

Company Registration No. 07908404 (England and Wales)

**LORD LAWSON OF BEAMISH ACADEMY
(A COMPANY LIMITED BY GUARANTEE)**

**ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 AUGUST 2019**

LORD LAWSON OF BEAMISH ACADEMY

CONTENTS

	Page
Reference and administrative details	1 - 2
Trustees' report	3 - 16
Governance statement	17 - 20
Statement on regularity, propriety and compliance	21
Statement of trustees' responsibilities	22
Independent auditor's report on the accounts	23 - 25
Independent reporting accountant's report on regularity	26 - 27
Statement of financial activities including income and expenditure account	28 - 29
Balance sheet	30
Statement of cash flows	31
Notes to the accounts including accounting policies	32 - 53

LORD LAWSON OF BEAMISH ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Members

A H Leaf
C Matthias
D Ramshaw
N Weatherley
J Kelly
C P Smith

Trustees

A H Leaf (Chair) (Resigned 24 September 2018)
C Matthias (Resigned 24 September 2018)
M Lovatt (Accounting Officer) (Resigned 15 January 2019)
A J Logan (Vice chair)
C P Smith (Chair)
T Wallace (Resigned 24 September 2018)
G Thompson (Resigned 24 September 2018)
D Horn (Vice chair)
K Marshall (Resigned 20 June 2019)
E Ovington
M Hood (Resigned 13 November 2018)
A Robertson
B Scurr (Resigned 28 March 2019)
G J Currey (Appointed 26 November 2018)
M Surtees (Appointed 1 November 2018)
E Thorne (Appointed 26 November 2018)
A Fowler (Accounting Officer) (Appointed 24 June 2019)
S Gallagher (Appointed 22 January 2019)
J S Halpin (Appointed 9 April 2019)
S D Hawkins (Accounting Officer) (Appointed 17 January 2019 and resigned 20 June 2019)
J Hooker (Appointed 26 November 2018)

Senior management team

- Former Principal	Mark Lovatt (Resigned 22 January 2019)
- Deputy Principal	Heather Raistrick (Resigned 31 December 2018)
- Deputy Principal	Nick Mills (Resigned 31 August 2019)
- Deputy Principal	Jim Diamond (Resigned 31 August 2019)
- Assistant Principal	Catriona Viede
- Assistant Principal	Sue Nellist
- Assistant Principal	Alex Rayner
- Assistant Principal	Kate Kendall
- Assistant Principal	Linda Alder
- Principal	Andrew Fowler (Appointed 24 June 2019)
- Acting Principal	Simon Hawkins (Temporary appointment from 24 January 2019 to 20 June 2019)

Company secretary

N Charlton

Company registration number

07908404 (England and Wales)

LORD LAWSON OF BEAMISH ACADEMY

REFERENCE AND ADMINISTRATIVE DETAILS

Registered office	Birtley Lane Birtley County Durham DH3 2LP
Independent auditor	Baldwins Audit Services Wynyard Park House Wynyard Avenue Wynyard TS22 5TB
Bankers	Lloyds Bank plc 19 Market Place Durham County Durham DH1 3NL
Solicitors	Womble Bond Dickinson St Ann's Wharf 112 Quayside Newcastle upon Tyne Tyne & Wear NE1 3DX

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 AUGUST 2019

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

The Trust operates an Academy for pupils aged 11 to 18 serving a catchment area of Birtley, Gateshead with about 48% of students coming from the five cluster schools in the immediate vicinity of Birtley and the rest coming from primary schools across three other local authority areas. It has a pupil capacity of 1500 and had a roll of 1442 on October PLASC day 2017, rising to 1474 with the resulting intake of pupils from a local school closure. The current number of Students on roll is 1456.

Structure, governance and management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the academy trust. The trustees of Lord Lawson of Beamish Academy Trust Limited are also directors of the charitable company for the purposes of company law. The charitable company is known as Lord Lawson of Beamish Academy.

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

Members' liability

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

Trustees' indemnities

Every trustee of the Academy Trust shall be indemnified out of the assets of the Academy Trust against any liability incurred by them in that capacity in defending any proceedings, whether civil or criminal, in which judgement is given in favour or in which they are acquitted or in connection with any application in which relief is granted to them by the court from liability for negligence, default, breach of duty, or breach of trust in relation to the affairs of the academy trust.

Method of recruitment and appointment or election of trustees

The members of the academy shall comprise the signatories to the Memorandum of Association and any other person appointed under Article 16 of the Articles of Association.

Details of the Board of Trustees are shown in reference and administration details on page 1. The number of trustees at any one time shall not be less than three (unless otherwise determined by ordinary resolution) and shall not be subject to any maximum.

Subject to Articles 48-49 and 64, of the Articles of Association the Academy Trust shall have the following trustees:

- a) Up to 9 trustees appointed by the members under article 5;
- b) Up to 3 staff trustees, if appointed under article 50A;
- c) Up to 1 LA trustee, if appointed under article 51;
 - a. Up to 7 (and a minimum of 2) parent trustees appointed under articles 53-58;
- d) The Principal shall be treated for all purposes as an ex officio trustee;
- e) Any additional trustees, if appointed under article 62, 62A, 62C, or 68A; and
- f) Any further trustees, if appointed under Article 63 or article 68A.

The Academy Trust may also have any co-opted trustees appointed under article 58

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Policies and procedures adopted for the induction and training of trustees

The School and Governor Support Service of the Local Authority produce an annual training course directory which allows new trustees to access induction training, as well as providing courses which are relevant to existing trustees. The content of the directory is reviewed each year to reflect any changes in practice and legislation. Trustees also have access to the website and a trustee information file to assist in their induction. Trustees may also attend relevant sessions taking place in the academy on staff professional development days.

All trustees have completed a skills audit to identify level of skills, knowledge and experience and identify their training needs.

Prospective trustees meet with the chair and/or vice chairs of trustees prior to appointment to learn more about the Academy and to become familiar with it. Bespoke induction sessions and continuing development sessions are arranged upon appointment as a trustee. All trustees receive a handbook, updated each year, detailing the structure of the Academy Trust, terms of reference, a code of conduct and an analysis of the Academy's current position and key priorities.

As members of the National Governors Association all trustees receive weekly email updates offering advice and guidance to trustees and allowing them to keep up to date with current issues in education.

Organisational structure

The Members are the owners of the company in the same way as shareholders, and are responsible for safeguarding the ethos of the academy. They hold the trustees to account for the operation of the academy and fulfil this responsibility by reviewing the position at an Annual General Meeting and at two additional meetings in which the Chair of Trustees presents a report for consideration by the Members. The members appoint a proportion of the trustees and may remove trustees if they have concerns.

The trustees' role is at a strategic level ensuring that the company acts at all times within its charitable objects as specified in the Articles of Association achieving successful outcomes for its students. Responsibility for the day to day operation of the academy is delegated to the Principal and Senior Leaders.

Meetings of the Board of Trustees shall take place at least once a term with additional meetings as required operating under agreed terms of reference. To assist the decision making of the Board of Trustees, and to enable more detailed conversation to be given to the best means of fulfilling the Board of Trustees responsibilities, the following committees are in place.

- Academy Management Committee
- Student Progress Committee
- Discipline, Appeals and Complaints Committee
- Academy Restructure Committee
- Principal's Performance Management Committee

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Arrangements for setting pay and remuneration of key management personnel

The Academy has a Performance Appraisal Policy which sets out the framework for a clear and consistent assessment of the overall performance of the Principal and Senior Leadership Team and supports their development needs within the context of the School Improvement Plan.

The performance appraisal cycle for leadership posts runs from 21 September to 20 September with the main review period in the first half of the autumn term.

Objectives will be set at the start of the performance appraisal period and aligned with academy development priorities, as well as reflecting an individual's professional aspirations.

Assessment of performance throughout the cycle is against set performance criteria and will be the basis on which any recommendation for remuneration is made by the reviewer.

The Principal will be the reviewer for Senior Leadership Team and will undertake performance appraisal reviews for all members of the leadership team by the October half term.

The Board of Trustees is the reviewer for the Principal and has discharged this responsibility to a performance appraisal committee. The performance appraisal cycle for the Principal will run from September to September.

All requests for pay progression will be submitted to the Academy Management Committee for approval.

Trade union facility time

Relevant union officials

Number of employees who were relevant union officials during the relevant period	2
Full-time equivalent employee number	2.00

Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1%-50%	2
51%-99%	-
100%	-

Percentage of pay bill spent on facility time

Total cost of facility time	5,587
Total pay bill	6,324,730
Percentage of the total pay bill spent on facility time	0.09%

Paid trade union activities

Time spent on paid trade union activities as a percentage of total paid facility time hours	100%
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Related parties and other connected charities and organisations

The Academy does not work in federation with any other organisations but has relationships with other schools and colleges as well as external businesses to assist in the achievement of the academy objectives.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Objectives and activities

Objects and aims

The Academy Trust's object ("the Object") is specifically restricted to the following;

- To advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.
- To promote for the inhabitants of the area surrounding the Academy the provision of facilities for recreation or other leisure time occupation of individuals who have need of such facilities by reason of their youth, age, infirmity or disablement, financial hardship or social and economic circumstances or for the public at large in the interests of social welfare and with the object of improving the condition of life of the said inhabitants.

