

The Bay Learning Trust
(A Company Limited by Guarantee)

Annual Report and Financial Statements

Year Ended 31st August 2021

The Bay Learning Trust

Annual Report and Financial Statements

Year Ended 31st August 2021

Contents

	Page
Reference and Administrative Details	2
Trustees' Report	4
Governance Statement	13
Statement on Regularity, Propriety and Compliance	16
Statement of Trustees' Responsibilities	17
Independent Auditor's Report to the Members	18
Independent Reporting Accountant's Assurance Report on Regularity	21
Statement of Financial Activities incorporating Income & Expenditure Account	23
Balance Sheet	24
Statement of Cash Flows	25
Notes to the Financial Statements	26

The Bay Learning Trust

Reference and Administrative Details

Year Ended 31st August 2021

Members

Prof J Crewdson
Canon S Whittaker
Rev Canon C Newlands (resigned 28th February 2021)
Prof C J Carr
Rt Revd Dr J Duff
Rev Canon L Vasey-Saunders (appointed 1st September 2021)

Trustees

Mr B Ardern
Rev Canon P Ballard
Mr P Boustead
Mrs D Cheetham
Prof J Crewdson (Chairman)
Mr M Dudfield
Mrs N Gomersall
Mr C Hopkinson
Mrs S Kenyon (Accounting Officer, appointed 1st September 2020)
Mrs J Watson
Mr R Webb (resigned 17th September 2021)
Mrs V Wilson

The Bay Learning Trust Executive Team

Mrs S Kenyon (CEO, appointed 1st September 2020)
Mrs C Walmsley (Principal, Ripley St Thomas CE Academy from 1st September 2020)
Mr T Iddon (Principal of Carnforth High School)
Mrs V Michael (Principal, Morecambe Bay Academy until 31st December 2020)
Mrs H McClurg (Principal, Morecambe Bay Academy from 1st January 2021)
Dr N Walmsley (Principal of Central Lancaster High School until 31st August 2021)
Mr J Cowper (Acting Principal of Central Lancaster High School from 1st September 2021)
Mr A McKinnell (Chief Operating Officer/Chief Financial Officer)
Mr I Gomersall (Director of Operations)
Mrs J Bostock (Director of SCITT until 31st August 2021)
Mrs S Farrimond (Director of SCITT from 1st September 2021)
Mrs L Winston (Clerk to the Trust Board until 6th June 2021)
Mrs F Graham (Clerk to the Trust Board from 1st November 2021)

(Continued)

The Bay Learning Trust

Reference and Administrative Details

Year Ended 31st August 2021

Principal and Registered Office

The Lodge
Ashton Road
Lancaster
LA1 4RR

Company Registration Number

07588464

Independent Auditor

CWR Chartered Accountants
20 Mannin Way
Caton Road
Lancaster
LA1 3SW

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

The trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period from the 1st September 2020 to the 31st August 2021. The annual report serves the purposes of both a trustees' report, and a directors' report including a strategic report under company law.

The Trust operates four academies for pupils aged 11-18 in Lancaster, Lancashire; Ripley St Thomas Church of England Academy, Carnforth High School, Morecambe Bay Academy and Central Lancaster High School.

Structure, Governance and Management

1.1 Constitution

The 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 Trust. The trustees of The Bay Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company is known as The Bay Learning Trust.

Details of the trustees who served throughout the year except as noted are included in the Reference and Administrative Details on page 2.

1.2 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.

1.3 Trustees' Indemnities

The trustees' are indemnified in respect of their legal liability for financial loss arising as a result of a negligent act, accidental error or omission in the course of their official duties. The limit of this indemnity is £10,000,000 (note 11).

1.4 Method of Recruitment and Appointment or Election of Trustees

The Members appoint a minimum of 7 trustees. In addition the trustees may appoint up to 6 co-opted trustees.

1.5 Policies and Procedures Adopted for the Induction and Training of Trustees.

Newly appointed trustees are provided with recent minutes and other key documents prior to an induction session with the CEO and Chair of Trustees. The trustees have access to training, and, where appropriate, trustee meeting agendas include a focus item on key issues.

1.6 Organisational Structure

The trustees are responsible for setting general policy, adopting an annual plan and budget, monitoring the Trust by the use of budgets and making major decisions about the direction of the Trust, capital expenditure and all trust staff appointments.

The Bay Learning Trust Executive Team consists of the Chief Executive Officer, Principal of Ripley St Thomas CE Academy, Principal of Carnforth High School, Principal of Central Lancaster High School and Principal of Morecambe Bay Academy, Chief Operating Officer / Chief Financial Officer, Director of Operations, Director of the SCITT, and the Clerk to the Trust (Governance Professional). These leaders control the Trust at an executive level implementing the policies laid down by the trustees and reporting back to them. As a group the Trust Executive Team is responsible for the authorisation of spending within agreed budgets and the appointment of staff, though appointment boards for posts in the Executive Team always contain a trustee.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

1.7 Arrangements for Setting Pay and Remuneration of Key Management Personnel

Arrangements for setting pay and remuneration are set out in the Trust Pay Policy.

1.8 Related Parties and Other Connected Charities and Organisations

There are no connected organisations in the year. Related party transactions are disclosed in note 28 to the accounts.

