trust, with the most recent report grading 3 out of 4 areas as Good.

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Trustees' Report
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Key Performance Indicators (continued)

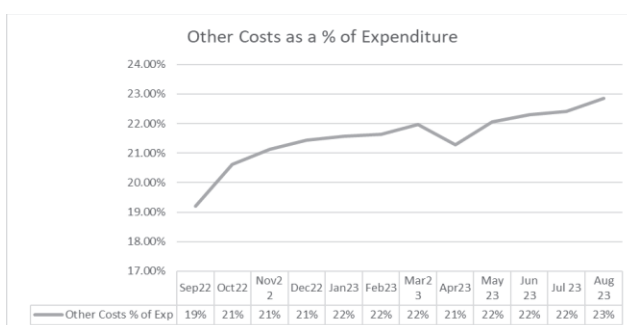
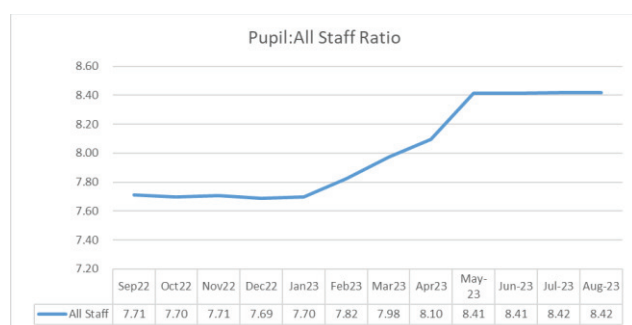
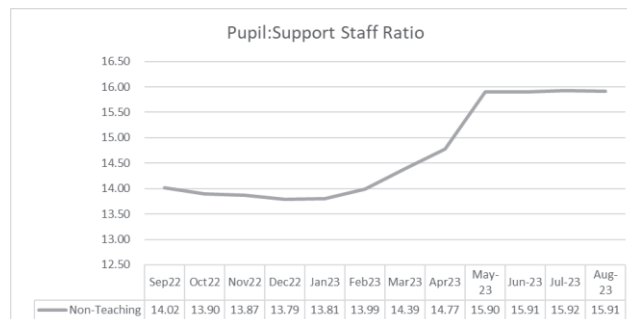
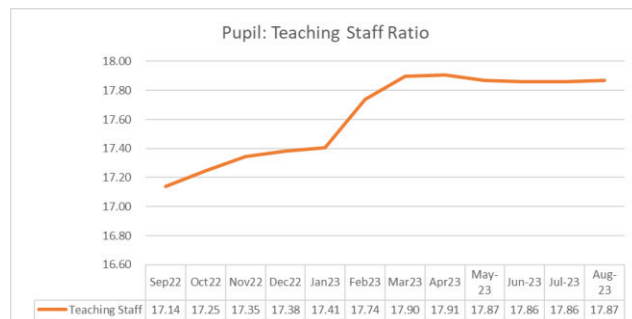


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For the Year Ended 31 August 2023



Going Concern

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the near 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.

Promoting the success of the company

The success of the Trust is largely dependent upon student outcomes. All decisions taken by the trustees have student success, safety, and well-being in mind.

Trustees make decisions by way of authorising the chief executive and senior leaders to implement the Trust's strategic plan. These decisions ensure the retention and development of high-quality staff, the provision of buildings and accommodations that are fit for purpose, and the allocation of resources and equipment suitable for delivering the curriculum.

The Academy Trust takes stakeholder engagement seriously and encourages the use of student voice and parent forums.

Financial review

Most of the Academy 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 2023 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 £132.7m (2022: £118.3m). These figures include capital income and, significantly, net donations relating to the transfers of asset and liabilities when academies joined the Academy Trust. This year's income includes £32m in respect of the assets inherited when The Holmesdale School joined the Academy Trust on 1 September 2022. The prior year's income included £31m in respect of the assets inherited when The North School joined the Academy Trust on 1 January 2022.

Operational financial performance can be measured by looking solely at revenue income funds. Revenue income funds for the year, excluding balances inherited when The Holmesdale School joined, were £97.3m (2022: £82.7m), with the increase largely attributable to a rise of £14.0m in DfE/ESFA grant funding, as detailed in note 5, including a rise of £10.0m in core General Annual Grant funding.

As a large multi-academy trust, the Academy Trust continues to receive guaranteed School Condition Allocation (SCA) capital funding from the ESFA in addition to Devolved Formula Capital. This year the Academy Trust received total capital grant funding of £3.3m (2022: £4.6m).

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The SoFA shows net income for the year, before other gains and losses, of £27.4m (2022: £25.5m). The overall net movement in funds, after an actuarial gain (2022: *actuarial gain*) on the Local Government defined benefit pension scheme ("LGPS") – part of the movement on the carried LGPS, was an increase of £32.5m (2022: *increase of £64.6m*).

The actuarial gain on the LGPS during the year has arisen due to changes in key actuarial assumptions used by the schemes' actuaries, which are updated at each accounting date to allow for changes in market conditions. Full details of the pension liability and assumptions used are disclosed in notes 2 and 31. The actuarial gain is only part of the overall movement in the carried deficit, which in total has decreased by £5.1m to £nil (see financial position below). The remainder of the movement relates to other elements charged to the SoFA as expenditure for the year, within staff costs, as detailed in accounting policy 1.11.

The operational result and movement on revenue funds are not shown directly on the SoFA. The table which follows reconciles from the overall movement in funds by adjusting for non-revenue amounts to reach the decrease in revenue funds during the year of £782k (2022: *decrease of £77k*).

The movement in revenue funds includes the impact of revenue balances transferred in for joining academies. Excluding these and the revenue to capital contributions the Academy Trust has chosen to make to fund fixed assets from revenue money, the operational result on revenue funds for the year was a deficit off £1.25m (2022: *a surplus of £428k*).

	2023 (£000s)	2022 (£000s)	2021 (£000s)
Overall net movement in funds for the year per SOFA	32,460	64,579	16,837
Decrease / (increase) attributable to fixed asset fund (including revaluations)	(29,407)	(33,874)	(23,292)
LGPS inherited deficits	190	2,416	263
LGPS actuarial (gain)/loss	(5,053)	(39,082)	4,204
LGPS service and interest costs	1,002	5,884	3,977
LGPS settlement	26	-	-
Movement on revenue income funds during the year	(782)	(77)	1,989
Inherited deficit/(surplus) balances on revenue funds	(505)	361	(198)
Transfers from revenue to capital to fund fixed asset additions	42	144	343
Operational surplus /(deficit) before transfers to capital	(1,245)	428	2,134

At 31 August 2023, the net book value of fixed assets was £202m (2022: £174m) and movements in fixed assets are shown in notes 18 and 19 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 Academy Trust's academies, the only exceptions to this being letting of the premises to local community groups and other affiliated organisations.

Financial position

The Academy Trust held fund balances at 31 August 2023 of £211.7m (2022: £179.4m). These funds included restricted fixed asset funds of £205.9m (2022: £176.5m) and revenue reserves of £5.9m (2022: £6.6m) split across restricted and unrestricted funds as shown in note 23.

The Academy Trust's non-teaching staff are members of the Local Government Pension Scheme (LGPS), a funded defined benefit pension scheme. In accordance with accounting requirements, the Academy Trust's share of the LGPS should be carried on the Balance Sheet, with movements each year quantified by the Local Authority's actuary and reflected through the SOFA.

Until the year ended 31 August 2023, a provision for estimated pension liabilities was included in the Balance Sheet. The reports received from the Academy Trust's local authority actuaries indicate that at 31 August 2023 a pension accounting surplus exists. This surplus has not been reflected in the year ended 31 August 2023. Accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. There are differing opinions as to the extent to which a pension surplus represents an "unconditional right" of employers and therefore the extent to which the surplus can be recognised as being of economic value. The ESFA have been unable to give any guidance to academy trusts. The Trustees have therefore taken the view that, since the Academy Trust is a long-term employer open to new members, there is not a reasonable expectation of ever reaching a point of cessation and therefore being able to access a return of surplus. Accordingly the surplus has not been included and a break-even £nil position has been reflected on the Balance Sheet. The pension surplus per the valuation reports is disclosed in note 2 and the actuarial assumptions and other movements in the year are disclosed in note 31.