Objectives, strategies and activities

Review of 2018/19

In 2018/19 Lord Lawson of Beamish Academy vision was underpinned by 5 important principles:

Personalised Learning

- This meant knowing students well, establishing a safe and supportive environment for all students

Professionalising Teaching

- This meant aspiring to be the best teachers we can be, a commitment to ongoing professional development, and to reflective and evidence-based practice

Intelligent Accountability

- This meant holding ourselves to account for what we do well and what we could do better and being honest and transparent in this process

Community and Culture

- This meant ensuring we are an academy which is at the heart of the community and makes effective use of our links and expertise in the community to help students to learn. We are aspirant for our students and actively promote good "learning" behaviours and mutual respect through '5 Rs+1'

Innovation and Collaboration

- This meant a commitment to scanning the horizon for new and best practice in education and to working with "outstanding" organisations regionally, nationally, and internationally.

Following the outcome of the Ofsted Inspection carried out in February 2017 the Academy's plans for 2018/2019 were based around the five priorities set out in the Ofsted Report

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Priority One: Improve the effectiveness of Leaders and Managers

- Produce all department impact (improvement) plans after careful consideration of exam results and review dept. plans by senior leader department link. Ensure built in milestones which are reviewed on a half termly basis and RAG rated to show progress against targets.
- Ensure PM process is rigorous with clear success criteria. All staff have a performance management target based around pupil progress and a separate target around progress of PP pupils.
- Ensure Senior Leader department link and Subject Leaders meet after each data drop (x3 times per year) to identify underperformance and to agree actions at academy/department/ and classroom level to quickly tackle any lack of progress.
- Provide training for Subject Leaders (and department leadership teams) in “enquiry” focussed lesson observation using class progress data as basis for establishing line of enquiry
- Ensure Subject Leaders carry out rigorous classroom-based observations to establish impact of teaching on learning and to gain a clear understanding of strengths/areas for improvement in department. Where action is necessary to address under performance actions are timely and agreed with teacher concerned.
- Create new “Academy Performance Team” (APT) to ensure implementation of Ofsted Response Plan.
- Undertake an external Pupil Premium review to ensure we are making the most of our additional funding for this group of students.

Priority Two: Improve the effectiveness of Governors

- Improve Governors’ knowledge to analyse and understand national data so they can robustly challenge academy performance.
- All Governors to complete a skills audit self-review and use outcomes to support development of the governing body.

Priority Three: Improve the Quality of Teaching, learning, and Assessment

- Provide training for Subject Leaders (and department leadership teams) in Classroom observation based upon “line of enquiry” focussed on pupil progress so they can better assess impact of teaching on learning.
- Whole staff (and department) training to focus on reinforcing our teaching and learning model and on high impact teaching strategies as identified by EEF (Education Endowment Fund).
- Introduce “module tuning” to ALL departments as process to assure quality (and consistency) of SOW produced collaboratively by teachers in departments.
- Review SOW at KS3 and KS4 to ensure planned assessment activities are in place and are fit for purpose.
- Review homework policy and publish all homework at KS3 and KS4 on website for transparency.
- Launch “mastery” teaching programme – immersive 22 hours (minimum) course designed by Lead Practitioners.
- Ensure Academy “Resubmission” policy for assessed work which does not meet standard of student destination grade is being consistently applied.
- Introduce half termly student voice discussions/surveys to get sense of student experience in the classroom.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Priority Four: Improve the behaviour of pupils

- Reinforce behaviour (and Rewards) policy to ensure clarity of expectation behaviour both in lessons and around site with both students and staff. Ensure that classroom behaviour policy is being applied consistently in every classroom.
- Introduce "Classroom climate" criteria with expectation that classroom climate is level 6 or above in every lesson. Introduce language of classroom climate to staff and students and monitor on regular basis.
- Appoint Attendance officer to compliment the work of the EWO and with a specific focus on improving the attendance of disadvantaged students.
- Review attendance procedures and monitor impact of additional resources. Establish off site tutors for students with long term absence.
- Ensure SLT (and SLs) to be on corridors during lesson changeover to ensure smooth transition and to challenge any inappropriate behaviour.
- Increase the number of staff on duty at lunch times and especially in the last 15 minutes of lunch and brief duty teams on expectations and challenge to students.
- Review procedures and protocols with tutors to ensure consistent use of tutor time and establish weekly checklist for tutors.
- Introduce new procedure for start and end of lessons.
- Introduce "platinum" badge (compliments BLUE badge) to reward outstanding learning behaviour.

Priority Five: Improve the outcomes for pupils

- Review "destination" grades to ensure they contain sufficient stretch and challenge for ALL pupils including the most able.
- Ensure discussion after data drops is based around progress (of all and in particular PP and male) students and % students Working Towards (WT) or On Target (OT) relative to individual destination grades. Actions taken at whole school, department, and classroom level for any students who are underperforming following data drops.
- Set specific progress targets (including for boys and PP students) for each department and ensure Subject Leaders translate these into class by class targets for their year 11 students.
- Increase curriculum time by one hour per week in year 10 and year 11 for Maths and English.
- Increase staffing in Maths so set 3 classes in ks4 can be split and targeted towards Higher or Foundation papers fitting.
- Increase staffing in Science to create 2 extra sets in year 11.
- Continue to work with external consultant (ex-Ofsted Inspector) to further develop and strengthen teaching and learning in Science.
- Review assessment procedures in departments to ensure assessment is increasingly reliable.

Public benefit

We have referred to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. The Academy has provided a fully comprehensive education to all students in its care and seeks to support its wider educational objectives via a strong community role.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic report

Achievements and performance

The Ofsted report of 2017 was followed by disappointing Key Stage 4 results in summer 2017. The Board of Trustees required immediate improvement in the following areas: -

- Progress of all pupils, especially in Maths, English, and Science;
- Rapid improvement of Pupil Premium outcomes, especially middle and higher band students;
- Stretching the more able (high prior attaining students); and
- Closing the GAP between male and female students.

While the results for 2018 showed some improvement in overall attainment measures there was limited improvement in progress measures which remained below the 2016 figures achieved prior to the 2017 Ofsted visit. Progress for disadvantaged students declined.

Given that the 2018 cohort had higher key stage 2 prior attainment than in 2017, overall outcomes would be expected to be higher. 56% of 2018's cohort were high attaining so improvements in progress are marginal, and the progress figures for disadvantaged pupils declined further from -1.08 to -1.34.

In summer 2018 the Board of Trustees underwent a substantial review and change of leadership. The Chair retired from his position after many years' service and was replaced by the Vice Chair who had spent two years in that role preparing for the role of Chair. Two new Vice Chairs were appointed to aid succession planning and involve more Trustees in having regular contact with senior leaders at the Academy. In addition, the Board was reduced in size from 22 to 13 to ensure a more engaged Board.

A skills audit was carried out and new governors appointed on the base of skills and experience. To facilitate this, elections for Parent Trustee vacancies were abolished. However, although the Articles provide for just 3 Parent Trustees, 8 of our Trustees are in fact parents with the skills and experience which our Board needs. Only two Trustees joined the Board prior to 2016, so there is now a refreshed and refocused Board to address the Academy's circumstances.

The changes to the Board enabled a rigorous analysis of the Academy's position to be carried out, supported by the School Improvement Partner. This led the Board to conclude that an urgent change of direction was required and, in January 2019, the Principal left the Academy.

An Interim Principal, who was selected after a comprehensive process, took up his role immediately with a specific brief to focus on rapidly improving behaviour and standards, whilst the Board carried out a recruitment process to make a permanent appointment.

During the final week of the Interim Principal's tenure, a further Ofsted inspection took place in June 2019. It found that: -

- A lack of clarity and direction from senior leaders following the last section 5 inspection in 2017 has prevented the school from moving forward. Leaders have been unable to accelerate the progress pupils make across key stages 3 and 4. Consequently, successive cohorts of capable pupils have only reached average standards of attainment in GCSE examinations. The school continues to require improvement.
- By last summer (2018), the governors had grown concerned about the school's progress. A change in the leadership of the governing body then followed. This precipitated a thorough analysis of the school's performance, which confirmed the areas for improvement identified in the last inspection were not being addressed quickly enough. In January 2019 the principal left the school.
- The current principal, who took up post immediately afterwards, quickly and accurately evaluated the school's strengths and weaknesses. His honest and succinct evaluation meant that he was quick to focus on the most pressing priorities. Many sensible actions have begun to be implemented. However, the quality of leadership from the wider senior team and from middle leaders is variable. Some senior leaders are not demonstrating the skills to bring about rapid improvement in their areas of responsibility.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