1.10 Engagement with Employees (including disabled persons)

The Trust has around 500 employees engaged across the four Trust schools. In addition the Trust has 8 Central Team employees.

In the main, the Principals and senior leaders in each school communicate with staff, holding regular staff meetings, which, due to ongoing COVID restrictions, have occurred both virtually and face-to-face in smaller, socially distanced groups. Staff also receive weekly bulletins from senior leaders regarding issues arising in school.

Prior to the COVID restrictions, half-termly subject specific networking groups had been established to allow for the sharing of good practice and ideas across staff in all Trust schools. In addition, School Business Managers and HR networking meetings were arranged to discuss common issues and problems arising to enable collaboration on solutions and new projects. These networking groups have been disrupted by the global pandemic but will be re-established in the Autumn Term.

The Trust is committed to ensuring good relationships develop and are maintained with recognised Trade Unions. A Trade Union Recognition Agreement was finalised in March 2018 and regular meetings of the Joint Consultation and Negotiation Committee (JCNC) have taken place since then. The JCNC has been consulted on Trust HR policies and staff issues and since the start of the COVID-19 restrictions have been closely consulted regarding the wider opening of Trust schools, risk assessments and the protection of clinically vulnerable members of staff. There have also been regular consultation meetings with staff and members of Trade Unions at a local level.

The Trust intends to carry out a staff survey in the Autumn Term and responses will be considered at both Trust and school level.

Staff are engaged in discussions regarding the educational performance of their students. Key information about this and other performance information is published on each Trust academy school website.

The Trust is committed to promoting equality of opportunity for all staff and job applicants as set out in its Equal Opportunities Policy, which is published on the Trust website. The Equal Opportunities Policy states that we will not unlawfully discriminate against staff on the basis of disability. The Equal Opportunities Policy applies to all aspects of the Trust's relationship with staff and to relations between staff members at all levels. This includes job advertisements, recruitment, selection, training and development, opportunities for promotion, conditions of service, pay and benefits.

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

The Trust works with both internal and external stakeholders in accordance with the "Seven Principles of Public Life" these being: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership. The Trust relies on external suppliers for the provision of key services and said suppliers are treated on the same basis to establish and maintain a good working relationship.

The Trust's procurement procedure is dealt with in accordance with the provisions of its Financial Framework, which sets out the correct process to be followed and the relevant financial delegations applying across all Trust academy schools. The Trust aims to achieve best value for money and best price possible from all its suppliers given that a large proportion will be paid for with public funds. The Trust is required to maintain the integrity of those funds whilst ensuring that a fair process is published and followed.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

Communication with students and parents/carers has been established through use of an individual school's method of connecting students and parents to school, which includes email, text and use of web-based applications such as SCOPAY. These methods of communication have proved to be invaluable during the COVID-19 lockdown when, following government instruction, only small numbers of students were able to attend Trust schools. Engagement with parents and students has been challenging this year but Trust schools have sought to adapt and have provided virtual tours, virtual parents' evenings and other events, including the provision of on-line learning, where face-to-face interactions have not been possible.

The Trust and all of its schools fall within the Lancashire County Council area which has responsibility for admissions to all secondary schools. Trust schools still 'buy-into' some services from the County Council and the Trust has, where appropriate, followed guidance issued by the County Council Medical Officer in its dealings with the wider opening of Trust academy schools.

Objectives and Activities

2.1 Objects and Aims

The aim of the Trust is to build a strong and supportive family of schools in the North West that work closely together to secure an excellent education for all our young people. The Trust will:

- Provide value for money for the funds expended
- Comply with all appropriate statutory and curriculum requirements
- Conduct trust business in accordance with the highest standards of integrity, probity and openness

2.2 Objectives, Strategies and Activities

The Trust's strategic objectives include:

- To improve and sustain high levels of school performance
- To develop a self-sustaining community that learns from each other and from the best available external practice
- To allow schools to focus on teaching and learning through a central team that supports them with finance, buildings and staffing
- To ensure that our schools remain financially sustainable
- To develop our premises to create the best possible learning environment

The trustees recognise that equal opportunities should be an integral part of all good practice within the workplace. The Trust aims to establish equal opportunity in all areas of its activities including creating a working environment in which the contribution and needs of all people are fully valued.

2.3 Public Benefit

The trustees have considered the Charity Commission's guidance on Public Benefit. The key public benefit is currently delivered by the Trust through the maintenance and development of the high-quality education provided by its academies.

In doing this, academies not only offer a broadly-based academic education but aim to educate the whole individual. A very wide range of extra-curricular activities, educational trips, visits and foreign trips is offered and undertaken.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

3. Strategic report

3.1 Achievements and Performance

Standards have improved across the MAT schools with a number of areas of high performance. Action plans have been drawn up to ensure rapid improvement where necessary. The Trust has benefitted greatly from the Department for Education Capital Improvement Fund (CIF) to improve the fabric and infrastructure of our schools. The Trust has closed the Sixth Form at Carnforth High School due to small class sizes. Carnforth High School has increased its Pupil Access Number (PAN) for pupils aged 11-16 due to being continually over-subscribed.

The School Centred Initial Teacher Training provision (SCITT) continues to expand. This year they recruited over 40 trainees. Many of their trainees, both primary and secondary find employment within the Trust. The Trust has recruited a new Director of the SCITT and two Deputy Directors, one for secondary and one for primary. This provides the capacity needed to expand rapidly.