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It is noteworthy that any pension surplus or deficit is merely an accounting figure calculated under FRS 102 for the purposes of the financial statements and has no direct impact on the employer contribution rate paid by the Academy Trust, 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 Academy Trust are fixed until 1 April 2026.

Reserves Policy

The trustees review the reserve levels of the Trust annually. This review encompasses the nature of income and expenditure streams, the need to match income with commitments and the nature of reserves. The trustees will 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.

The trustees have determined that the appropriate level of revenue reserves should be no less than £3m. The reason for this is to provide sufficient working capital to cover delays between spending and receipt of grant income and to provide a cushion to deal with unexpected emergencies such as urgent maintenance or long term sickness where unforeseen costs are incurred.

The Academy Trust had sufficient reserves as at 31 August 2023 to meet this target although the level of completely free unrestricted reserves is slightly less at £2.77m (2022: £2.72m). Most of the restricted funds relate to core General Annual Grant funding which will be used for the main educational operations.

The trustees will continue to monitor the level of reserves to ensure that they are maintained at the required level. In the event that they are partly used the Trust will strive to rebuild free reserves up to the level needed.

Investment Policy

The investment policy includes the following terms:

- The investment policy of Swale Academies Trust is to maximise the interest return to the Trust from available cash while providing the necessary liquidity for day-to-day operations and ensuring as far as possible the security of the funds invested.
- Trust funds may only be invested with UK based financial institutions, regulated by the Financial Services Authority, with a Standard & Poor credit rating of at least A.
- In total, no more than £1,000,000 should be invested with any one financial institution.
- Investments for a fixed term should not normally exceed one year.

The trustees ensure that no risks are taken with the capital investment, and they have due regard to the banks rating.

Principal Risks and Uncertainties

The main risks that the Trust is exposed to are summarised below. For each of these risks the probability, impact and seriousness have been considered together with appropriate action and management plans:

- *Operational and reputational* - this covers risks to the running of the Trust (including the capacity of staff and buildings to meet the needs of pupils) and its performance in delivering the curriculum.
- *Financial* - covering risks to the Trust's financial position, including revenue streams, cost control and cash management.

The risks to which the Trust is exposed arise both internally and externally. External risks include those in respect of future funding levels, including sufficient capital funding to ensure safe buildings, competition, changes to rules and regulations and the financial position of the staff pension schemes. In particular, the sector is currently exposed to rapidly rising rates of inflation resulting in significant pay awards and high energy costs. The national budget deficit presents an increased risk of underfunding due to public sector budget constraints.

Identification of Reinforced Autoclaved Aerated Concrete (RAAC) as a potentially dangerous building material has been a new risk within the period, necessitating a full survey of the Trust's estate. Where RAAC has been found in a limited number of cases, corrective action has been swiftly taken to ensure staff and pupil safety.

Risk Management

The trustees have assessed the major risks to which the academy is exposed, in particular those relating to academic performance/finances/child welfare, and the Trust's physical estate. The trustees have implemented a number of systems to assess risks that the academy faces and have developed policies and procedures to mitigate those risks. Where significant financial risk still remains they have ensured they have adequate insurance cover. The academy has an effective system of internal financial controls, and this is explained in more detail in the Statement on Internal Control. The risk management process has been codified in a risk register implemented by the senior management team and overseen by the trustees.

Swale Academies Trust

(A company limited by guarantee)

Trustees' Report

For the Year Ended 31 August 2023

FUNDRAISING

The Academy Trust does not commission any external fundraisers. All official fundraising undertaken during the year was monitored by the trustees.

FUNDS HELD AS CUSTODIAN TRUSTEE ON BEHALF OF OTHERS

The Academy Trust distributes 16-19 bursary funds to the students as an agent for the ESFA. Details, including any amounts not dispersed by the financial year end, are disclosed in note 37 to the financial statements.

As a School Direct provider the Trust is also in receipt of funding on behalf of other schools in the local area, as well as trainee teachers. The Trust is responsible for ensuring that these funds are distributed appropriately and within the agreed timescale.

STREAMLINED ENERGY AND CARBON REPORTING

UK Greenhouse gas emissions and energy use data	1 September 2022 to 31 August 2023	1 September 2021 to 31 August 2022
Energy consumption used to calculate emissions (kWh)	15,088,536	13,268,503
Energy consumption break down (kWh)		
gas,	i. 8,959,916	i. 7,976,423
electricity,	ii. 5,939,712	ii. 5,147,349
transport fuel	iii. 188,908	iii. 144,731
<u>Scope 1 emissions in metric tonnes CO₂e</u>		
Gas consumption	1,815.91	1,460.96
Owned transport – mini-buses	10.64	8.62
<u>Scope 2 emissions in metric tonnes CO₂e</u>		
Purchased electricity	1,229.96	1,092.94
<u>Scope 3 emissions in metric tonnes CO₂e</u>		
Business travel in employee owned vehicles	39.16	26.77
Total gross emissions in metric tonnes CO ₂ e	3,095.66	2,589.29
<u>Intensity ratio</u>		
Tonnes CO ₂ e per pupil	0.240	0.201

Quantification and Reporting Methodology:

We have followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2023 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 some sites and increased video conferencing technology for staff meetings, to reduce the need for travel between sites. We have used the additional DFC grant in the period to install LED lighting at several sites.

PLANS FOR FUTURE PERIODS

The Trust plans to grow in an organised and sustained manner building upon our experience of turning around struggling underperforming schools. Our work is mainly focused upon Kent and East Sussex. The Trust remains fully committed to producing improved outcomes for its students across our schools as we move forward.

Swale Academies Trust
(A company limited by guarantee)

Trustees' Report
For the Year Ended 31 August 2023

AUDITORS

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 Trustees' Report, incorporating a strategic report, was approved by order of the Board of Trustees, as the company directors, and signed on the board's behalf by:

DocuSigned by:
Paul Goodson
DA60A6970BC34A5...

Mr. P. Goodson
Chairman of Trustees

Date: 18 December 2023

DocuSigned by:
Mike Wilson
C23D2B6D161F47B...

Mr. M. Wilson
CEO and Accounting Officer

Swale Academies Trust

(A company limited by guarantee)

Governance Statement

For the Year Ended 31 August 2023

Scope of Responsibility

As trustees, we acknowledge we have overall responsibility for ensuring that Swale Academies 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 trustees, we have reviewed and taken account of the guidance in DfE's Governance Handbook and competency framework for governance.

The Board of Trustees has delegated the day-to-day responsibility to the chief executive, as accounting officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Swale Academies Trust and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities. The Board of Trustees has formally met 6 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Mr P. Goodson (Chairman)	5	6
Dr C. Duckling (Vice Chairman)	6	6
Mr R. Moreton	1	1
Mr S. Penney	5	6
Mrs C. George	3	3
Mrs J. McCarthy-Penman	1	1
Mr E. Weir	6	6
Mr J. Whitcombe	1	1
Mrs C. Wilson	3	3
Mr M. Wilson	5	5

The Board of Trustees receive a written report and verbal update from the chief executive at each meeting. This covers topics including but not limited to secondary and primary strategy and development, safeguarding matters, health and safety reporting, central services updates, and financial monitoring.

Conflicts of interest

Trustees and Key Management complete an annual declaration of interests. Records are kept by the Trust Governance Officer and are accessible by members of the finance team to review against transactions. In the event that conflicts of interest exist, the Trust prevents these interests from affecting decisions by requesting that the affected party abstains from any involvement in the decision-making process. The opportunity to declare conflicts of interest is a standing agenda item at all Board and Sub-committee meetings.