- The school's curriculum is becoming more academic, and therefore more appropriate, given pupils' starting points. Around 40% of pupils will follow the suite of subjects within the English baccalaureate next year. However, the quality of curriculum planning remains a barrier to achieving better outcomes for pupils. The school's curriculum did not evolve quickly enough when the national curriculum was revised, and new GCSE specifications were introduced. Consequently, the level of demand within schemes of work across key stages 3 and 4 is too low to prepare pupils for the raised expectations of GCSE qualifications. Some subject leaders have begun to revise their schemes of work and to raise the level of challenge. Some are also looking to ensure that there is more emphasis on pupils revisiting subject knowledge more often. However, these developments are at different stages. Consequently, the level of challenge within the curriculum remains variable.
- The curriculum does not meet the needs of disadvantaged pupils well enough. They continue to make weaker progress than their peers. Over time, the use of substantial pupil premium funding has not been well considered or evaluated thoroughly enough. The principal found no coherent planning in place when he arrived in January. His new plan, which is based on a sound evaluation of need, is not, however, having an impact on day-to-day teaching and learning. Teachers are still not clear about how to accelerate the progress of their disadvantaged pupils.
- Year 7 catch up funding is used more effectively. Pupils who are eligible for extra help get it, and make pleasing gains in the quality of their reading. The inspector listened to some Year 7 and 8 pupils read, and found that they could fully comprehend the textbooks they were working from.
- Provision for pupils with SEND is improving. Teachers receive helpful information on the needs of each pupil, although this is not always used wisely to tailor the teaching.
- Positive changes in the school's culture are evident around the school. Parents, staff and pupils are pleased with the changes made since January. Most pupils conduct themselves well and are respectful of one another. The pastoral system provides pupils with good support for their personal and social development. Pupils' spiritual, moral, social and cultural development is fostered effectively. Members of staff report improvements in the general behaviour of pupils. The kitchen staff, for example, report that pupils are now polite and take more care to keep the dining hall tidy. The number of exclusions is reducing. Pupils are more punctual in the morning. In tutor time, pupils engage readily with topics relating to safety, careers and topical issues that help to develop their understanding of the world. There are good opportunities for pupils to share their views through the school's democratic systems. Consequently, pupils are well prepared for life in modern Britain.
- Following the last section 5 inspection, governors were initially slow to recognise the inertia affecting the school. After 18 months, they began to look closely at the performance of leaders and to hold them to account more robustly. They determined that school leaders were not demonstrating the capacity to rapidly improve the school.
- Across this academic year, governors have become increasingly active and hands-on. Their frequent visits mean that they now have a good understanding of the school's strengths and weaknesses. However, they recognise, and accept, that some of their monitoring work has crossed a line and become overly operational. At times, they have undertaken activities that are the responsibility of the school's senior leaders. This is inappropriate and risks undermining the role of leaders.
- The governors and the current principal are taking steps to improve the school's challenging financial position. They are working with the funding agency to agree how to return to a balanced budget. Urgent actions are required to ensure that the financial position of the school improves.
- The arrangements for safeguarding are effective. The culture in the school is positive and members of staff are vigilant. Child protection training for staff and governors means that they are knowledgeable and up to date in terms of the most recent government guidance and legislation.

Trustees openly acknowledged with inspectors that they had become more operational upon ascertaining that the Academy lacked capacity to improve rapidly and during the implementation of interim leadership arrangements, a restructure of the senior leadership team and the appointment of a new Principal. Trustees acted in a way that was necessary and in the best interests of the Academy Trust at all times. Upon the new Principal taking up his post on 24 June 2019, and the completion of a staffing restructure, the role of trustees returned to normal.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Key performance indicators

Inspectors acknowledged that significant progress was made in improving many aspects of the Academy, and laying the groundwork for future rapid progress, under the leadership of the Interim Principal from January – June 2019, acknowledging that decisions taken by the Board of Trustees had rapid impact. However, this did not take place quickly enough to arrest the decline in student outcomes and, in summer 2019, Key Stage 4 results declined further.

This table of Key Stage 4 results compares 2018/19 results with those of the year before: -

Measurement	2017-18 Summer Results	2018-19 Summer Results
Students on roll	253	242
Attainment 8	46.78	44.42
Progress 8	-0.398	-0.503
Progress 8 Eng	-0.247	-0.342
Progress 8 Ma	-0.492	-0.733
Progress 8 Ebacc	-0.607	-0.608
Progress 8 Open	-0.258	-0.435
%Grade 4+ Eng	82.6	76.4
%Grade 5+ Eng	62.5	59.9
%Grade 7+ Eng	25.7	21.5
% Grade 4+ Ma	71.9	65.3
%Grade 5+ Ma	49.8	38.4
%Grade 7+ Ma	15.4	13.2
% 2 Science 4+	72.0	58.4
% 9-4 Eng and Maths	67.6	59.9
% 9-5 Eng and Maths	42.3	34.7
% 9-7 Eng and Maths	8.7	6.6
% achieving EBacc	14.2/9.9	13.6 / 9.9
EBacc APS	3.86	3.72
Pupil Premium P8 (67)	-1.115 (56)	-1.018 (74)
SEN Support P8 (18)	-0.506 (24)	+0.207 (16)
SEN EHCP P8 (2)	-1.931 (2)	-2.614 (3)
EAL P8 (5)	-1.512 (7)	+1.503 (4)
High (101)	-0.460 (133)	-0.458 (122)
Middle (105)	-0.288 (100)	-0.619 (106)
Low (18)	-0.478 (18)	+0.124 (11)

These results were deeply disappointing. The Board of Trustees now aims to build rapidly on the progress made in the latter half of 2018/19, acknowledged by Ofsted, to ensure a quick and meaningful impact on outcomes for all of our young people.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Strategic Plan for 2019/20

The new Principal took up his post in June 2019. The Academy Trust in the ONE Vision (Opportunity North East) scheme operated by the Department for Education which aims to support 'Requiring Improvement' schools in the North East of England. This scheme will see the Academy Trust work closely with leaders from Cardinal Hume Catholic School in Gateshead who will support Academy leaders in improving behaviour and standards and teaching and learning. The scheme will also facilitate an external review of governance of the Academy and a strategic review of how the Academy Trust manages and deploys its finances and resources.

The initial 'diagnostic' phase of this programme has now been completed. The following areas have been identified as a result: -

Teaching, Learning & Assessment

- There is considerable variation within school in all aspects of teaching and learning. This inconsistency is evident within and between subject areas.
- Teaching and learning policies are inconsistent in application; marking and feedback in particular appear to greatly vary across the school.
- Schemes of work vary in effective structure, challenge and appropriateness.
- The amount and regularity of homework is variable, as well as the appropriateness of its content.
- The use of meaningful assessment is inconsistent across subjects.
- Teacher confidence with exam predictions and exam entry is variable.
- Expectations of students are not consistently high enough.
- Not all leaders and teachers are ambitious about the standards of which pupils are capable.
- Teachers' knowledge of the exam content varies across subjects.
- Lesson time allocation to content of the curriculum is not always effective across subjects.
- Directed time/CPD is not currently addressing key learning and teaching concerns.

Personal development, behaviour & Welfare

- Behaviour varies from staff member to staff member.
- Not all staff have the same expectations of students particularly in relation to low level disruption within lessons.
- Student engagement and 'desire' to learn is variable from lesson to lesson. This is linked to the limited expectations of students' ability to succeed at the highest level.
- System to track behaviour is not as secure as it might be.
- Prominent disciplinarians are lacking.
- School physical environment could be used more effectively to manage behaviour.

Leadership & Management

- The quality of middle leadership is variable.
- Leaders and managers lack a clear understanding of their roles in some departments.
- Some leaders and managers lack a clear vision.
- Lack of effective monitoring policies have prevented some leaders from having a clear understanding of the 'health' of their department.
- Leaders and managers lack autonomy in some departments.
- Uncertainty of pastoral leader/manager pyramid/structures
- Responding to examination performance and predicative performance along with tracking pupils is variable.
- Accountability for subject performance and management of the department, curriculum etc is lacking with some middle leaders.
- Communication/vision between SLT and middle leadership is variable
- Relationships between leaders and managers in some departments are not secure, leading to poor communication and conflicting views.
- The current management structure in Science is not working, leading to an unclear vision and a lack of autonomy and accountability.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Early proposals of activity / approaches to achieve outcomes

Teaching, Learning & Assessment

- Develop a directed time, whole staff annual training program with a focus on marking, planning, engagement, behaviour for learning.
- Develop new scrutiny/monitoring paperwork that focuses on key areas to ensure robust QA systems.
- Develop a number of different techniques to monitor work and progress of students.
- Developing clear policies on Marking and Assessment, Planning and Homework ensuring that one size doesn't fit all.
- Training individual staff to become 'ambassadors' of effective learning and teaching.
- Develop SOW to ensure challenge is a focus for all.
- Teachers of Y11 Mathematics to receive training on the demands of OCR specification.
- Non-specialist and new teachers to be given strong support.
- Explore opportunities to increase subject time allocation.
- Provide curriculum support for EBacc subjects.
- Develop a coherent QA approach to ensure expectations are high and that issues are identified early in the year so that meaningful action can be taken.
- Provide opportunities to work with KS2 colleagues to understand starting points in Year 7.

Personal development, behaviour & Welfare

- To provide whole school behaviour training included as part of directed time.
- Review and develop behaviour tracking to address record keeping / management of pastoral data. Implement appropriate tracking system if appropriate
- Review behaviour policy and consequences programme.
- Redesign school physical environment for effective behaviour management.

Leadership & Management

- Develop all senior and middle leadership capacity to bring about meaningful change via a series of developmental training sessions and one to one working.
- Develop middle leader Sharing Good Practice to utilise the strengths of each individual.
- Review/develop department policies to ensure that the policies are right for the individual department.
- Clear structures/roles to be established at middle leadership level.
- Provide support for pastoral leadership and management.
- Clear Behaviour management pyramid/structures to be put in place.
- Restructuring of roles within the Science department.
- Develop effective tracking systems for leaders to track student performance.
- Develop all senior and middle leadership capacity to bring about meaningful change for pupil outcomes and closing the gaps.
- Ensure the accuracy of judgement by leaders.
- Develop support networks with other schools.