The Trust has a team of School Improvement Partners (SIPs) providing high-quality support to the Principals and their teams. They ensure that there is regular, objective feedback on standards in all of the Trust schools. The Trust has replaced the governing body at Central Lancaster High School with an Academy Improvement Board in order to continue the trajectory of improvements. The School Improvement Team also provides support to 5 Lancashire Secondary schools via a service- level agreement.

The Trust provided formal support for Castle View Primary school using Emergency School Improvement Funding (ESIF). This support took place between October 2020 and March 2021. An Ofsted visit in March 2021 was very positive and highlighted the improvements that had been made.

All of the Trust schools have remained open during the pandemic and have provided continuous high-quality education during periods of lockdown. Attendance since the return to school has been positive. Leaders are providing more support for pupils' mental health needs which have increased since the January 2021 Lockdown.

3.2 Key Performance Indicators

The Trust continues to monitor the performance of its schools through its School Improvement Team. There are no national comparator data for the past two years by which to measure our performance. All schools achieved outcomes last year at least in-line with historical national averages. We are acutely aware that these data are not comparable with previous years because pupils were not assessed on the full breadth of the National Curriculum.

The Trust now has a three year Key Stage 3 in each of its schools to ensure that pupils experience the full breadth and depth of the national curriculum. The Trust continues to review our curricula to ensure that they provide the highest levels of ambition and challenge for our pupils.

The Trust operates in line with the requirements of its Funding Agreement with the Education and Skills Funding Agency (ESFA) and manages its reserves in line with the Trust's Financial Framework.

3.3 Going Concern

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

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

3.4 Promoting the Success of the Trust

The Trust provides systems, structures and external networks to support the work in the Trust schools to enable them to prioritise their time on teaching, learning strategies and outcomes at their schools. The Trust believes that this allows school leadership and local committees to focus on the needs of the students in their schools within a supportive framework.

The Trust works hard to ensure that each school environment is fit for purpose and that environmental impact is considered when decisions are made regarding Trust infrastructure. Recent building projects at Trust schools have used local and regional workforces and ecological standards have been observed.

The professional conduct of our trustees, governors, staff and visitors is of utmost importance to the Trust. All are expected to abide by relevant codes of conduct and Trust policy.

4. Financial Review

4.1 Operating and Financial Review

Most of the Trust's income is obtained from the DfE in the form of its General Annual Grant (GAG), the use of which is restricted to particular purposes; i.e. the objectives of the Trust. The GAG received during the period covered by this report and the associated expenditure is shown as restricted funds in the statement of financial activities.

On conversion to an Academy Trust on the 1st May 2011, all of the fixed assets of Ripley St Thomas CE Academy were transferred to the Trust, in June 2018 all of the assets of Carnforth High School were transferred to the Trust, in May 2019 all of the assets of Morecambe Community High School were transferred to the Trust and in October 2019 all of the assets of Central Lancaster High School were transferred to the Trust and are shown under transfers on conversion on the Statement of Financial Activities. The balance sheet restricted fixed asset fund is reduced by depreciation charges over the expected useful life of the assets concerned, as explained in note 1 to the Financial Statements.

Restricted expenditure for the period covered by this report was more than covered by the GAG received from the ESFA together with other restricted incoming resources.

At 31st August 2021 the Trust held revenue fund balances of £4,779,000 (2020 - £4,040,000) comprising £4,084,000 of restricted general funds (2020 - £3,379,000) and £695,000 of unrestricted funds (2020 - £661,000). In addition to this the pension reserve shows a deficit of £11,007,000 (2019 - £9,188,000). Central Lancaster High School has now been in the Trust for a full year (11 month period last year) however has again been in a deficit position. The improved revenue fund position is therefore down to the strong performance of the other Trust academy schools.

The restrictions put in place to mitigate the spread of COVID-19 have continued to impact the Trust's ability to generate additional revenue, with income from lettings and catering both down. All Trust academy schools have also incurred additional costs to ensure that they are COVID-19 compliant, and that the learning of pupils is not significantly impacted. The Trust has received a range of additional grant funding to assist with this and a breakdown of this is shown in note 3 to the accounts. The largest grant element relates to COVID-19 Catch-up funding. This has been spent on running additional tuition and support classes for pupils, as well enabling the purchase of additional learning resources to assist and enhance this support. All such funding was fully spent during the year.

The trustees are aware of the large deficit that the Local Government Pension Fund is reporting, (see note 27 to the Financial Statements) and are aware of the deficit recovery programme now in place.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

4.2 Reserves Policy

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

Under its Funding Agreement with the Secretary of State for Education, The Bay Learning Trust is permitted to hold unlimited reserves at the year end.

The Trustees' Finance and Resources Committee has reviewed these reserve levels and believes that they should provide sufficient working capital to cover delays between spending and receipt of grants and to allow for unexpected emergencies. The Trust will maintain free reserves at a minimum level of 2% of GAG up to a maximum of 10% of GAG as an appropriate cushion. The aim is for the Trust to build 5% of annual income as reserves.

As at 31st August 2021 the trustees consider that the Trust's reserves of GAG and unrestricted funds held are satisfactory for the level of the Trust's operations.