New suppliers to the Trust are checked against the list of declared interests and flagged within the finance system for ease of identification.

Governance reviews

Terms of Reference were reviewed for each board and committee and expectations relating to all governance roles were fully documented.

Audit and Risk sub-committee

The Audit and Risk committee is a sub-committee of the main Board of Trustees. Its purpose is to advise the Board and Accounting Officer on:

- the strategic processes for risk, control and governance and the Governance Statement;
- the accounting policies, the accounts and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- adequacy of management response to issues identified by audit activity, including external audit's management letter;
- assurances relating to the management of risk and corporate governance requirements for the organisation;

Swale Academies Trust

(A company limited by guarantee)

Governance Statement

For the Year Ended 31 August 2023

Audit and Risk sub-committee (continued)

- (where appropriate) proposals for tendering for either Internal or External Audit services or for purchase of non-audit services from contractors who provide audit services;
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations; and
- the Audit and Risk Committee will also periodically review its own effectiveness and report the results of that review to the Board.

Attendance at Audit and Risk sub-committee meetings in the year was as follows:

<u>Trustee</u>	<u>Meetings attended</u>	<u>Out of a possible</u>
Dr C. Duckling	2	4
Mr S. Penney	4	4
Mr E. Weir	4	4

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, as well as estates safety and management, achieved in return for the taxpayer resources received.

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

- Focusing on targeted improvement linked to the Trust Strategic Plan to ensure maximum impact on outcomes for pupils. The Trust has focused on improving the quality of teaching by ensuring teachers set challenging targets for pupils, by ensuring teachers provide feedback to pupils that helps them move their learning forward.
- Continuing a programme of actively promoting the wider use of IT devices to engage pupils in their learning and to accelerate their progress across all subjects.
- Collaborating across our community of schools and with schools outside of the Trust.
- Developing a Central Services function to achieve consistency and economies of scale through common procurement and contract negotiation.

The Trust has a Premises Management Plan which is based upon the principles of the DfE's Good Estate Management for Schools guidance and value for money principles, intended to ensure the Trust's estate is safe, well-maintained, and complies with regulations. This allows for a more informed, fair, and measured approach for capital expenditure allocation. Over the past twelve months, the Trust has spent its School Condition Allocation on fire safety works, asbestos removal, roof renovations, sustainability projects, and so on.

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 Swale Academies Trust for the year to 31 August 2023 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period year to 31 August 2023 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

Swale Academies Trust

(A company limited by guarantee)

Governance Statement

For the Year Ended 31 August 2023

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 employ Kreston Reeves as internal auditor for the period ending 31 August 2023.

The internal auditor's role includes giving advice on financial and other matters and performing a range of checks on the Academy Trust's financial and other systems. In particular, the checks conducted in the current period included:

- Budgets and Financial Monitoring;
- Compliance;
- Income and Expenditure;
- Payroll; and
- Governance and Regularity

The 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 a 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.

The programme of internal audit was undertaken remotely.

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 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 and risk committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

DocuSigned by:

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Mr P Goodson
Chairman of Trustees

DocuSigned by:

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Mr M Wilson
CEO and Accounting Officer

Date: 18 December 2023

Swale Academies Trust
(A company limited by guarantee)

Statement of Regularity, Propriety and Compliance

As accounting officer of Swale Academies Trust, I have considered my responsibility to notify the Academy Trust Board of Trustees and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding, including for estates safety and management, under the funding agreement between the Academy Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academy Trust Handbook 2022, including responsibilities for estates safety and management.

I confirm that I and the Academy Trust Board of Trustees are able to identify any material irregular or improper use of all funds by the Academy Trust, or material non-compliance with the terms and conditions of funding under the Academy Trust's funding agreement and the Academy Trust Handbook 2022.

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.

DocuSigned by:

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Mr. M. Wilson
Accounting Officer

Date: 18 December 2023

Swale Academies Trust
(A company limited by guarantee)

Statement of Trustees' responsibilities
For the Year Ended 31 August 2023

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 2022 to 2023;
- 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:

DocuSigned by:

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Mr. P. Goodson
Chair of Trustees

Date: 18 December 2023

Swale Academies Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Swale Academies Trust

Opinion

We have audited the financial statements of Swale Academies Trust (the 'Academy Trust') for the year ended 31 August 2023 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 2022 to 2023 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy Trust's affairs as at 31 August 2023 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 2022 to 2023 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 Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the 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 Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the 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.

Swale Academies Trust
(A company limited by guarantee)

Independent Auditors' Report on the financial statements to the Members of Swale Academies Trust (continued)

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Academy Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the 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 Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Academy Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Academy Trust or to cease operations, or have no realistic alternative but to do so.

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:

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.

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;

Swale Academies Trust
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Independent Auditors' Report on the financial statements to the Members of Swale Academies Trust (continued)

- 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 Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Academy Trust's members those matters we are required to state to them in an 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 Trust and its members, as a body, for our audit work, for this report, or for the opinions we have formed.

Allan Hickie BSc FCA (Senior statutory auditor)

for and on behalf of
UHY Kent LLP
Chartered Accountants
Statutory Auditors
Thames House
Roman Square
Sittingbourne
Kent
ME10 4BJ

Date: 21 December 2023

Swale Academies Trust
(A company limited by guarantee)

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

In accordance with the terms of our engagement letter dated 25 September 2014 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2022 to 2023, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Swale Academies Trust during the year 1 September 2022 to 31 August 2023 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 Swale Academies Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Swale Academies 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 Swale Academies Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Swale Academies Trust's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Swale Academies Trust's funding agreement with the Secretary of State for Education dated 30 January 2015 and the Academy Trust Handbook, extant from 1 September 2022, 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 2022 to 2023. 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 2022 to 31 August 2023 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 Trust's income and expenditure.

We conducted our work in accordance with Technical Release TECH 08/12 AAF issued by the Institute of Chartered Accountants In England and Wales. In accordance with that Technical Release we have carried out the procedures we consider necessary to arrive at our conclusion. Other than those procedures undertaken for the purposes of our audit of the financial statements of Swale Academies Trust for the year ended 31 August 2023 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.

In line with the Framework and guide for External Auditors and Reporting Accountants of Academy Trusts issued April 2023, we have not performed any additional procedures regarding the Academy Trust's compliance with safeguarding, health and safety and estates management.

Swale Academies Trust
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Independent Reporting Accountant's Assurance Report on Regularity to Swale Academies 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 2022 to 31 August 2023 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



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

Date: 21 December 2023

Swale Academies Trust
(A company limited by guarantee)

Statement of financial activities (incorporating income and expenditure account)
For the Year Ended 31 August 2023

	Note	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Income from:						
Donations and capital grants	3	100	413	35,108	35,621	35,787
Income from other trading activities	4	1,423	26	-	1,449	2,156
Investments	6	513	-	-	513	52
Funding for educational operations	5	107	95,033	-	95,140	80,304
Total income		2,143	95,472	35,108	132,723	118,299
Expenditure on:						
Raising funds	8	1,381	-	-	1,381	2,258
Educational operations	9	711	97,481	5,743	103,935	90,544
Total expenditure		2,092	97,481	5,743	105,316	92,802
Net income/(expenditure)		51	(2,009)	29,365	27,407	25,497
Transfers between funds	23	-	(42)	42	-	-
Net movement in funds before other recognised gains/(losses)		51	(2,051)	29,407	27,407	25,497
Other recognised gains/(losses):						
Actuarial gains on defined benefit pension schemes	31	-	5,053	-	5,053	39,082
Net movement in funds		51	3,002	29,407	32,460	64,579
Reconciliation of funds:						
Total funds brought forward		2,722	96	176,455	179,273	114,694
Total funds carried forward	23	2,773	3,098	205,862	211,733	179,273

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


The notes on pages 26 to 57 form part of these financial statements.