The Academy Trust has a clear understanding of what needs to be done to make rapid improvement. The focus of the Board of Trustees is now on ensuring that the senior and middle leaders have the capability and capacity to achieve this, and it intends to offer every support to help leaders in doing so whilst holding them to account. A restructure of the leadership team has recently been completed and the ONE Vision programme will now support the new team in taking the Academy forward, rapidly.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Going concern

After making appropriate enquiries, the Board of Trustees has reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the next financial year 2019/2020. For this reason it continues to adopt the going concern basis in preparing the current financial statements only. Further details regarding the adoption of the going concern basis can be found in the Statement of Accounting Policies.

In 2018 the Academy Trust began to deal with significant projected financial difficulty. It began to project its income, expenditure and reserves over a 3 year period. This analysis revealed that, if the Trust did nothing, it would be faced with a deficit of £4.3 million by the end of 2021/22. Like all schools, the Academy faces increasing staffing and resources costs which are not matched by corresponding increases in its funding.

In the context of this Academy Trust, this picture is compounded by the fact that it remains in dispute with the ESFA regarding £927,000 that, it is accepted, the Academy was underfunded by Gateshead Council over a 3 year period to 2016.

Financial review

The Academy's Financial Procedures Manual ensures that the Lord Lawson of Beamish Academy Trust maintains and develops systems of financial control to conform with both propriety and good financial management to meet the requirements of the Education Skills Funding Agency. All expenditure of the Academy Trust is made in line with this manual and as such, supports the provision of education for all pupils on roll.

The Board of Trustees has recently carried out a significant restructure of the senior leadership team and support staff, and a review of resources and expenditure generally, in order to deal with this and secure the long term financial viability of the Academy Trust. It has also reviewed the way it approaches its budgeting taking into account likely income and expenditure. Following this strategic review, the Academy Trust's 3 year budget forecast is currently: -

	2020/21	2021/22	2022/23
TOTAL INCOME INCL GAG & PP	-9,120,345	-9,156,516	-9,134,320
IN-YEAR SURPLUS (-)/DEFICIT	-22,194	310,521	718,819
RESTRICTED SURPLUS (-)/DEFICIT CARRY FORWARD	-799,659	-821,854	-511,333
RESTRICTED NET DEFICIT (+) OR SURPLUS(-)	-821,854	-511,333	207,486

The principal source of the academy's income is obtained from the ESFA in the form of recurrent grants the use of which is restricted for specific purposes. Such grants and associated expenditure are shown as restricted funds in the statement of financial activities for the period ending 31 August 2019.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

During the period ending 31 August 2019 total expenditure of £9,185,251 exceeded DFE grant funding and other incoming resources. The excess of expenditure over income was £251,237. Excluding LGPS adjustments and the fixed asset fund the deficit was £33,513. This deficit was met from reserves. Budget and expenditure are reviewed at meetings of the Finance, Staffing and Audit Committee which meets every term and shortfalls in the budget are met by existing reserves as well as staffing and other financial efficiencies which are made during the year.

In line with other academies Lord Lawson is a member of the Local Government Pension Scheme and currently has liability of £1,678,000.

A deficit budget was approved by Trustees in July 2019 which will see the Academy use up to £110,000 of its current reserves, primarily to deal with the costs associated with the staffing restructure which was absolutely essential to ensure the long term financial viability of the Trust. However, notwithstanding this deficit budget the Academy Trust will hold reserves at a level in excess of its Reserves Policy until at least the end of 2020/21 and can expect to set a balanced budget for 2020/21. The Board of Trustees will keep matters under constant review.

Reserves policy

Although the academy has a written Reserves Policy in recent years budget reductions and increased payments for PFI Unitary and Admin charge have not allowed the Academy to build up surplus funds and indeed any surplus funds are reducing year on year.

The Academy Management Committee monitor income and expenditure against budget through reports presented at its termly meetings to ensure immediate financial commitments can be met (payroll and payment runs) and that the current account has adequate balances to meet forthcoming commitments detailed in the cash flow plan.

The Trustees consider it appropriate to hold funds in general reserve equivalent of 4 weeks expenditure, approximately £770,000.

At the end of this financial year 31 August 2019 balance of monies in the bank is £2,942,092. General and Unrestricted reserves were £1,248,245.

Investment policy

The Academy does not currently commit to any investments due to its current financial position and the uncertainty over the level of future PFI payments.

Principal risks and uncertainties

As a successful academy with a full intake every year a key risk is competition from neighbouring schools and academies and regular review of how we communicate with prospective parents takes place to ensure we remain a popular choice for new students. Changes by the government to the funding formula affecting levels of future funding to be received and the disputed repayment costs associated with the Private Finance Initiative (PFI) puts a strain on the long term viability of the Academy. The development and monitoring of a 3 year budget plan is allowing trustees through the Academy Management Committee to assess the level of risk and implement strategies to lessen the impact to try and ensure that sufficient funds are held to stop the academy going into a deficit situation.

Fundraising

The Academy fundraise for national charities such as Children in Need, Macmillan Coffee Mornings, Genes for Jeans, Save the Children Christmas Jumper Day, all the monies raised are donated to the relevant charity. We don't raise any funds for use in the Academy.

Plans for future periods

The Academy continues to underperform and the pace of progress is slow and plans for 2019/2020 will continue to concentrate on the "key priorities" identified by Ofsted 2019 and ONE Vision, as identified above.

LORD LAWSON OF BEAMISH ACADEMY

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Funds held as custodian trustee on behalf of others

The academy and its trustees do not act as the Custodian of any other Charity.

Auditor

In so far as the trustees are aware

- There is no relevant audit information of which the Charitable Company's auditor is unaware and
- The trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

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

.....
C P Smith

Chair

LORD LAWSON OF BEAMISH ACADEMY

GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 AUGUST 2019

Scope of responsibility

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

The Board of Trustees has delegated the day to day responsibility to the Principal, 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 Lord Lawson of Beamish Academy and 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 here supplements that described in the Trustees' Report and in the Statement of Trustees' Responsibilities.

The Board of Trustees met formally 6 times during the reporting period. The dates are timetabled at the end of the previous academic year. Reports are submitted by the Principal at each meeting giving updates on performance, quality of teaching and learning, student welfare, and financial performance. The tabling of the Trustees' Report along with the Financial Statements and the Auditor's Report for the period 2018/2019 took place at the meeting on 11 December 2019.

Trustees	Meetings attended	Out of possible
A H Leaf (Chair) (Resigned 24 September 2018)	0	0
C Matthias (Resigned 24 September 2018)	0	0
M Lovatt (Accounting Officer) (Resigned 15 January 2019)	2	2
A J Logan (Vice chair)	6	6
C P Smith (Chair)	6	6
T Wallace (Resigned 24 September 2018)	0	0
G Thompson (Resigned 24 September 2018)	0	0
D Horn (Vice chair)	6	6
K Marshall (Resigned 20 June 2019)	2	6
E Ovington	5	6
M Hood (Resigned 13 November 2018)	0	1
A Robertson	5	6
B Scurr (Resigned 28 March 2019)	0	4
G J Currey (Appointed 26 November 2018)	5	5
M Surtees (Appointed 1 November 2018)	5	5
E Thorne (Appointed 26 November 2018)	1	4
A Fowler (Accounting Officer) (Appointed 24 June 2019)	0	0
S Gallagher (Appointed 22 January 2019)	0	0
J S Halpin (Appointed 9 April 2019)	0	1
S D Hawkins (Accounting Officer) (Appointed 17 January 2019 and resigned 20 June 2019)	3	4
J Hooker (Appointed 26 November 2018)	5	5

In September 2018 Trustees appointed a new Chair and two new Vice Chairs to aid succession planning. The new Chair had been Vice Chair for two years and this represented the first significant change to the leadership of the Board in over a decade. The Board was reduced in size from 22 to 13 to ensure a more active and engaged board. A skills audit was carried out and vacancies filled with reference to the skills gaps identified. There is now a broad and balanced range of relevant skills and experience on the Board. This enabled a fresh analysis of the Academy's position to be carried out and led to a change in leadership of the Academy.

LORD LAWSON OF BEAMISH ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Governors have undertaken a range of external data training including bespoke exclusions training following the adoption of a new exclusions policy.

Trustees have benefitted from a range of external support through a School Improvement Partners which have provided comprehensive written reports and feedback, and Trustees are now clearer about the strengths and weaknesses of the Academy.

A two-day conference took place at the end of the Summer Term looking to review ways of working and a new committee structure which will ensure a sharper focus on student progress is now in place.

The Academy Management Committee is a sub-committee of the main board of trustees. Its purpose is to assist in the decision making of the governing body, by enabling more detailed consideration to be given to the best means of fulfilling the board of trustees' responsibility to ensure sound management of the academy's finances, staffing and resources, including proper planning, monitoring and probity.

The work of the committee during the current year has focused on the ongoing impact of the PFI affordability gap and its impact on three-year budget projections, monitoring the yearly budget and aged debtors and creditors, assessing risks, reviewing requests for pay moves and any pay increases and reviewing performance of key contracts.

This has led to the identification of a significant projected deficit over the course of the 3 year projection period and two strategic resource management reviews have been carried out along with a significant staffing restructure to address this.