4.3 Investment Policy

The Trust aims to manage cash balances to provide the working capital required for its day-to-day operations, whilst protecting the long-term value of any surpluses against inflation. The Trust therefore aims to invest surplus cash funds in a way that optimises returns whilst ensuring there is minimal risk of loss of these funds. In order to make the best use of surplus cash funds to generate additional income the Trust must ensure the following objectives are met:

- Manage cash flow to ensure that sufficient cash balances are maintained in the current account to cover the working capital requirements of the Trust.
- Ensure there is minimal risk to loss of the capital value of any cash funds invested by ensuring that the Trust is only exposed to low risk investments.
- Protect the capital value of the invested funds against inflation.
- Ensure optimum returns on the funds invested.
- Ensure that income generated from investments is used for furthering the Trust's aims.
- Investments must be placed with FSA registered companies.
- The CEO is responsible for the management of investments, with responsibility delegated to the Finance Director.

Regular cash flow forecasts are to be prepared and monitored to ensure there are adequate liquid funds to meet all payroll commitments and outstanding creditors due for payment.

Where cash flow forecasts indicate that a base level of cash funds will be surplus to the day-to-day requirements of the Trust these funds may be invested following approval by **the Finance and Resources Committee**.

In making decisions with regard to investment options the Finance Director will compare interest rates and returns across the market to ensure the Trust is getting a fair return, having due regard for the economic situation at that time.

In general, the cash shall be invested in short term investment accounts, with an average duration of less than one year. Proposals for longer term investments would need further approval of **the Finance and Resources Committee**.

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

4.4 Principal Risks and Uncertainties

The continuing existence of the Trust can best be guaranteed by the standards of education at the Trust academy schools; school improvement therefore remains our top priority. Anything less than oversubscription could signal the beginning of financial and educational problems. Two of the schools were oversubscribed in year 7. Work continues on increasing numbers at the other two Trust academy schools.

The Trust maintained its three sixth forms during the year, with Carnforth High School sixth form closing on 31st August 2021. It will be important to assess sixth form provision across the Trust in the next year to ensure that sixth form education is viable and it is not impacting on students pre-16 in each school.

4.5 Risk Management

The trustees have assessed the major risks to which the Trust is exposed. The trustees have implemented a number of systems to assess risks in the operational areas of the Trust and in relation to the control of finance. A Risk Register has been completed and is reviewed annually.

Where significant financial risk still remains they have ensured they have adequate insurance cover. The Trust has an effective system of internal financial controls and this is explained in more detail in the Governance Statement.

4.8 Streamlined Energy and Carbon Reporting

UK Greenhouse gas emissions and energy use data for the period 1st September 2020 to 31st August 2021

Energy consumption used to calculate emissions (kWh)	6,027,839
Energy consumption breakdown (optional)	
- Gas	4,126,812
- Electricity	1,884,261
- Transport fuel	16,766
Scope 1 emissions in metric tonnes CO ₂ e	
- Gas consumption	755.9
- Owned transport – mini-buses	2.9
Total scope 1	758.8
Scope 2 emissions in metric tonnes CO ₂ e	
- Purchased electricity	400.1
Total scope 2	400.1
Scope 3 emissions in metric tonnes CO ₂ e	
- Business travel in employee owned vehicles	1.1
Total scope 3	1.1
Total gross emissions in metric tonnes CO ₂ e	1,160.0
Intensity ratio Tonnes CO ₂ e per pupil	0.278

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

Quantification and Reporting Methodology

The 2019 UK Government Environmental Reporting Guidelines and the GHG Protocol Corporate Accounting and Reporting Standard (revised edition) were followed. The 2021 UK Government GHG Conversion Factors for Company Reporting were used in emission calculations. The report has been reviewed independently by Briar Consulting Engineers Limited.

The electricity, gas and minibus diesel consumption has been compiled from invoice records, with some pro-rating to match the reporting period. Mileage claims were used to calculate energy use and emissions associated with grey fleet. Generally gross calorific values were used except for grey fleet mileage energy calculations as per Government GHG Conversion Factors.

The associated emissions are divided into mandatory and voluntary emissions according to the 2018 Regulations, then further divided into the direct combustion of fuels and the operation of facilities (scope 1), indirect emissions from purchased electricity (scope 2) and further indirect emissions that occur as a consequence of Trust activities (scope 3).

Intensity Measurement

The primary intensity ratio is total gross emissions in metric tonnes CO₂e (mandatory emissions) per pupil, which is the recommended ratio for the sector for consistency and comparability. Pupil numbers are based on the Autumn 2020 Census.

Measures Taken to Improve Energy Efficiency

As expected, energy consumption was slightly higher this year due to schools needing to have windows open for ventilation as part of our COVID-19 response. Due to COVID-19 the previous year's consumption was below average as all schools had reduced occupancy in April and May 2020.