Swale Academies Trust
(A company limited by guarantee)
Registered number: 07344732

Balance Sheet
As at 31 August 2023

	Note	2023 £000	2022 £000
Fixed assets			
Intangible assets	18	69	79
Tangible assets	19	202,131	173,484
		<u>202,200</u>	<u>173,563</u>
Current assets			
Debtors	20	3,523	4,164
Cash at bank and in hand		10,802	12,618
		<u>14,325</u>	<u>16,782</u>
Creditors: amounts falling due within one year	21	(4,643)	(6,950)
Net current assets		<u>9,682</u>	<u>9,832</u>
Total assets less current liabilities		<u>211,882</u>	<u>183,395</u>
Creditors: amounts falling due greater than one year	22	(149)	(287)
Net assets excluding pension asset / liability		<u>211,733</u>	<u>183,108</u>
Defined benefit pension scheme asset / liability	31	-	(3,835)
Total net assets		<u><u>211,733</u></u>	<u><u>179,273</u></u>
Funds of the Academy Trust			
Restricted funds:			
Fixed asset funds	23	205,862	176,455
Restricted income funds	23	3,098	3,931
Pension reserve	23	-	(3,835)
Total restricted funds	23	<u>208,960</u>	<u>176,551</u>
Unrestricted income funds	23	<u>2,773</u>	<u>2,722</u>
Total funds		<u><u>211,733</u></u>	<u><u>179,273</u></u>

The financial statements on pages 23 to 57 were approved and authorised for issue by the Trustees and are signed on their behalf, by:

DocuSigned by:

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Mr. P. Goodson
 Chair of Trustees

Date: 18 December 2023

DocuSigned by:

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Mr. M. Wilson
 Accounting Officer

The notes on pages 26 to 57 form part of these financial statements.

Swale Academies Trust
(A company limited by guarantee)

Statement of Cash Flows
For the Year Ended 31 August 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	25	(4,917)	2,503
Cash flows from investing activities	26	3,101	717
Change in cash and cash equivalents in the year		(1,816)	3,220
Cash and cash equivalents at the beginning of the year		12,618	9,398
Cash and cash equivalents at the end of the year	27, 28	10,802	12,618

The notes on pages 26 to 57 form part of these financial statements

Swale Academies Trust
(A company limited by guarantee)

Notes to the Financial Statements
For the Year Ended 31 August 2023

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 Trust, which is a public benefit entity under FRS 102, have been prepared under the historic cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2022 to 2023 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

Swale Academies 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 Trust to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Academy Trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Income

All income is recognised when the Academy Trust has entitlement to the funds, the receipt is probable and the amount can be measured reliably.

• **Grants**

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

General Annual Grant is recognised in full in the Statement of Financial Activities in the year for which it is receivable and any abatement in respect of the year is deducted from income and recognised as a liability.

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

• **Donations**

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

• **Other income**

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

• **Transfer on conversion**

Where assets and liabilities are received by the Academy Trust when a Local Authority school converts to academy status, the transferred assets are measured at fair value and recognised in the Balance Sheet at the point when the risks and rewards of ownership pass to the Academy Trust. An equal amount of income is recognised as a transfer on conversion within 'Income from Donations and Capital Grants' to the net assets received.

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.3 Income (continued)

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

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

1.4 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

• **Expenditure on raising funds**

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

• **Charitable activities**

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

Where relevant expenditure is shown inclusive of any 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 Trust; 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 Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes.

Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

1.7 Intangible assets

Intangible assets costing £10,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are subsequently measured at cost net of amortisation and any provision for impairment.

Amortisation is provided on intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life.

Amortisation is provided on the following basis:

Computer software	- 10 %
-------------------	--------

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.8 Tangible fixed assets

Assets costing £10,000 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.

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:

The estimated useful lives range is as follows:

Freehold property	50 years
Long-term leasehold property	50 years
Improvements to property	10 years
Furniture and equipment	5 - 10 years
Computer equipment	4 - 5 years
Motor vehicles	5 years

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use and reclassified to freehold or leasehold land and buildings.

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

1.9 Financial instruments

The Academy Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Academy Trust and their measurement 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 20. 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 21 and 22. 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.

1.10 Operating leases

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

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.11 Pensions

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the Academy Trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

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

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

1.12 Transfer on conversion

The conversion from a state maintained school to academy status involves the transfer of identifiable assets and liabilities and the operation of the school for £NIL consideration. The substance of the transfer is that of a gift and it has been accounted for on that basis as set out below.

The assets and liabilities transferred on conversion from the Local Authority to the Academy Trust have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate Balance sheet categories, with a corresponding amount recognised in Income from Donations and Capital Grants in the Statement of financial activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds.

Further details of the transaction are set out in note 29.

1.13 Agency arrangements

The Academy Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the Statement of financial activities as the Academy Trust does not have control over the charitable application of the funds. The Academy Trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid, and any balances held are disclosed in note 37.

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

1. Accounting policies (continued)

1.14 Fund accounting

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

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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.

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or income for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 31, 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 2022 has been used by the actuaries in valuing the pensions liability at 31 August 2023. 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.

The ultimate responsibility for setting the assumptions is that of the Academy Trust, as the employer, however every year each 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. Since the Academy Trust has academies across multiple Local Authorities, and each Local Authority uses their own appointed actuary, different assumptions are in use. The Academy Trust has, in practice with most employers, adopted each set of 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 different assumptions for each Local Authority are disclosed in note 31.

The key assumption is the discount rate, which is the estimated rate of long-term investment returns. This year the discount rate used is higher than the rate used in 2022, and since a higher discount rate means assets will grow more rapidly in the future, this results in lower current liabilities.

Critical areas of judgment:

LGPS pension asset recognition

FRS 102 section 28.22 allows an entity to recognise a pension asset "only to the extent it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan."

Whilst the LGPS actuarial valuation reports for the year ended 31 August 2023 indicate a total defined benefit asset of £2.88m exists at the year end date, the Trustees have considered that there is insufficient evidence that a surplus being recognised would ever result in a repayment or reduction in contributions, given that such a surplus is probably only temporary. Also, as a longer term employer that is open to new members, there isn't a reasonable expectation that the Academy Trust will ever reach a point of cessation that would enable access to a return of surplus. The actuarial gain has therefore been restricted to instead leave a break-even position on the Balance Sheet with neither an asset or liability recognised.

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

3. Income from donations and capital grants

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Transfer from local authority on conversion (see note 29)	-	315	31,784	32,099	30,870
Donations	100	98	68	266	314
Capital grants	-	-	3,256	3,256	4,603
	100	98	3,324	3,522	4,917
	100	413	35,108	35,621	35,787
<i>Analysis of 2022 total by fund</i>	91	(2,675)	38,371	35,787	

The Academy Trust received ICT equipment from the Government under the scheme which has been valued at £nil (2022: £102k) and received health & safety equipment from the Government under the scheme which has been valued at £29k (2022: £19k), following the applicable accounting policy.

4. Income from other trading activities

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	Total funds 2022 £000
Rentals & lettings income	487	2	489	373
Income from facilities and services	873	16	889	1,741
Other income	63	8	71	42
	1,423	26	1,449	2,156
<i>Analysis of 2022 total by fund</i>	2,145	11	2,156	

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

5. Funding for educational operations

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	<i>Reclassified Total funds 2022 £000</i>
Educational operations				
DfE/ESFA grants				
General Annual Grant (GAG)	-	73,739	73,739	63,686
Other DfE/ESFA grants				
Pupil premium and service premium	-	4,573	4,573	3,984
16 to 19 allocations	-	3,632	3,632	2,628
Schools supplementary	-	2,150	2,150	858
Mainstream schools additional	-	1,112	1,112	-
Universal Infant Free School Meals	-	461	461	440
PE and Sports	-	196	196	182
Teachers' pay and pension	-	179	179	189
Other grants	-	212	212	241
	-	86,254	86,254	72,208
Other Government grants				
Local authority - Special educational projects	-	2,797	2,797	2,494
Local authority - Early years	-	1,117	1,117	1,005
Other government revenue grants	-	2,454	2,454	2,804
	-	6,368	6,368	6,303
	107	1,059	1,166	775
Other income from educational operations				
COVID-19 additional funding (DfE/ESFA)				
Recovery Premium	-	1,025	1,025	553
School-led tutoring	-	327	327	363
Other funding	-	-	-	102
	-	1,352	1,352	1,018
	107	95,033	95,140	80,304
	107	95,033	95,140	80,304
<i>Total 2022 as restated</i>	66	80,238	80,304	

The comparative figures have been reclassified in some instances in this note to present the split of income in a different way, including to show 16 - 19 funding separately from GAG.