Attendance at meetings in the year was as follows:

Trustees	Meetings attended	Out of possible
M Lovatt (Accounting Officer) (Resigned 15 January 2019)	2	2
A J Logan (Vice chair)	5	5
C P Smith (Chair)	4	5
D Horn (Vice chair)	4	5
K Marshall (Resigned 20 June 2019)	0	0
E Ovington	5	5
M Hood (Resigned 13 November 2018)	0	0
A Robertson	0	0
B Scurr (Resigned 28 March 2019)	0	0
G J Currey (Appointed 26 November 2018)	4	4
M Surtees (Appointed 1 November 2018)	0	0
E Thorne (Appointed 26 November 2018)	1	4
A Fowler (Accounting Officer) (Appointed 24 June 2019)	2	2
J S Halpin (Appointed 9 April 2019)	1	2
S D Hawkins (Accounting Officer) (Appointed 17 January 2019 and resigned 20 June 2019)	3	3
J Hooker (Appointed 26 November 2018)	4	4

Review of value for money

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

LORD LAWSON OF BEAMISH ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

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

Staffing

Following a staffing review, staffing was reduced by x6 FTE staff, through non-renewal of one year contracts and a redundancy. This was achieved through optimisation of curriculum. We have also not replaced a member of support staff

Review of managed service contract

SCS ICT managed service contract was reviewed at end of its term and re negotiated at significant saving.

Lettings

We continue to optimise lettings on the school building to bring in an income and have increased the amount from the previous year.

PFI contract

We have reviewed the PFI charges made to the Academy via the LA and have disputed the amount we have been asked to pay. All parties agree that we have not been funded sufficiently and this is currently with the ESFA for consideration. This represents a significant amount of money.

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 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 Lord Lawson of Beamish Academy for the period 1 September 2018 to 31 August 2019, and up to the date of approval of the annual report and financial statements.

Capacity to handle risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period 1 September 2018 to 31 August 2019 and up to date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The risk and control framework

The 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, Staffing and Audit Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes.
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

LORD LAWSON OF BEAMISH ACADEMY

GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The Board of Trustees has considered the need for audit committee for the checking of financial controls, systems, transactions and risks and discharged this responsibility to an external accountancy company Baldwins Audit Services.

The purpose of this internal assurance is to provide the governing body with independent assurance that

- The financial responsibilities of the governing body are being properly discharged
- Resources are managed in an efficient, economical and effective manner
- Sound systems of internal financial control are being maintained
- Financial considerations are taken into account in reaching decisions

The Academy commissioned three internal assurance visits during the year. The visits took place on 11 September 2018, 7 & 8 February 2019 and 10 July 2019 and the auditor delivered their schedule of work as planned.

The purpose of this Internal Assurance is to provide the governing body with independent assurance that:

- the financial responsibilities of the Governing Body are being properly discharged;
- resources are managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

The reports identified five recommendations as to improvements to systems and processes that are already working effectively. These related to the updating of the business and pecuniary interests register, publishing of the Academy's governance arrangements and confirmation that previous annual financial statements appear on the website. Further, advice was given as to the presentation of financial information to governors and the documentation of internal expense claims. These recommendations were accepted and implemented. No material control issues were identified.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. During the period in question the review has been informed by:

- the work of the External Auditor
- The work of the Principal Finance Officer who has responsibility for the development and maintenance of the internal control framework

The Accounting Officer has been advised of the implications of the result of external audits of internal control with all reports being presented to the Finance, Staffing and Audit Committee for acceptance.

Approved by order of the board of trustees on and signed on its behalf by:

C P Smith
Chair

A Fowler
Accounting Officer

LORD LAWSON OF BEAMISH ACADEMY

STATEMENT OF REGULARITY, PROPRIETY AND COMPLIANCE

FOR THE YEAR ENDED 31 AUGUST 2019

As accounting officer of Lord Lawson of Beamish Academy from 24 June 2019 I have considered my responsibility to notify the academy trust board of trustees and the Education & Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2018.

I was appointed as the accounting officer of the academy trust on 24 June 2019 following the resignation of the previous accounting officers. I confirm that I and the academy trust's board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2018.

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

A Fowler
Accounting Officer

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LORD LAWSON OF BEAMISH ACADEMY

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 AUGUST 2019

The trustees (who are also the directors of Lord Lawson of Beamish Academy for the purposes of company law) are responsible for preparing the trustees' report and the accounts in accordance with the Academies Accounts Direction 2018 to 2019 published by the Education & Skills Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the trustees to prepare accounts for each financial year. Under company law, the trustees must not approve the accounts 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 accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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 that 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 accounts may differ from legislation in other jurisdictions.

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

C P Smith
Chair

LORD LAWSON OF BEAMISH ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORD LAWSON OF BEAMISH ACADEMY

FOR THE YEAR ENDED 31 AUGUST 2019

Opinion

We have audited the accounts of Lord Lawson of Beamish Academy for the year ended 31 August 2019 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the accounts, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice), the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019 issued by the Education & Skills Funding Agency.

In our opinion the accounts:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2019 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the Charities SORP 2015 and the Academies Accounts Direction 2018 to 2019.

Basis for opinion

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

Conclusions relating to going concern

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

- the trustees' use of the going concern basis of accounting in the preparation of the accounts is not appropriate; or
- the trustees have not disclosed in the accounts any identified material uncertainties that may cast significant doubt about the academy trust's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the accounts are authorised for issue.

Other information

The trustees are responsible for the other information, which comprises the information included in the annual report other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

LORD LAWSON OF BEAMISH ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORD LAWSON OF BEAMISH ACADEMY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report including the incorporated strategic report for the financial year for which the accounts are prepared is consistent with the accounts; and
- the trustees' report including the incorporated strategic report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the 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 incorporated 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 accounts 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 are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, 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 charitable company, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

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

A further description of our responsibilities for the audit of the accounts is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

LORD LAWSON OF BEAMISH ACADEMY

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LORD LAWSON OF BEAMISH ACADEMY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Angela Ingham FCA (Senior Statutory Auditor)
for and on behalf of Baldwins Audit Services**

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Statutory Auditor

Wynyard Park House
Wynyard Avenue
Wynyard
TS22 5TB

LORD LAWSON OF BEAMISH ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LORD LAWSON OF BEAMISH ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY

FOR THE YEAR ENDED 31 AUGUST 2019

In accordance with the terms of our engagement letter dated 26 September 2019 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2018 to 2019, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Lord Lawson of Beamish Academy during the period 1 September 2018 to 31 August 2019 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 Lord Lawson of Beamish Academy and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Lord Lawson of Beamish Academy 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 Lord Lawson of Beamish Academy and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Lord Lawson of Beamish Academy's accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Lord Lawson of Beamish Academy's funding agreement with the Secretary of State for Education dated 1 March 2012 and the Academies Financial Handbook, extant from 1 September 2018, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance, and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2018 to 2019. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

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

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

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

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

LORD LAWSON OF BEAMISH ACADEMY

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON REGULARITY TO LORD LAWSON OF BEAMISH ACADEMY AND THE EDUCATION & SKILLS FUNDING AGENCY (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

The work undertaken to draw to our conclusion includes:

- completion of self assessment questionnaire by Accounting Officer
- discussions with the Accounting Officer and finance team
- review of Internal Assurance report
- review of trustee and committee meeting minutes
- review of finance and other relevant policies
- review of purchases, expenses and expense claims on a sample basis including the application of controls and tendering processes where applicable
- review of gifts and hospitality transactions including the application of controls
- review of credit and debit card transactions including the application of controls
- review of payroll transactions on a sample bases including the application of controls
- review of potential special payments to staff
- review of leases and consideration of areas where borrowing may have been incurred
- consideration of transactions with related and connected parties
- review of register of business interests for completeness and compliance with regulations
- enquiries into transactions that may require disclosure under ESFA delegated authority rules
- consideration of value for money and appropriateness of transactions

Conclusion

In the course of our work, except for the matters listed below, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 September 2018 to 31 August 2019 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Reporting Accountant

Baldwins Audit Services

Dated:

LORD LAWSON OF BEAMISH ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset £ £		Total 2019 £	Total 2018 £
Income and endowments from:						
Donations and capital grants	3	2,260	-	106,149	108,409	32,246
Charitable activities:						
- Funding for educational operations	4	-	8,589,064	-	8,589,064	8,256,513
Other trading activities	5	235,011	-	-	235,011	297,547
Investments	6	1,530	-	-	1,530	1,483
Total		<u>238,801</u>	<u>8,589,064</u>	<u>106,149</u>	<u>8,934,014</u>	<u>8,587,789</u>
Expenditure on:						
Raising funds	7	213,089	-	-	213,089	212,044
Charitable activities:						
- Educational operations	8	-	8,898,289	73,873	8,972,162	8,993,829
Total	7	<u>213,089</u>	<u>8,898,289</u>	<u>73,873</u>	<u>9,185,251</u>	<u>9,205,873</u>
Net income/(expenditure)		25,712	(309,225)	32,276	(251,237)	(618,084)
Transfers between funds	17	-	4,126	(4,126)	-	-
Other recognised gains/(losses)						
Actuarial (losses)/gains on defined benefit pension schemes	19	-	(643,000)	-	(643,000)	507,000
Net movement in funds		25,712	(948,099)	28,150	(894,237)	(111,084)
Reconciliation of funds						
Total funds brought forward		349,692	142,940	1,094,438	1,587,070	1,698,154
Total funds carried forward		<u>375,404</u>	<u>(805,159)</u>	<u>1,122,588</u>	<u>692,833</u>	<u>1,587,070</u>