The Trust is committed to reducing longer term emissions and this year has seen the implementation of a significant programme of energy efficiency measures, including decarbonisation of heating at some schools. Projects included:

Central Lancaster High School

- 85% of the school has received a new roof and insulation
- A 5 kW wind turbine has been installed
- A ground source heat pump has been installed

Carnforth High School

- New fire doors installed in the Askam building which have improved air tightness of the building
- LED light replacement programme
- On-going encouragement for lights to be switched off when rooms are empty
- All computers are shut down at the end of the day

Ripley St Thomas CE Academy

- Improved LED and emergency lighting in various areas of school
- New main school roof and insulation improvements
- New fire doors and improved draft exclusions to improve air tightness

(Continued)

The Bay Learning Trust

Trustees' Report

Year Ended 31st August 2021

Morecambe Bay Academy

- Major window replacement project which extended to all but two of the buildings
- New fire doors and improved draft exclusions to improve air tightness
- Ongoing boiler replacement project incorporating the installation of a ground source heat pump feeding the Main building, Library & Sixth form buildings
- Installation of a new plant room, new boilers, and full radiator replacement within the buildings
- The new system is zoned and contributes significantly to energy efficiency
- Energy monitoring equipment as an integral part of the project
- LED light replacement programme including the library

5. Plans for Future Periods

The Trust will continue to work to improve pupils' performance at all levels. Additionally, it will continue to review the curriculum content to ensure that there is sufficient breadth and depth and adapt staffing structures accordingly. We have growth plans in place and plan to expand our School improvement work for schools outside the Trust.

Our Schools provide good support for each other The SCITT continues to grow significantly in numbers and capacity. This year we will begin to offer a number of different routes into teaching. We are investing heavily in the SCITT and staff development across the Trust.

The Trust continues to focus on delivering outstanding teaching and learning through ensuring all staff members are highly trained. It continues to pursue its ambition to raise achievement even further, working towards improved outcomes for our students in both terminal examinations and rates of progress. Trustees and leaders retain a commitment to ensure all students have a high quality education.

The Trust has approved a growth strategy which anticipates the inclusion of additional schools in the short/medium term.

6. 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, on14/12/21.....and signed on the board's behalf by:


.....
Prof J Crewdson
Chair of Trustees

The Bay Learning Trust

Governance Statement

Year Ended 31st August 2021

7.1 Scope of Responsibility

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

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

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

7.2 Governance

The information on governance included here supplements that information described in the Trustees' Report and in the Statement of Trustees Responsibilities.

Trustees are allocated to one or more of three Committees which are as follows: Finance and Resources, Quality and Standards, and Audit, Other ad hoc committees are convened as and when needed. These committees meet on a regular termly cycle. Under the agreed Scheme of Delegation, each academy school has a Local Governing Body with the required two parent representatives to support the work of the Board of Trustees.

Six financial updates are received by the Board of Trustees per year: three at the meetings of the Board of Trustees and three at the meetings of the Finance and Resources Committee. Monthly reports are also provided to key trustees.

The Board of Trustees has formally met four times during the period 1st September 2020 to 31st August 2021. Attendance at this meeting of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
Mr B Arden	3	4
Rev Canon P Ballard	4	4
Mr P Boustead	4	4
Mrs D Cheetham	4	4
Prof J Crewdson (Chairman)	4	4
Mr M Dudfield	4	4
Mrs N Gomersall	4	4
Mr C Hopkinson	3	4
Mrs S Kenyon (Accounting Officer)	4	4
Mrs J Watson	3	4
Mr R Webb	3	4
Mrs V Wilson	3	4

Governance Review

Following a recent skills audit, the results of the audit were scrutinised for any gaps in the skills and experience of the current board. As a result of this, two additional Trustees have been appointed to the board bringing a wealth of experience in risk management and HR. The skills and experience of the current board will be reviewed again on a regular basis and, in particular, when the membership of the Board changes.

(Continued)

The Bay Learning Trust

Governance Statement

Year Ended 31st August 2021

The Finance and Resources Committee is a sub-committee of the Board of Trustees and formally met three times during the period 1st September 2020 to 31st August 2021. Trustee attendance during the year at meetings of the Finance and Resources Committee was as follows:

Trustee	Meetings attended	Out of a possible
Rev Canon P Ballard (Chair of Finance & Resources Committee)	3	3
Mr B Arden	3	3
Prof J Crewdson	3	3
Mr M Dudfield	3	3
Mr R Webb	3	3

7.3 Review of Value for Money

As Accounting Officer the CEO has responsibility for ensuring that the Trust delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

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

- **Benchmarking:** The COO/CFO is a member of a regional group of 300 school and academy school business managers. The group focuses on sharing best practice and comparing prices for goods and services. Collaborative purchasing opportunities have enabled the Trust to obtain discounts on costs of a number of purchases. Financial benchmarking exercises carried out during the year, utilising professionally produced reports to compare key income and expenditure types with local and national academies of similar size and form indicate that our costs were below the median, across the board, and show that the strict budgeting and financial control has been effective.
- **Options appraisal:** The Trust has clear systems for purchasing, with a hierarchy for purchasing decisions including trustee authorisation at the highest level. Purchases of goods and services valued at over £5,000 require three quotes, although in practice we generally obtain quotes for goods and services of much lower value, to ensure best value. Orders for all goods and services are authorised only after meeting the stringent procedures for obtaining value for money. Even relatively low value orders are intercepted by the School Business Managers or COO/CFO if they are not considered to be cost-effective.
- **Negotiation:** The COO/CFO and the School Business Managers have successfully driven down costs through determined negotiation with suppliers throughout the year. Quotations for goods and services have been routinely challenged and most prices have subsequently been reduced. Significant reductions have continued to be achieved in many cases.