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

5. Funding for educational operations (continued)

A grant clawback provision of £305k (2022: £188k) has been included for unfulfilled conditions of the COVID-19 additional funding National Tutoring Programme. The prior year provision was understated and a further £17k clawed back by the ESFA during the year.

A further grant clawback provision of £17k (2022: £nil) has been included for unfulfilled conditions of the COVID-19 additional funding 16-19 National Tutoring Programme.

6. Investment income

	Unrestricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Bank interest	513	513	52
	=====	=====	=====
<i>Analysis of 2022 total by fund</i>	52	52	
	=====	=====	

7. Expenditure

	Staff Costs 2023 £000	Premises 2023 £000	Other 2023 £000	Total 2023 £000	<i>Total 2022 £000</i>
Expenditure on fundraising trading activities:					
Direct costs	684	507	190	1,381	2,258
Educational operations:					
Direct costs	66,480	4,384	7,052	77,916	66,372
Support costs	10,340	11,054	4,625	26,019	24,172
	=====	=====	=====	=====	=====
	77,504	15,945	11,867	105,316	92,802
	=====	=====	=====	=====	=====
<i>Analysis of 2022 total by fund</i>	71,869	11,088	9,845	92,802	
	=====	=====	=====	=====	

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

8. Expenditure on raising funds

Fundraising trading expenses

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Premises costs	507	-	507	250
Learning resources	143	-	143	186
Catering costs	47	-	47	58
Wages and salaries	684	-	684	1,764
	<u>1,381</u>	<u>-</u>	<u>1,381</u>	<u>2,258</u>
<i>Analysis of 2022 total by fund</i>	<u>2,253</u>	<u>5</u>	<u>2,258</u>	

9. Analysis of expenditure on charitable activities

Summary by fund type

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Total 2023 £000	<i>Total 2022 £000</i>
Educational operations	711	103,224	103,935	90,544
	<u>711</u>	<u>103,224</u>	<u>103,935</u>	
<i>Analysis of 2022 total by fund</i>	<u>41</u>	<u>90,503</u>	<u>90,544</u>	

10. Analysis of expenditure by activities

	Direct costs 2023 £000	Support costs 2023 £000	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Educational operations	77,916	26,019	103,935	90,544
	<u>77,916</u>	<u>26,019</u>	<u>103,935</u>	
<i>Analysis of 2022 total</i>	<u>66,372</u>	<u>24,172</u>	<u>90,544</u>	

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

10. Analysis of expenditure by activities (continued)

Analysis of direct costs

	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Staff costs	66,480	57,050
Depreciation	4,384	3,570
Other staff expenses	776	651
Educational supplies	3,017	2,585
Examination fees	1,159	880
Technology costs	369	446
Educational consultancy	601	646
Other direct costs	1,130	544
	<u>77,916</u>	<u>66,372</u>

Analysis of support costs

	Total funds 2023 £000	<i>Total funds 2022 £000</i>
Staff costs	10,340	13,055
Technology costs	750	692
Maintenance of premises	1,462	1,427
Other premises costs	4,136	3,039
Operating lease rentals	237	239
Transport	93	29
Catering	1,746	1,537
PFI service costs	5,215	2,490
Legal and professional	704	658
Governance costs	70	59
Other support costs	1,262	874
Loss on disposal of fixed assets	4	73
	<u>26,019</u>	<u>24,172</u>

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

11. Analysis of specific expenses

Included within expenditure are the following transactions:

Unrecoverable debts £2,173 (2022: £4,161)

12. Net income/(expenditure)

Net income/(expenditure) for the year includes:

	2023 £000	2022 £000
Operating lease rentals	246	257
Depreciation of tangible fixed assets	4,374	3,570
Amortisation of intangible assets	10	10
Loss on disposal of fixed assets	4	77
	<u> </u>	<u> </u>

13. Auditors' remuneration

	2023 £000	2022 £000
Fees payable to the Academy Trust's auditor and its associates for the audit of the Academy Trust's annual accounts	28	28
Fees payable to the Academy Trust's auditor and its associates in respect of:		
Audit-related assurance services	13	12
	<u> </u>	<u> </u>

14. Staff

a. Staff costs

Staff costs during the year were as follows:

	2023 £000	2022 £000
Wages and salaries	56,385	48,845
Social security costs	5,750	5,041
Pension costs	13,034	16,192
	<u> </u>	<u> </u>
	75,169	70,078
Agency staff costs	2,138	1,630
Staff restructuring costs	197	161
	<u> </u>	<u> </u>
	77,504	71,869
	<u> </u>	<u> </u>

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

14. Staff (continued)

a. Staff costs (continued)

Staff restructuring costs comprise:

	2023	2022
	£000	£000
Redundancy payments	93	25
Severance payments	84	100
Other restructuring costs	20	36
	<u>197</u>	<u>161</u>

b. Severance payments

The Academy Trust paid 11 severance payments in the year (2022 - 13), disclosed in the following bands:

	2023	2022
	No.	No.
£0 - £25,000	11	12
£25,001 - £50,000	-	1
	<u>-</u>	<u>1</u>

c. Special staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual staff severance payments totalling £20k (2022: £36k). Individually, the payments were: £2,000, £2,374, £4,176 and £11,000.

d. Staff numbers

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

	2023	2022
	No.	No.
Leadership	98	85
Teachers	822	791
Administration and support	1,239	1,095
	<u>2,159</u>	<u>1,971</u>

Swale Academies Trust
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Notes to the Financial Statements
For the Year Ended 31 August 2023

14. Staff (continued)

d. Staff numbers (continued)

The average headcount expressed as full-time equivalents was:

	2023	<i>2022</i>
	No.	<i>No.</i>
Leadership	94	83
Teachers	765	741
Administration and support	712	660
	<u>1,571</u>	<u>1,484</u>

e. Higher paid staff

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

	2023	<i>2022</i>
	No.	<i>No.</i>
In the band £60,001 - £70,000	42	36
In the band £70,001 - £80,000	23	12
In the band £80,001 - £90,000	4	5
In the band £90,001 - £100,000	11	8
In the band £100,001 - £110,000	2	1
In the band £110,001 - £120,000	2	2
In the band £120,001 - £130,000	1	-
In the band £130,001 - £140,000	1	1
In the band £170,001 - £180,000	-	1
In the band £180,001 - £190,000	1	-
In the band £200,001 - £210,000	-	1
	<u>-</u>	<u>1</u>

f. Key management personnel

The key management personnel of the Academy Trust comprise the Trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Academy Trust was £969k (2022: £860k).

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15. Central services and fund pooling

The Academy Trust fund pools. Under this arrangement the pooled funds include the Devolved Formula Capita grant, General Annual Grant, excluding PFI, and Other DfE Grants, excluding Pupil Premium and PE Sport Premium. All in year movements clear to pooled funds held by the Central Services function at the end of the year.