LORD LAWSON OF BEAMISH ACADEMY

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 2019

Comparative year information Year ended 31 August 2018	Notes	Unrestricted Funds £	Restricted funds: General Fixed asset		Total 2018 £
		£	£	£	£
Income and endowments from:					
Donations and capital grants	3	2,568	-	29,678	32,246
Charitable activities:					
- Funding for educational operations	4	-	8,256,513	-	8,256,513
Other trading activities	5	297,547	-	-	297,547
Investments	6	1,483	-	-	1,483
Total		<u>301,598</u>	<u>8,256,513</u>	<u>29,678</u>	<u>8,587,789</u>
Expenditure on:					
Raising funds	7	212,044	-	-	212,044
Charitable activities:					
- Educational operations	8	-	8,844,427	149,402	8,993,829
Total	7	<u>212,044</u>	<u>8,844,427</u>	<u>149,402</u>	<u>9,205,873</u>
Net income/(expenditure)		89,554	(587,914)	(119,724)	(618,084)
Other recognised gains/(losses)					
Actuarial gains on defined benefit pension schemes	19	-	507,000	-	507,000
Net movement in funds		89,554	(80,914)	(119,724)	(111,084)
Reconciliation of funds					
Total funds brought forward		<u>260,138</u>	<u>223,854</u>	<u>1,214,162</u>	<u>1,698,154</u>
Total funds carried forward		<u>349,692</u>	<u>142,940</u>	<u>1,094,438</u>	<u>1,587,070</u>

LORD LAWSON OF BEAMISH ACADEMY

BALANCE SHEET

AS AT 31 AUGUST 2019

	Notes	2019		2018	
		£	£	£	£
Fixed assets					
Intangible assets	12		1		3,776
Tangible assets	13		1,024,383		1,084,311
			<u>1,024,384</u>		<u>1,088,087</u>
Current assets					
Debtors	14	322,457		601,076	
Cash at bank and in hand		2,942,092		2,723,913	
		<u>3,264,549</u>		<u>3,324,989</u>	
Current liabilities					
Creditors: amounts falling due within one year	15	(1,918,100)		(2,041,006)	
		<u></u>		<u></u>	
Net current assets			1,346,449		1,283,983
			<u></u>		<u></u>
Net assets excluding pension liability			2,370,833		2,372,070
			<u></u>		<u></u>
Defined benefit pension scheme liability	19		(1,678,000)		(785,000)
			<u></u>		<u></u>
Total net assets			692,833		1,587,070
			<u></u>		<u></u>
Funds of the academy trust:					
Restricted funds	17				
- Fixed asset funds			1,122,588		1,094,438
- Restricted income funds			872,841		927,940
- Pension reserve			(1,678,000)		(785,000)
			<u>317,429</u>		<u>1,237,378</u>
Total restricted funds			317,429		1,237,378
			<u></u>		<u></u>
Unrestricted income funds	17		375,404		349,692
			<u></u>		<u></u>
Total funds			692,833		1,587,070
			<u></u>		<u></u>

The accounts on pages 28 to 53 were approved by the trustees and authorised for issue on and are signed on their behalf by:

.....
C P Smith
Chair

Company Number 07908404

LORD LAWSON OF BEAMISH ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 AUGUST 2019

	Notes	2019 £	£	2018 £	£
Cash flows from operating activities					
Net cash provided by operating activities	20		120,670		20,865
Cash flows from investing activities					
Dividends, interest and rents from investments		1,530		1,483	
Capital grants from DfE Group		106,149		29,678	
Purchase of tangible fixed assets		(10,170)		(23,325)	
Net cash provided by investing activities			97,509		7,836
Net increase in cash and cash equivalents in the reporting period			218,179		28,701
Cash and cash equivalents at beginning of the year			2,723,913		2,695,212
Cash and cash equivalents at end of the year			2,942,092		2,723,913

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

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

1.1 Basis of preparation

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

Lord Lawson of Beamish Academy 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, ie whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the charitable company 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 accounts 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 accounts.

The reported share of the LGPS deficit in the year has a significant impact on our restricted funds, however we draw your attention to the cash reserves held by the academy as well as the balances held in unrestricted and restricted general reserves.

1.3 Income

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

Grants

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

General Annual Grant is recognised in full in the statement of financial activities in the period for which it is receivable, and any abatement in respect of the period is deducted from income and recognised as a liability.

Capital grants are recognised 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.

Sponsorship income

Sponsorship income provided to the academy trust which amounts to a donation is recognised in the statement of financial activities in the period in which it is receivable (where there are no performance-related conditions), where the receipt is probable and it can be measured reliably.

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Donations

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

Other income

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

Donated goods, facilities and services

Goods donated for resale are included at fair value, being the expected proceeds from sale less the expected costs of sale. If it is practical to assess the fair value at receipt, it is recognised in stock and 'Income from other trading activities'. Upon sale, the value of the stock is charged against 'Income from other trading activities' and the proceeds are recognised as 'Income from other trading activities'. Where it is impractical to fair value the items due to the volume of low value items they are not recognised in the accounts until they are sold. This income is recognised within 'Income from other trading activities'.

Donated fixed assets

Donated fixed assets are measured at fair value unless it is impractical to measure this reliably, in which case the cost of the item to the donor is used. The gain is recognised as income from donations 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 is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges are allocated on the portion of the asset's use.

All resources expended are inclusive of irrecoverable VAT.

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.

1.5 Intangible fixed assets and amortisation

Intangible assets costing £3,000 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 fixed assets at rates calculated to write off the cost of each asset over its expected useful life, as follows:

- Purchased computer software - 3 years straight line

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

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

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

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

Building improvements	50 years straight line
Computer equipment	3 years straight line
Fixtures, fittings and equipment	5-10 years straight line

Land and buildings have not been transferred to the academy. The footprint of the school building is owned by the PFI company and occupied by the academy on a lease with the local authority. The remaining land is owned by Gateshead Borough Council and leased to the academy for 125 years. Additions to the building are funded by the Academy and have therefore been capitalised.

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.

1.7 Liabilities

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy trust anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

1.8 Leased assets

Rentals payable under operating leases are charged against income on a straight line basis over the period of the lease.

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 basis are as follows.

Financial assets

Trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost. Prepayments are not financial instruments.

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

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

Financial liabilities

Trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost. 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 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 chapter 3 part 11 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.

1.11 Pensions benefits

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

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. The TPS is an unfunded multi-employer scheme with no underlying assets to assign between employers. Consequently, the TPS is treated as a defined contribution scheme for accounting purposes and the contributions are 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 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 Education and Skills Funding Agency and Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received and include grants from the Education and Skills Funding Agency, Department for Education and Local Authority.

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

1 Accounting policies

(Continued)

1.13 Private finance initiative

The academy occupies buildings which have been procured by Gateshead Local Authority as a PFI project. The academy pays revenue contributions in respect of facilities management and in respect of lease payments for use of the facilities. The academy does not have any rights or obligations of ownership in respect of these assets, is restricted as to its use of the facilities, and therefore they are not included on the academy's balance sheet. The revenue payment for service (net of affordability gap contribution) and payment for use of the premises are recognised in the SOFA. The commitment to make future payments is disclosed in note 21.

1.14 Agency arrangements

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

2 Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

2 Critical accounting estimates and areas of judgement

(Continued)

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 19, 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 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. 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.

McCloud

In 2015 the government introduced reforms to public sector pensions resulting in most public sector workers being transferred to a new scheme. In December 2018, the Court of Appeal ruled that the 'transitional protections' offered to some members of the judges and firefighter schemes as part of the reforms amounted to unlawful discrimination. While the judgement was not in relation to the LGPS it is reasonable to expect that it will need to be applied to this scheme by the government. Actuaries have estimated that the additional liabilities associated with this to be around 3-4% of active liabilities. As this has been considered to be potentially material to the financial statements the year end valuation performed by the actuary has included an approximate calculation of the McCloud valuation. This has increased the LGPS liability by £119,000 as at 31 August 2019.

GMP

GMP This case related to the equalisation for men and women of guaranteed minimum pension (GMP) for those who were contracted out of the State Second Pension between 6 April 1978 and 6 April 1997. In October 2018 the High Court ruled that equalisation of GMP was required. This case was in relation to Lloyds Bank and HM Treasury have since gone on record to state public sector schemes have a method to equalise GMP already. Although there is some judgement in how this equalisation works and is reflected in the LGPS valuations, actuaries have estimated that the impact of GMP indexation to be around 0.3% of total liabilities and they have included an approximate calculation of the GMP valuation. This has increased the LGPS liability by £5,000 as at 31 August 2019.