7.4 The Purpose of the System of Internal Control

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

(Continued)

The Bay Learning Trust

Governance Statement

Year Ended 31st August 2021

7.5 Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the 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 Trust's significant risks that has been in place for the year ended 31st August 2021 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

7.6 The Risk and Control Framework

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

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees
- regular reviews by the Finance and Resources Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- setting targets to measure financial and other performance
- clearly defined purchasing (asset purchase or capital investment) guidelines
- identification and management of risks.

The trustees have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the trustees have appointed Shard Business Services as Responsible Officer (RO). The RO's role includes giving advice on financial matters and performing a range of checks on the Trust's financial systems. On a quarterly basis, the RO reports to the trustees, through the Finance and Resources Committee on the operation of the systems of control and on the discharge of the trustees financial responsibilities. The RO function has been fully delivered in line with the ESFA's requirements and no material control issues arose as a result of the RO's work.

7.7 Review of Effectiveness

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

- the Board of Trustees;
- the Responsible Officer;
- Audit Committee
- external audit;
- the work of the executive managers within the Trust who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance and Resources Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on14/12/21..... and signed on its behalf by:


Prof J Crewdson
Chair of Trustees


Mrs S Kenyon
Accounting Officer

The Bay Learning Trust

Statement on Regularity, Propriety and Compliance

Year Ended 31st August 2021

As Accounting Officer of The Bay Learning Trust I have considered my responsibility to notify the 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 Trust, under the funding agreement in place between the Trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2020

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

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



Mrs S Kenyon
Accounting Officer

Date: 15/12/21

The Bay Learning Trust

Statement of Trustees' Responsibilities

Year Ended 31st August 2021

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

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

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

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls which conform to the requirements both of propriety and good financial management. They are also responsible for ensuring that grants received from the Education & Skills Funding Agency and Department for Education have been applied for the purposes intended.

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

Approved by order of the members of the Board of Trustees on14/12/21.....and signed on its behalf by:



Prof J Crewdson
Chair of Trustees

The Bay Learning Trust

Independent Auditor's Report to the Members of The Bay Learning Trust

Year Ended 31st August 2021

Opinion

We have audited the financial statements of The Bay Learning Trust (the 'Trust') for the year ended 31st August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at the 31st August 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2019 and the Academies Accounts Direction 2020 to 2021 issued by the Education & Skills Funding Agency.

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Other information includes the trustees' report (incorporating the strategic report and the directors' report), the governance statement, and the Accounting Officer's statement. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

(Continued)

The Bay Learning Trust

Independent Auditor's Report to the Members of The Bay Learning Trust

Year Ended 31st August 2021

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the Trust for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 Trust or to cease operations, or have no realistic alternative but to do so.

(Continued)

The Bay Learning Trust

Independent Auditor's Report to the Members of The Bay Learning Trust

Year Ended 31st August 2021

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

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


.....
Mr Robert Mitchell FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date:17/12/2021.....

The Bay Learning Trust

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

Year Ended 31st August 2021

In accordance with the terms of our engagement letter dated 31st August 2021 and further to the requirements of the Education & Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2020 to 2021, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by The Bay Learning Trust during the year from the 1st September 2020 to the 31st August 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to The Bay Learning Trust and ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to The Bay Learning Trust and ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than The Bay Learning Trust and ESFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of The Bay Learning Trust's Accounting Officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of The Bay Learning Trust's funding agreement with the Secretary of State for Education and the Academies Financial Handbook, extant from 1st September 2020, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2020 to 2021. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from the 1st September 2020 to the 31st August 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2020 to 2021 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw our conclusions includes:

- Obtaining evidence including those tests relevant to the circumstances of the Trust as prescribed in Section 4 of the Guide For External Auditors section of the Academies Accounts Direction 2020 to 2021 issued by the ESFA; and
- Planning and performing any additional tests we deemed necessary to express an opinion on regularity.

(Continued)

The Bay Learning Trust

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

Year Ended 31st August 2021

Conclusion

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

.....*RM*.....
Mr Robert Mitchell FCA (Senior Statutory Auditor)
For and on behalf of CWR Chartered Accountants
20 Mannin Way
Lancaster Business Park
Caton Road
Lancaster
LA1 3SW

Date:17/12/2021.....

The Bay Learning Trust

Statement of Financial Activities incorporating Income & Expenditure Account

Year Ended 31st August 2021

	Note	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total 2021 £000	Total 2020 £000
Income and endowments from:						
Donations and capital grants	2	-	54	5,118	5,172	4,147
Transfer from local authority on conversion	30	-	-	-	-	10,948
Charitable activities:						
Funding for the Trust's educational operations	3	-	25,190	-	25,190	23,493
Teaching schools	31	2	40	-	42	46
Other trading activities	4	908	45	1	954	848
Investments	5	1	-	-	1	10
Total		911	25,329	5,119	31,359	39,492
Expenditure on:						
Charitable activities:						
Trust's educational operations	6/7	875	25,143	444	26,462	24,675
Teaching schools	6/31	2	43	-	45	59
Total		877	25,186	444	26,507	24,734
Net income		34	143	4,675	4,852	14,758
Transfers between funds	16	-	(477)	477	-	-
Other recognised gains/(losses)						
Revaluation of buildings		-	-	(8,824)	(8,824)	-
Actuarial (losses)/gains on defined benefit pension schemes	16, 27	-	(780)	-	(780)	466
Net movement in funds		34	(1,114)	(3,672)	(4,752)	15,224
Reconciliation of funds:						
Total funds brought forward	16	661	(5,809)	45,452	40,304	25,080
Total funds carried forward	16	695	(6,923)	41,780	35,552	40,304

All income and expenditure derive from continuing activities.