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

- Finance
- Governance
- Human resources
- Information technology
- Leadership and educational support

16. Trustees' remuneration and expenses

One Trustee, the Accounting Officer, has been paid remuneration as a result of his employment with the Academy Trust. He only receives remuneration in respect of services provided under his contract of employment. The value of his remuneration and other benefits was as follows:

	2023	<i>2022</i>
	£000	<i>£000</i>
Mr. J. Whitcombe, Accounting Officer (until 07/10/2022)	20 - 25	<i>200 - 205</i>
Remuneration		
Pension contributions paid	0 - 5	<i>15 - 20</i>
Other benefits	-	<i>5 - 10</i>
Mr. M. Wilson, Accounting Officer (from 29/11/2022)	130 - 135	-
Remuneration		
Pension contributions paid	30 - 35	-
Other benefits	0 - 5	-

Mr. J. Whitcombe opted out of the Teachers' Pension Scheme for 0 months (*2022: 7 months*). An alternative remuneration package was agreed in these months which totals £nil (*2022: £15k*). This was paid as taxable remuneration and is therefore included in the remuneration banding stated above.

During the year ended 31 August 2023, travel expenses totalling £1,121 were reimbursed or paid directly to 2 Trustees (*2022 - £1,097 to 3 Trustees*).

17. Trustees' and Officers' insurance

In accordance with normal commercial practice, the Academy Trust has purchased insurance to protect Trustees and Officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £5,000,000 on any one claim and the cost for the year ended 31 August 2023 was £nil (*2022 - £nil*). The cost of this insurance is included in the total insurance cost.

The Trustee Indemnity insurance cost for 2023 and 2022 was not separately provided from the insurance provider's premium charge.

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Notes to the Financial Statements
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18. Intangible assets

	Computer software £000
Cost	
At 1 September 2022	99
At 31 August 2023	99
Amortisation	
At 1 September 2022	20
Charge for the year	10
At 31 August 2023	30
Net book value	
At 31 August 2023	69
<i>At 31 August 2022</i>	79

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Notes to the Financial Statements
For the Year Ended 31 August 2023

19. Tangible fixed assets

	Freehold and long-term leasehold property £000	Assets under construction £000	Furniture and equipment £000	Motor vehicles £000	Total £000
Cost and valuation					
At 1 September 2022	187,515	3,367	4,877	103	195,862
Additions	488	730	23	-	1,241
On acquisition of subsidiaries	31,784	-	-	-	31,784
Disposals	-	-	(8)	(4)	(12)
Transfers between classes	3,608	(3,608)	-	-	-
At 31 August 2023	223,395	489	4,892	99	228,875
Depreciation					
At 1 September 2022	18,990	-	3,290	98	22,378
Charge for the year	3,957	-	414	3	4,374
On disposals	-	-	(4)	(4)	(8)
At 31 August 2023	22,947	-	3,700	97	26,744
Net book value					
At 31 August 2023	200,448	489	1,192	2	202,131
At 31 August 2022	168,525	3,367	1,587	5	173,484

Included in the net book value of property displayed above are the following amounts ascribable to land:

	2023 £000	2022 £000
Freehold land	10,771	10,771
Long-term leasehold land	32,175	24,378
	42,946	35,149

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20. Debtors

	2023	<i>2022</i>
	£000	<i>£000</i>
Due within one year		
Trade debtors	150	<i>807</i>
Other debtors	1,154	<i>1,035</i>
Prepayments and accrued income	2,219	<i>2,322</i>
	<u>3,523</u>	<u><i>4,164</i></u>

21. Creditors: Amounts falling due within one year

	2023	<i>2022</i>
	£000	<i>£000</i>
Trade creditors	1,531	<i>1,839</i>
Other taxation and social security	415	<i>1,255</i>
Other creditors	992	<i>1,593</i>
Accruals and deferred income	1,705	<i>2,263</i>
	<u>4,643</u>	<u><i>6,950</i></u>

Deferred income includes DfE/ESFA grants £290k (2022: £269k), Other government grants £99k (2022: £111k), Educational visits £192k (£298k) and Other £10k (2022: £6k).

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

	2023	<i>2022</i>
	£000	<i>£000</i>
Other creditors	149	<i>287</i>
	<u>149</u>	<u><i>287</i></u>

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Notes to the Financial Statements
For the Year Ended 31 August 2023

23. Statement of funds

	Balance at 1 September 2022 £000	Income £000	Expenditure £000	Transfers in/out £000	Gains/ (Losses) £000	Balance at 31 August 2023 £000
Unrestricted funds						
General funds	2,722	2,143	(2,092)	-	-	2,773
Restricted general funds						
General Annual Grant	3,874	73,739	(74,597)	(40)	-	2,976
Other DfE/ESFA	-	13,867	(13,860)	-	-	7
Other government	16	6,456	(6,412)	-	-	60
Other restricted	41	1,095	(1,584)	503	-	55
Transferred on conversion	-	505	-	(505)	-	-
Pension reserve	(3,835)	(190)	(1,028)	-	5,053	-
	96	95,472	(97,481)	(42)	5,053	3,098
Restricted fixed asset funds						
Intangible fixed assets	79	-	(10)	-	-	69
Tangible fixed assets	173,484	29	(4,378)	32,996	-	202,131
Capital grant	2,892	3,256	(1,355)	(1,131)	-	3,662
Transferred on conversion	-	31,823	-	(31,823)	-	-
	176,455	35,108	(5,743)	42	-	205,862
Total Restricted funds	176,551	130,580	(103,224)	-	5,053	208,960
Total funds	179,273	132,723	(105,316)	-	5,053	211,733

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Notes to the Financial Statements
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23. Statement of funds (continued)

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

- (i) General Annual Grant "GAG" must be used for the normal running costs of the Academy Trust's academies.
- (ii) The other DfE/ESFA fund is used to track other grant money received from the DfE/ESFA and connected bodies, and principally included the material grants detailed separately in note 5.
- (iii) The Other government grants fund is used to track grants provided by the local authority and other government departments, as detailed in note 5.
- (iv) The Other restricted fund accounts for all other income received for a specific purpose.
- (v) The Pension reserve is a restricted fund to account for movements in the Local Government Pension Schemes.
- (vi) The Restricted fixed asset funds are carried forward to meet the specific costs of fixed asset projects and to cover the depreciation charges that will be required on these projects going forward and the current fixed assets held. The transfers into this fund represent capital items purchases during the year from revenue reserves.

Under the funding agreement with the Secretary of State, the Academy Trust was not subject to a limit on the amount of GAG it could carry forward at 31 August 2023.

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Notes to the Financial Statements
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23. Statement of funds (continued)

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

	<i>Balance at 1 September 2021 £000</i>	<i>Income £000</i>	<i>Expenditure £000</i>	<i>Transfers in/out £000</i>	<i>Gains/ (Losses) £000</i>	<i>Balance at 31 August 2022 £000</i>
Unrestricted funds						
General funds	2,662	2,354	(2,294)	-	-	2,722
Restricted general funds						
General Annual Grant	3,437	66,003	(65,126)	(440)	-	3,874
Other DfE/ESFA	557	7,225	(7,717)	(65)	-	-
Other government	-	6,386	(6,370)	-	-	16
Other restricted	74	737	(770)	-	-	41
Transferred on conversion	-	(361)	-	361	-	-
Pension reserve	(34,617)	(2,416)	(5,884)	-	39,082	(3,835)
	<u>(30,549)</u>	<u>77,574</u>	<u>(85,867)</u>	<u>(144)</u>	<u>39,082</u>	<u>96</u>
Restricted fixed asset funds						
Intangible fixed assets	89	-	(10)	-	-	79
Tangible fixed assets	139,896	121	(3,633)	37,100	-	173,484
Capital grant	2,596	4,603	(998)	(3,309)	-	2,892
Transferred on conversion	-	33,647	-	(33,647)	-	-
	<u>142,581</u>	<u>38,371</u>	<u>(4,641)</u>	<u>144</u>	<u>-</u>	<u>176,455</u>
Total Restricted funds	<u>112,032</u>	<u>115,945</u>	<u>(90,508)</u>	<u>-</u>	<u>39,082</u>	<u>176,551</u>
Total funds	<u>114,694</u>	<u>118,299</u>	<u>(92,802)</u>	<u>-</u>	<u>39,082</u>	<u>179,273</u>