3 Donations and capital grants

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Capital grants	-	106,149	106,149	29,678
Other donations	2,260	-	2,260	2,568
	<u>2,260</u>	<u>106,149</u>	<u>108,409</u>	<u>32,246</u>

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

4 Funding for the academy trust's educational operations

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
DfE / ESFA grants				
General annual grant (GAG)	-	8,094,749	8,094,749	7,894,918
Other DfE group grants	-	435,608	435,608	306,101
	-	8,530,357	8,530,357	8,201,019
Other government grants				
Local authority grants	-	44,607	44,607	55,494
Other funding				
Other incoming resources	-	14,100	14,100	-
Total funding	-	8,589,064	8,589,064	8,256,513

5 Other trading activities

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Lettings	11,000	-	11,000	11,083
Catering income	35,049	-	35,049	35,000
School trips	142,643	-	142,643	178,129
Other income	46,319	-	46,319	73,335
	235,011	-	235,011	297,547

6 Investment income

	Unrestricted funds £	Restricted funds £	Total 2019 £	Total 2018 £
Short term deposits	1,530	-	1,530	1,483

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

7 Expenditure

	Staff costs	Non Pay Expenditure		Total	Total
	£	Premises	Other	2019	2018
	£	£	£	£	£
Expenditure on raising funds					
- Direct costs	-	-	213,089	213,089	212,044
Academy's educational operations					
- Direct costs	5,494,338	-	579,690	6,074,028	6,193,700
- Allocated support costs	826,422	1,731,632	340,080	2,898,134	2,800,129
	<u>6,320,760</u>	<u>1,731,632</u>	<u>1,132,859</u>	<u>9,185,251</u>	<u>9,205,873</u>

Net income/(expenditure) for the year includes:

	2019	2018
	£	£
Fees payable to auditor for:		
- Audit	6,250	6,050
- Other services	5,250	5,420
Operating lease rentals	11,226	19,252
Depreciation of tangible fixed assets	70,098	141,425
Amortisation of intangible fixed assets	3,775	7,977
Net interest on defined benefit pension liability	17,000	26,000
	<u>177,599</u>	<u>233,124</u>

8 Charitable activities

	2019	2018
	£	£
All from restricted funds:		
Direct costs		
Educational operations	6,074,028	6,193,700
Support costs		
Educational operations	2,898,134	2,800,129
	<u>8,972,162</u>	<u>8,993,829</u>

	2019	2018
	£	£
Analysis of support costs		
Support staff costs	826,422	717,285
Depreciation and amortisation	73,873	149,402
Premises costs	1,657,759	1,629,584
Other support costs	274,226	234,772
Governance costs	65,854	69,086
	<u>2,898,134</u>	<u>2,800,129</u>

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

Staff costs

Staff costs during the year were:

	2019	2018
	£	£
Wages and salaries	4,678,132	4,782,945
Social security costs	482,438	468,017
Pension costs	943,734	863,828
	<hr/>	<hr/>
Amounts paid to employees	6,104,304	6,114,790
Agency staff costs	62,081	63,847
Staff restructuring costs	154,375	-
	<hr/>	<hr/>
Amounts paid to staff	6,320,760	6,178,637
Staff development and other staff costs	38,362	28,674
	<hr/>	<hr/>
Total staff expenditure	<u>6,359,122</u>	<u>6,207,311</u>
 Staff restructuring costs comprise:		
Redundancy payments	<u>154,375</u>	<u>-</u>

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £105,984 (2018: £nil). Individually, the payments were: £45,000, £26,543, £26,543 and £7,898.

Staff numbers

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

	2019	2018
	Number	Number
Teachers	103	112
Administration and support	41	61
Management	9	10
	<hr/>	<hr/>
	<u>153</u>	<u>183</u>

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

9 Staff

(Continued)

Higher paid staff

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

	2019 Number	2018 Number
£60,001 - £70,000	1	2
£80,001 - £90,000	-	1
£110,001 - £120,000	1	1
£120,001 - £130,000	2	-
	<u> </u>	<u> </u>

The above includes three one off settlement arrangements which has increased the bandings from the previous year.

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 and national insurance contributions) received by key management personnel for their services to the academy trust was £907,661 (2018: £776,498).

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

10 Trustees' remuneration and expenses

One or more of the trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The principal and other staff trustees only receive remuneration in respect of services they provide undertaking the roles of principal and staff members under their contracts of employment, and not in respect of their services as trustees.

The value of trustees' remuneration and other benefits was as follows:

Mr M Lovatt (Principal to 22 January 2019)

Remuneration £115,001 - £120,000 (2018: £110,001 - £115,000)

Employer's pension contributions £10,001 - £15,000 (2018: £15,001 - £20,000)

Mr G Thompson (Subject leader PE resigned 24 September 2018)

Remuneration £nil (2018: £40,001 - £45,000)

Employer's pension contributions £nil (2018: £5,001 - £10,000)

Mrs A Robertson (HLTA)

Remuneration £15,001 - £20,000 (2018: £20,001 - £25,000)

Employer's pension contributions £1 - £5,000 (2018: £1 - £5,000)

Mr Surtees (Staff trustee appointed 1 November 2018)

Remuneration £45,001 - £50,000 (2018: £nil)

Employer's pension contributions £5,001 - £10,000 (2018: £nil)

Mr S Hawkins (Acting Principal from 24 January 2019 to 20 June 2019)

Remuneration £45,001 - £50,000 (2018: £nil)

Employer's pension contributions £nil (2018: £nil)

Mr A Fowler (Principal from 24 June 2019)

Remuneration £15,001 - £20,000 (2018: £nil)

Employer's pension contributions £1 - £5,000 (2018: £nil)

During the year expenses amounting to £1,037 (2018: £75) were paid to trustees.

Other related party transactions involving the trustees are set out within the related parties note.

11 Trustees and officers insurance

In accordance with normal commercial practice, the academy trust has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy trust business. The insurance provides cover up to £5,000,000 (2018: £5,000,000) on any one claim and the cost for the year ended 31 August 2019 was £359 (2018: £359).

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

12 Intangible fixed assets

	Computer software £
Cost	
At 1 September 2018 and at 31 August 2019	23,934
Amortisation	
At 1 September 2018	20,158
Charge for year	3,775
At 31 August 2019	23,933
Carrying amount	
At 31 August 2019	1
At 31 August 2018	3,776

13 Tangible fixed assets

	Building improvements £	Computer equipment £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 September 2018	1,043,984	534,425	974,798	2,553,207
Additions	-	-	10,170	10,170
At 31 August 2019	1,043,984	534,425	984,968	2,563,377
Depreciation				
At 1 September 2018	79,080	476,091	913,725	1,468,896
Charge for the year	19,566	36,995	13,537	70,098
At 31 August 2019	98,646	513,086	927,262	1,538,994
Net book value				
At 31 August 2019	945,338	21,339	57,706	1,024,383
At 31 August 2018	964,904	58,334	61,073	1,084,311

14 Debtors

	2019 £	2018 £
Trade debtors	1,144	1,680
VAT recoverable	135,115	465,033
Prepayments and accrued income	186,198	134,363
	322,457	601,076

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

15 Creditors: amounts falling due within one year	2019	2018
	£	£
Trade creditors	20,110	32,358
Other taxation and social security	117,089	124,262
Other creditors	164,273	159,685
Accruals and deferred income	1,616,628	1,724,701
	<u>1,918,100</u>	<u>2,041,006</u>
	<u><u>1,918,100</u></u>	<u><u>2,041,006</u></u>
16 Deferred income	2019	2018
	£	£
Deferred income is included within:		
Creditors due within one year	16,737	62,332
	<u>16,737</u>	<u>62,332</u>
	<u><u>16,737</u></u>	<u><u>62,332</u></u>
Deferred income at 1 September 2018	62,332	78,231
Released from previous years	(62,332)	(78,231)
Resources deferred in the year	16,737	62,332
	<u>16,737</u>	<u>62,332</u>
Deferred income at 31 August 2019	<u><u>16,737</u></u>	<u><u>62,332</u></u>

Deferred income consists of money received for trips due to take place in the next academic year. Deferred income for the prior year also includes rates relief received relating to the following year.

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

	Balance at 1 September 2018 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2019 £
Restricted general funds					
General Annual Grant (GAG)	927,940	8,094,749	(8,160,628)	4,126	866,187
Other DfE / ESFA grants	-	435,608	(435,608)	-	-
Other government grants	-	44,607	(44,607)	-	-
Other restricted funds	-	14,100	(7,446)	-	6,654
Pension reserve	(785,000)	-	(250,000)	(643,000)	(1,678,000)
	<u>142,940</u>	<u>8,589,064</u>	<u>(8,898,289)</u>	<u>(638,874)</u>	<u>(805,159)</u>
Restricted fixed asset funds					
DfE group capital grants	619,708	106,149	(25,835)	(4,126)	695,896
Capital expenditure from GAG	474,730	-	(48,038)	-	426,692
	<u>1,094,438</u>	<u>106,149</u>	<u>(73,873)</u>	<u>(4,126)</u>	<u>1,122,588</u>
Total restricted funds	<u>1,237,378</u>	<u>8,695,213</u>	<u>(8,972,162)</u>	<u>(643,000)</u>	<u>317,429</u>
Unrestricted funds					
General funds	<u>349,692</u>	<u>238,801</u>	<u>(213,089)</u>	<u>-</u>	<u>375,404</u>
Total funds	<u>1,587,070</u>	<u>8,934,014</u>	<u>(9,185,251)</u>	<u>(643,000)</u>	<u>692,833</u>

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

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

General Annual Grant must be used for the normal running costs of the academy. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2019.

Other DfE/ESFA grants include pupil premium, teachers' pay grant, other DfE and year 7 catch-up funding.

Other government grants includes funding for pupils with special educational needs.

Other restricted grants include admin recharge, training and other grants.

The pension reserve reflects the LGPS transactions. The costs and income associated with the defined benefit pension scheme have been recorded in the restricted fund. Staff costs are paid from this fund, including contributions to the LGPS, and the pension liability has therefore been aligned with these funds.

Capital grants include devolved formula capital grant which has been spent on capital expenditure.

The inherited fixed asset fund reflects the fixed assets acquired on conversion. Depreciation on these assets is charged against this fund.