The statement of financial activities includes all gains and losses recognised during the year.

The Bay Learning Trust

Balance Sheet

Year Ended 31st August 2021

	Notes	2021 £000	2021 £000	2020 £000	2020 £000
Fixed assets					
Tangible assets	12		36,189		42,731
Current assets					
Debtors	13	5,780		3,407	
Cash at bank and in hand		6,711		5,722	
		<u>12,491</u>		<u>9,129</u>	
Liabilities					
Creditors: Amounts falling due within one year	14	<u>(1,829)</u>		<u>(2,248)</u>	
Net current assets			<u>10,662</u>		<u>6,881</u>
Total assets less current liabilities			46,851		49,612
Creditors: Amounts falling due after more than one year	15		(292)		(120)
Net assets excluding pension liability			<u>46,559</u>		<u>49,492</u>
Defined benefit pension scheme liability	27		(11,007)		(9,188)
Net assets including pension liability			<u>35,552</u>		<u>40,304</u>
Funds of the Trust:					
Restricted funds					
Fixed asset fund	16	41,780		45,452	
Restricted income fund	16	4,084		3,379	
Pension reserve	16	<u>(11,007)</u>		<u>(9,188)</u>	
Total restricted funds			34,857		39,643
Unrestricted income funds	16		695		661
Total funds			<u>35,552</u>		<u>40,304</u>

The financial statements on pages 23 to 53 were approved by the trustees, and authorised for issue on the14/12/21..... and are signed on their behalf by:



Prof J Crewdson
Chair of Trustees

Company Limited by Guarantee
Registration Number: 07588464

The Bay Learning Trust

Statement of Cash Flows

Year Ended 31st August 2021

	Notes	2021 £000	2020 £000
Cash flows from operating activities			
Net cash (used in)/provided by operating activities	20	(1,587)	1,473
Cash flows from investing activities	21	182	(39)
Cash flows from financing activities	22	2,394	(676)
Change in cash and cash equivalents in the reporting period		<u>989</u>	<u>758</u>
Cash and cash equivalents at 1st September 2020		5,722	4,964
Cash and cash equivalents at 31st August 2021	23/24	<u>6,711</u>	<u>5,722</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies

General information and basis of preparation

The Bay Learning Trust is a company limited by guarantee incorporated in England. The address of the registered office is given in the Reference and Administrative Details given on page 3 of these financial statements and the principal place of business is The Lodge, Ashton Road, Lancaster, LA1 4RR. The nature of the Trust's operations and principal activities are set out in the Trustees' Report on page 4.

The financial statements of the 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) 2019), the Academies Accounts Direction 2020 to 2021 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

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.

Going concern

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

Income

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

- **Grants receivable**

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

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Income (continued)

- **Donations**

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

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the Trust has provided 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 financial statements until they are sold. This income is recognised within "Income from other trading activities".

- **Transfer on conversion**

Where assets and liabilities are received by the Trust on conversion to an academy school, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the Trust. An equal amount of income is recognised for the transfer on conversion within donations and capital grant income to the net assets received. The basis of measurement for transferred premises is via a valuation of the premises on a depreciated replacement cost model as carried out by a RICS approved valuer.

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.

- **Expenditure on raising funds**

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

- **Charitable activities**

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

All resources expended are inclusive of irrecoverable VAT.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £5,000 (excluding VAT) or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

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

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

Leasehold buildings	over the remainder of the 125 year lease straight line
Leasehold improvements	over the remainder of the 125 year lease straight line
Furniture and equipment	33% straight line
Computer equipment	33% straight line
Motor vehicles	25% straight line

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

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

The building valuation for Ripley St Thomas represents the value of leasehold assets as per the ESFA valuation carried out in 2016 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £12,284,000.

The building valuation for Carnforth High School represented the value of leasehold assets as per a third party valuation carried out in 2018 by a RICS approved valuer. This value was restated in 2019 to the ESFA valuation which was carried out by a RICS approved valuer. In this valuation the leasehold buildings were valued at £3,285,000.

The building valuation for Morecambe Bay Academy represents the value of leasehold assets as per a third party valuation carried out in 2019 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £8,824,000.

The building valuation for Central Lancaster High School represents the value of leasehold assets as per a third party valuation carried out in 2020 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £11,952,000. This value was restated in 2021 to the ESFA valuation which was carried out by a RICS approved valuer. In this valuation the leasehold buildings were valued at £3,040,000.

The assets in each valuation were valued using a depreciated replacement cost model and are to be depreciated over a 125 year period (note 12).

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Agency arrangements

The Trust acts as an agent in distributing 16-19 bursary funds from ESFA. Payments received from ESFA and subsequent disbursements to students are excluded from the statement of financial activities as the trust does not have control over the charitable application of the funds. The trust can use up to 5% of the allocation towards its own administration costs and this is recognised in the statement of financial activities. The funds received and paid and any balances held are disclosed in note 29.