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Notes to the Financial Statements
For the Year Ended 31 August 2023

23. Statement of funds (continued)

Total funds analysis by academy

Fund balances at 31 August 2023 were allocated as follows:

	2023	<i>2022</i>
	£000	<i>£000</i>
Beaver Green Primary School	109	<i>113</i>
Istead Rise Primary School	1	<i>4</i>
James Dixon Primary School	40	<i>40</i>
Langney Primary Academy	1	<i>9</i>
Meopham School	1	<i>-</i>
Parkland Infant School	86	<i>84</i>
Parkland Junior School	66	<i>63</i>
Peacehaven Community School	251	<i>216</i>
Regis Manor Primary School	311	<i>311</i>
Shinewater Primary School	309	<i>309</i>
South Borough Primary School	2	<i>1</i>
The Eastbourne Academy	305	<i>299</i>
The Sittingbourne School	12	<i>23</i>
The Turing School	35	<i>9</i>
The Whitstable School	217	<i>217</i>
Westlands Primary School	4	<i>-</i>
Westlands School	924	<i>916</i>
The North School	27	<i>16</i>
Central services	3,170	<i>4,023</i>
	<hr/>	<hr/>
Total before fixed asset funds and pension reserve	5,871	<i>6,653</i>
Restricted fixed asset fund	205,862	<i>176,455</i>
Pension reserve	-	<i>(3,835)</i>
	<hr/>	<hr/>
Total	211,733	<i>179,273</i>
	<hr/> <hr/>	<hr/> <hr/>

The Academy Trust fund pools as detailed in note 15. All in year movements on General Annual Grant fund clear to pooled funds held by the Central Services function at the end of the year.

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Notes to the Financial Statements
For the Year Ended 31 August 2023

23. 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 £000	Other support staff costs £000	Educational supplies £000	Other costs excluding depreciation £000	Total 2023 £000	Total 2022 £000
Beaver Green Primary School	1,882	247	141	396	2,666	2,386
Istead Rise Primary School	899	147	45	352	1,443	1,449
James Dixon Primary School	2,014	312	93	609	3,028	2,859
Langney Primary Academy	2,099	286	85	359	2,829	2,692
Meopham School	4,956	445	153	1,007	6,561	5,472
Parkland Infant School	623	136	47	229	1,035	969
Parkland Junior School	872	116	85	237	1,310	1,144
Peacehaven Community School	4,637	440	193	1,908	7,178	6,658
Regis Manor Primary School	2,148	381	101	484	3,114	2,712
Shinewater Primary School	1,673	187	63	288	2,211	2,276
South Borough Primary School	1,789	192	101	504	2,586	2,426
The Eastbourne Academy	4,568	742	272	1,178	6,760	6,052
The Holmesdale School	2,870	157	80	2,208	5,315	-
The North School	6,075	627	277	2,839	9,818	5,916
The Sittingbourne School	8,635	948	373	1,753	11,709	10,653
The Turing School	3,114	469	203	1,009	4,795	4,150
The Whitstable School	4,966	617	167	1,111	6,861	5,847
Westlands Primary School	2,784	278	129	526	3,717	3,348
Westlands School	8,462	651	376	2,150	11,639	10,566
Central services	2,097	1,961	33	2,266	6,357	11,657
Academy Trust	67,163	9,339	3,017	21,413	100,932	89,232

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24. Analysis of net assets between funds

Analysis of net assets between funds - current year

	Unrestricted funds 2023 £000	Restricted funds 2023 £000	Restricted fixed asset funds 2023 £000	Total funds 2023 £000
Tangible fixed assets	-	-	202,131	202,131
Intangible fixed assets	-	-	69	69
Current assets	2,773	7,890	3,662	14,325
Creditors due within one year	-	(4,643)	-	(4,643)
Creditors due in more than one year	-	(149)	-	(149)
Total	2,773	3,098	205,862	211,733

Analysis of net assets between funds - prior year

	<i>Unrestricted funds 2022 £000</i>	<i>Restricted funds 2022 £000</i>	<i>Restricted fixed asset funds 2022 £000</i>	<i>Total funds 2022 £000</i>
Tangible fixed assets	-	-	173,484	173,484
Intangible fixed assets	-	-	79	79
Current assets	2,722	11,168	2,892	16,782
Creditors due within one year	-	(6,950)	-	(6,950)
Creditors due in more than one year	-	(287)	-	(287)
Provisions for liabilities and charges	-	(3,835)	-	(3,835)
Total	2,722	96	176,455	179,273

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25. Reconciliation of net income to net cash flow from operating activities

	2023 £000	<i>2022</i> <i>£000</i>
Net income for the year (as per Statement of financial activities)	27,407	25,497
Adjustments for:		
Amortisation	10	10
Depreciation	4,374	3,560
Loss on disposal of fixed assets	4	77
Capital grants from DfE and other capital income	(3,324)	(4,604)
Interest receivable	(513)	(52)
Defined benefit pension scheme obligation inherited	190	2,416
Defined benefit pension scheme cost less contributions payable	870	5,281
Defined benefit pension scheme finance cost	98	576
Defined benefit pension scheme administration cost	34	27
Defined benefit pension scheme settlement cost	26	-
Decrease in stocks	-	14
Decrease/(increase) in debtors	641	(499)
(Decrease)/increase in creditors	(2,445)	3,486
Net gain on assets and liabilities from local authority on conversion	(32,289)	(33,286)
Net cash (used in)/provided by operating activities	(4,917)	2,503

26. Cash flows from investing activities

	2023 £000	<i>2022</i> <i>£000</i>
Interest	513	52
Purchase of tangible fixed assets	(1,241)	(3,578)
Capital grants from DfE Group	3,256	2,390
Capital funding received from sponsors and others	68	2,214
Cash (loan) / received from transfers on conversion	505	(361)
Net cash provided by investing activities	3,101	717

27. Analysis of cash and cash equivalents

	2023 £000	<i>2022</i> <i>£000</i>
Cash in hand and at bank	10,802	12,618
Total cash and cash equivalents	10,802	12,618

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Notes to the Financial Statements
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28. Analysis of changes in net debt

	At 1 September 2022 £000	Cash flows £000	Cash from inherited on conversion £000	At 31 August 2023 £000
Cash at bank and in hand	12,618	(2,321)	505	10,802
	<u>12,618</u>	<u>(2,321)</u>	<u>505</u>	<u>10,802</u>

29. School converting to academy status joining the Academy Trust

On 1 September 2022 The Holmesdale School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Swale Academies Trust from Kent County Council for £NIL consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the Balance sheet under the appropriate heading with a corresponding net amount recognised as a net gain in the Statement of financial activities as Income from Donations and Capital Grants - transfer from local authority on conversion.

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

	Restricted funds £000	Restricted fixed asset funds £000	Total funds £000
Tangible fixed assets			
Leasehold land and buildings	-	31,784	31,784
Current assets			
Cash - representing budget surplus on other school funds	505	-	505
Non-current liabilities			
Local Government Pension Scheme deficit	(190)	-	(190)
Net assets	<u>315</u>	<u>31,784</u>	<u>32,099</u>

The Holmesdale School operates its premises under a 125 year lease with the local authority with all assets and liabilities transferring to Swale Academies Trust on conversion to an academy.

30. Capital commitments

	2023 £000	2022 £000
Contracted for but not provided in these financial statements		
Acquisition of tangible fixed assets	852	531

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31. Pension commitments

The Academy Trust's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by East Sussex Council, Kent County Council and London Borough of Bromley. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2020 and of the LGPS 31 March 2022.