Capital expenditure in the year has also been funded by GAG. Transfers between these funds are reflected in the gains, losses and transfers column.

Unrestricted funds can be used for any purpose at the discretion of the academy.

The academy's restricted general and unrestricted funds were £1,248,245 at 31 August 2019.

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

17 Funds

(Continued)

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

	Balance at 1 September 2017 £	Income £	Expenditure £	Gains, losses and transfers £	Balance at 31 August 2018 £
Restricted general funds					
General Annual Grant (GAG)	1,357,854	7,894,918	(8,324,832)	-	927,940
Other DfE / ESFA grants	-	306,101	(306,101)	-	-
Other government grants	-	55,494	(55,494)	-	-
Pension reserve	(1,134,000)	-	(158,000)	507,000	(785,000)
	<u>223,854</u>	<u>8,256,513</u>	<u>(8,844,427)</u>	<u>507,000</u>	<u>142,940</u>
Restricted fixed asset funds					
DfE group capital grants	606,684	29,678	(16,654)	-	619,708
Capital expenditure from GAG	607,478	-	(132,748)	-	474,730
	<u>1,214,162</u>	<u>29,678</u>	<u>(149,402)</u>	<u>-</u>	<u>1,094,438</u>
Total restricted funds	<u>1,438,016</u>	<u>8,286,191</u>	<u>(8,993,829)</u>	<u>507,000</u>	<u>1,237,378</u>
Unrestricted funds					
General funds	<u>260,138</u>	<u>301,598</u>	<u>(212,044)</u>	<u>-</u>	<u>349,692</u>
Total funds	<u>1,698,154</u>	<u>8,587,789</u>	<u>(9,205,873)</u>	<u>507,000</u>	<u>1,587,070</u>

18 Analysis of net assets between funds

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2019 are represented by:				
Intangible fixed assets	-	-	1	1
Tangible fixed assets	-	-	1,024,383	1,024,383
Current assets	398,141	2,768,204	98,204	3,264,549
Creditors falling due within one year	(22,737)	(1,895,363)	-	(1,918,100)
Defined benefit pension liability	-	(1,678,000)	-	(1,678,000)
Total net assets	<u>375,404</u>	<u>(805,159)</u>	<u>1,122,588</u>	<u>692,833</u>

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

18 Analysis of net assets between funds

(Continued)

	Unrestricted Funds £	Restricted funds: General £	Fixed asset £	Total Funds £
Fund balances at 31 August 2018 are represented by:				
Intangible fixed assets	-	-	3,776	3,776
Tangible fixed assets	-	-	1,084,311	1,084,311
Current assets	176,959	3,141,679	6,351	3,324,989
Creditors falling due within one year	172,733	(2,213,739)	-	(2,041,006)
Defined benefit pension liability	-	(785,000)	-	(785,000)
Total net assets	349,692	142,940	1,094,438	1,587,070

19 Pension and similar obligations

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

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and that of the LGPS related to the period ended 31 March 2016.

Contributions amounting to £91,168 (2018: £95,692) were payable to the schemes at 31 August 2019 and are included within creditors.

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS or scheme) is a statutory, unfunded, defined benefit occupational scheme, governed by the Teachers' Pensions Regulations 2010 (as amended), and the Teachers' Pension Scheme Regulations 2014 (as amended). These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' pension budgeting and valuation account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and Public Service Pensions Act (2013) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – contributions from members, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Acts.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

Valuation of the Teachers' Pension Scheme

The latest valuation of the Teachers' Pension Scheme has now taken place, in line with directions issued by HM Treasury and using membership data as at 31 March 2016. As a result of this valuation TPS employers will pay an increased contribution rate of 23.68% from September 2019 (this includes the administration levy of 0.8%). The timing of the implementation is to align its introduction with employers' budget planning cycles. Until then, employers will pay the current rate of 16.48%.

A copy of the latest valuation report can be found by following this link to [the Teachers' Pension Scheme website](#)

Scheme changes

The arrangements for a reformed Teachers' Pension Scheme, in line with the recommendations made by Lord Hutton, in particular the introduction of a Career Average Revalued Earnings (CARE) scheme, were implemented from 1 April 2015.

In December 2018, the Court of Appeal held that transitional protection provisions contained in the reformed judicial and firefighter pension schemes, introduced as part of public service pension reforms in 2015, gave rise to direct age discrimination and were therefore unlawful. The Supreme Court, in a decision made in June 2019, have rejected the Government's application for permission to appeal the Court of Appeal's ruling. The case will now be referred to an Employment Tribunal for a decision regarding the remedy which will need to be offered to those members of the two schemes who were subject of the age discrimination.

HM Treasury are clear that the ruling has implications for the other public service schemes, including the Teachers' Pension Scheme. Those implications are currently being considered and any impact on scheme costs is expected to be looked at within the next scheme valuation, which is currently scheduled to be based on April 2020 data and implemented in April 2023.

The employer's pension costs paid to the TPS in the period amounted to £560,475 (2018: £585,584).

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.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contributions are as noted below. The agreed contribution rates for future years are 16.9% for employers and 5.5 - 12.5% for employees. The estimated value of employer contributions for the forthcoming year is £146,000 (2018: £138,000).

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.

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations (Continued)

Total contributions made	2019 £	2018 £
Employer's contributions	146,000	147,000
Employees' contributions	50,000	52,000
Total contributions	<u>196,000</u>	<u>199,000</u>

Principal actuarial assumptions	2019 %	2018 %
Rate of increase in salaries	3.5	3.5
Rate of increase for pensions in payment/inflation	2.0	2.0
Discount rate for scheme liabilities	1.9	2.8
Inflation assumption (CPI)	<u>2.0</u>	<u>2.0</u>

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

	2019 Years	2018 Years
Retiring today		
- Males	21.9	22.9
- Females	25.1	26.4
Retiring in 20 years		
- Males	23.6	25.1
- Females	<u>26.9</u>	<u>28.7</u>

Scheme liabilities would have been affected by changes in assumptions as follows:

The academy trust's share of the assets in the scheme	2019 Fair value £	2018 Fair value £
Equities	2,721,525	2,584,575
Government bonds	170,355	153,160
Corporate bonds	473,670	428,848
Cash	87,255	84,238
Property	357,330	325,465
Other assets	344,865	252,714
Total market value of assets	<u>4,155,000</u>	<u>3,829,000</u>

The actual return on scheme assets was £224,000 (2018: £320,000).

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

19 Pension and similar obligations

(Continued)

Amount recognised in the Statement of Financial Activities	2019 £	2018 £
Current service cost	255,000	279,000
Past service cost	124,000	-
Interest income	(109,000)	(86,000)
Interest cost	126,000	112,000
Total operating charge	<u>396,000</u>	<u>305,000</u>
Changes in the present value of defined benefit obligations	2019 £	2018 £
At 1 September 2018	4,614,000	4,467,000
Current service cost	255,000	279,000
Interest cost	126,000	112,000
Employee contributions	50,000	52,000
Actuarial loss/(gain)	758,000	(273,000)
Benefits paid	(94,000)	(23,000)
Past service cost	124,000	-
At 31 August 2019	<u>5,833,000</u>	<u>4,614,000</u>
Changes in the fair value of the academy trust's share of scheme assets	2019 £	2018 £
At 1 September 2018	3,829,000	3,333,000
Interest income	109,000	86,000
Actuarial gain	115,000	234,000
Employer contributions	146,000	147,000
Employee contributions	50,000	52,000
Benefits paid	(94,000)	(23,000)
At 31 August 2019	<u>4,155,000</u>	<u>3,829,000</u>

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

20 Reconciliation of net expenditure to net cash flow from operating activities

	2019 £	2018 £
Net expenditure for the reporting period (as per the statement of financial activities)	(251,237)	(618,086)
Adjusted for:		
Capital grants from DfE and other capital income	(106,149)	(29,678)
Investment income receivable	(1,530)	(1,483)
Defined benefit pension costs less contributions payable	233,000	132,000
Defined benefit pension scheme finance cost	17,000	26,000
Depreciation of tangible fixed assets	70,098	141,425
Amortisation of intangible fixed assets	3,775	7,977
Decrease/(increase) in debtors	278,619	(258,651)
(Decrease)/increase in creditors	(122,906)	621,361
Net cash provided by operating activities	120,670	20,865

21 Commitments under operating leases

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

	2019 £	2018 £
Amounts due within one year	14,484	19,252
Amounts due in two and five years	57,936	-
	<u>72,420</u>	<u>19,252</u>

At 31 August 2019 the total future minimum payments under non-cancellable PFI contracts were as follows:

	2019 £	2018 £
Amounts due within one year	1,382,834	1,342,485
Amounts due in two and five years	5,531,338	5,369,939
Amounts due after five years	9,679,841	10,739,878
	<u>16,594,013</u>	<u>17,452,302</u>

LORD LAWSON OF BEAMISH ACADEMY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2019

22 Related party transactions

Owing to the nature of the academy trust's operations 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 academy trust has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy trust's financial regulations and normal procurement procedures.

No other related party transactions took place in the period of account other than certain trustees' remuneration already disclosed in note 10.

23 Members' liability

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

24 Agency arrangements

The academy trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting period ending 31 August 2019 the trust brought forward £64,053 (2018: 49,638) from previous years, received £20,039 (£20,132) and disbursed £10,988 (2018: £5,717) from the fund. An amount of £73,104 (2018: £64,053) is included in other creditors relating to undistributed funds that is repayable to ESFA.