Contributions amounting to £815k were payable to the schemes at 31 August 2023 (2022 - £1,235k) 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 2020. The valuation report was published by the Department for Education on 30 October 2023. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 28.68% 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 £262,000 million and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £222,200 million, giving a notional past service deficit of £39,800 million
- the SCAPE discount rate, set by HMT, is used to determine the notional investment return. The current SCAPE rate is 2.4% above the rate of CPI, and is based on the Office for Budget Responsibility's forecast for long-term GDP growth.

The revised employer contribution rate, arising from the 2020 valuation, is due to be implemented from 1 April 2024. The next valuation result is due to be implemented from 1 April 2027.

The employer's pension costs paid to TPS in the year amounted to £8,615k (2022 - £7,529k).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (<https://www.teacherspensions.co.uk/news/employers/2023/10/valuation-result.aspx>)

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

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31. Pension commitments (continued)

Local Government Pension Scheme

The LGPS is a funded defined benefit pension scheme, with the assets held in separate Trustee administered funds. The total contribution made for the year ended 31 August 2023 was £4,367k (2022 - £3,503k), of which employer's contributions totalled £3,373k (2022 - £2,696k) and employees' contributions totalled £ 994k (2022 - £807k). The agreed contribution rates for future years are 12 to 22.5 per cent for employers and 5.5 to 12.5 per cent for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013 and on 21 July 2022, the Department for Education reaffirmed its commitment to the guarantee, with a parliamentary minute published on GOV.UK.

Principal actuarial assumptions

East Sussex Council

	2023	2022
	%	%
Rate of increase in salaries	3.90	2.95
Rate of increase for pensions in payment/inflation	2.90	2.95
Discount rate for scheme liabilities	5.30	4.25
Inflation assumption (CPI)	2.90	2.95

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

	2023	2022
	Years	Years
<i>Retiring today</i>		
Males	20.9	21.2
Females	23.8	23.8
<i>Retiring in 20 years</i>		
Males	21.9	22.1
Females	25.3	25.1

Kent County Council

	2023	2022
	%	%
Rate of increase in salaries	3.90	3.90
Rate of increase for pensions in payment/inflation	2.90	2.90
Discount rate for scheme liabilities	5.30	4.25
Inflation assumption (CPI)	2.90	2.90

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

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31. Pension commitments (continued)

	2023 Years	<i>2022 Years</i>
<i>Retiring today</i>		
Males	20.7	21.0
Females	23.2	23.5
<i>Retiring in 20 years</i>		
Males	22.0	22.3
Females	24.6	24.9

London Borough of Bromley

	2023 %	<i>2022 %</i>
Rate of increase in salaries	4.30	4.30
Rate of increase for pensions in payment/inflation	2.90	2.90
Discount rate for scheme liabilities	5.30	4.30
Inflation assumption (CPI)	2.80	2.80

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

	2023 Years	<i>2022 Years</i>
<i>Retiring today</i>		
Males	21.7	22.8
Females	24.0	25.3
<i>Retiring in 20 years</i>		
Males	22.7	24.6
Females	25.7	27.2

Sensitivity analysis

East Sussex Council

	2023 £000	<i>2022 £000</i>
Discount rate +0.1%	(252)	(320)
Discount rate -0.1%	260	329
Mortality assumption - 1 year increase	367	426
Mortality assumption - 1 year decrease	(356)	(412)
CPI rate +0.1%	251	312
CPI rate -0.1%	(243)	(303)

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31. Pension commitments (continued)

Kent County Council

	2023	<i>2022</i>
	£000	<i>£000</i>
Discount rate +0.1%	(651)	(807)
Discount rate -0.1%	671	829
Mortality assumption - 1 year increase	892	909
Mortality assumption - 1 year decrease	(867)	(884)
CPI rate +0.1%	647	784
CPI rate -0.1%	(628)	(764)

London Borough of Bromley

	2023	<i>2022</i>
	£000	<i>£000</i>
Discount rate +0.1%	(30)	(40)
Discount rate -0.1%	31	41
Mortality assumption - 1 year increase	31	33
Mortality assumption - 1 year decrease	(30)	(32)
CPI rate +0.1%	31	40
CPI rate -0.1%	(30)	(39)

Share of scheme assets

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

	At 31 August	<i>At 31 August</i>
	2023	<i>2022</i>
	£000	<i>£000</i>
Equities	33,270	29,461
Gilts	2,258	2,169
Corporate bonds	4,738	3,911
Property	4,484	4,624
Cash and other liquid assets	609	832
Other	3,975	2,344
Total market value of assets	49,334	<i>43,341</i>

The actual return on scheme assets was £-k (2022 - £180k).

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31. Pension commitments (continued)

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

	2023	2022
	£000	£000
Current service cost	(4,243)	(7,977)
Interest income	1,954	690
Interest cost	(2,052)	(1,266)
Administrative expenses	(34)	(27)
Total amount recognised in the Statement of Financial Activities	(4,375)	(8,580)

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

	2023	2022
	£000	£000
At 1 September	47,176	73,798
Conversion of academy trust	1,098	4,005
Current service cost	4,243	7,977
Interest cost	2,052	1,266
Employee contributions	994	807
Actuarial gains	(5,491)	(40,182)
Benefits paid	(757)	(489)
Unfunded pension payments	(7)	(6)
Effects of non-routine settlements	26	-
At 31 August	49,334	47,176

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

	2023	2022
	£000	£000
At 1 September	43,341	39,181
Conversion of academy trust	908	1,589
Interest income	1,954	690
Actuarial losses	(438)	(1,100)
Employer contributions	3,373	2,696
Employee contributions	994	807
Benefits paid	(757)	(489)
Effects of non-routine settlements	(7)	(6)
Administrative expenses	(34)	(27)
At 31 August	49,334	43,341

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32. Other financial commitments

The Academy Trust is committed to operator agreements for its shared use of sports buildings.

The total operator agreement cost for The Eastbourne Academy is £90k per annum until 21 January 2140.

The total operator agreement cost for Meopham School is £28k per annum. This is currently on a rolling basis until a new agreement is signed.

33. Long-term commitments, including operating leases

a. Operating leases

At 31 August 2023 the total of the Academy Trust's future minimum lease payments under non-cancellable operating leases was:

	2023	<i>2022</i>
	£000	<i>£000</i>
Amounts due within one year	176	<i>206</i>
Amounts due between one and five years	199	<i>162</i>
	<u>375</u>	<u><i>368</i></u>

b. Other contractual commitments

At 31 August 2023 the total of the Academy Trust's future minimum lease payments under other contractual commitments was:

	2023	<i>2022</i>
	£000	<i>£000</i>
Amounts due within one year	4,657	<i>2,834</i>
Amounts due between one and five years	15,638	<i>9,931</i>
Amounts due after five years	22,283	<i>12,171</i>
	<u>42,578</u>	<u><i>24,936</i></u>

The other contractual commitments represent the committed amounts under Private Finance Initiative (PFI) for the Academy Trust's PFI academies, Peacehaven Community School, The Holmesdale School and The North School.

The commitment for Peacehaven Community School ends on 31 July 2026, and the commitments for The Holmesdale School and The North School ends on 31 July 2035.

34. Financial instruments

	2023	<i>2022</i>
	£000	<i>£000</i>
Financial assets		
Financial assets measured at fair value through income and expenditure	10,802	<i>12,618</i>

Financial assets measured at fair value through income and expenditure comprise cash at bank and in hand.

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35. 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.

36. Related party transactions

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

The following related party transactions took place during the year:

Employment relationship

During the year S. Clifton, daughter of G.Clifton, a member, was employed as a teacher; and

S. Clifton was paid a salary under an employment contract for their role. G.Clifton had no involvement in their close family appointment. The Board of Trustees are comfortable that the salary provides value for money and is not at a preferential rate.

37. Agency arrangements

The Academy Trust distributes 16-19 bursary funds to the students as an agent for the ESFA. During the year the Academy Trust received £80k, charged a 5% administration and distributed a total of £12k, and repaid £14k from the fund. Undistributed funds, including provisions for fund repayments, are £114k and are included in other creditors.

38. 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.