Conversion to an academy school

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

The assets and liabilities transferred on conversion from Central Lancaster High School to the Trust in the previous year have been valued at their fair value. The fair value has been derived based on that of equivalent items. The amounts have been recognised under the appropriate balance sheet categories, with a corresponding amount recognised in Donations – transfer from local authority on conversion in the Statement of Financial Activities and analysed under unrestricted funds, restricted general funds and restricted fixed asset funds. Further details of the transaction are set out in note 30.

Liabilities

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

Provisions

Provisions are recognised when the Trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

Leased assets

Rentals under operating leases are charged on a straight line basis over the lease term.

Financial instruments

The Trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the Trust and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 13. Prepayments are not financial instruments.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Financial instruments (continued)

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

Financial liabilities – trade creditors, accruals and other creditors are financial instruments, and are measured at amortised cost as detailed in notes 14 and 15. 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.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Part 11, Chapter 3 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Pensions Benefits

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

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

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

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

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

1 Accounting policies (continued)

Fund Accounting

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

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

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

Critical accounting estimates and areas of judgement

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

Critical accounting estimates and assumptions

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

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 27, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31st March 2016 has been used by the actuary in valuing the pensions liability at 31st August 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Donations and capital grants

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Capital grants	-	5,114	5,114	3,876
Donated fixed assets	-	4	4	48
Trips and other non public funds	-	45	45	198
Other donations	-	9	9	25
	-	5,172	5,172	4,147

Income from donations and capital grants was £5,172,000 (2020 - £4,147,000) of which £nil (2020 - £1,000) was attributable to unrestricted funds, £54,000 (2020 - £222,000) was attributable to restricted general funds and £5,118,000 (2020 - £3,924,000) was attributable to restricted fixed asset funds.

£5,114,000 (2020 - £3,876,000) of government grants were received for capital and maintenance works.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

3 Funding for the Trust's educational operations

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
DfE/ESFA grants				
General Annual Grant (GAG)	-	21,610	21,610	20,554
Other DfE/ESFA grants:				
Pupil Premium	-	914	914	846
Teacher Pay/Pension grant	-	1,096	1,096	1,024
Rates grant	-	106	106	103
ESIF/conversion	-	164	164	-
Other grants	-	113	113	83
Other DfE Group grants:				
National College grants	-	345	345	321
	-	24,348	24,348	22,931
Other Government grants				
Local Authority grants	-	330	330	484
Other Government Grants	-	9	9	48
	-	339	339	532
COVID-19 additional funding				
Catch-up premium	-	286	286	-
Other Coronavirus funding (DfE/ESFA)	-	87	87	30
Other Coronavirus funding (non-DfE/ESFA)	-	130	130	-
	-	503	503	30
	-	25,190	25,190	23,493

Funding for Trust's educational operations was £25,190,000 (2020 - £23,493,000) of which £nil (2020 - £nil) was attributable to unrestricted funds, £25,190,000 (2020 - £23,493,000) was attributable to restricted general funds and £nil (2020 - £nil) was attributable to restricted fixed asset funds.

£25,190,000 (2020 - £23,493,000) of government grants were received for the purposes of the day to day running costs of the Trust and its charitable objectives.

The Trust received £286,000 (2020: £nil) of funding for catch-up premium and this funding was fully spent during the year.

No staff have been furloughed under the government's CJRS in either the current or previous year.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

4 Other trading activities

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Hire of facilities	31	-	31	67
Catering income	384	-	384	449
Sale of educational goods and services	119	-	119	135
School uniform income	30	-	30	27
Supply insurance claims	176	-	176	106
Other insurance claims	128	-	128	-
Music tuition	40	-	40	24
6 Day Provision Income	-	45	45	40
Sale of assets	-	1	1	-
	<u>908</u>	<u>46</u>	<u>954</u>	<u>848</u>

Income from other trading activities was £954,000 (2020 - £848,000) of which £908,000 (2020 - £848,000) was attributable to unrestricted funds, £45,000 (2020 - £nil) was attributable to restricted general funds and £1,000 (2020 - £nil) was attributable to restricted fixed asset funds.

5 Investment income

	Unrestricted Funds £000	Restricted Funds £000	Total 2021 £000	Total 2020 £000
Short term deposits	1	-	1	10
	<u>1</u>	<u>-</u>	<u>1</u>	<u>10</u>

Investment income was £1,000 (2020 - £10,000) of which £1,000 (2020 - £10,000) was attributable to unrestricted funds, £nil (2020 - £nil) was attributable to restricted general funds and £nil (2020 - £nil) was attributable to restricted fixed asset funds.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

6 Expenditure

	Staff Costs £000	Non Pay Expenditure Premises £000	Other Costs £000	Total 2021 £000	Total 2020 £000
Trust's educational operations					
Direct costs	17,759	276	1,639	19,674	18,557
Allocated support costs	3,395	1,777	1,616	6,788	6,118
Teaching School:					
Direct costs	36	-	3	39	50
Allocated support costs	4	-	2	6	9
	<u>21,194</u>	<u>2,053</u>	<u>3,260</u>	<u>26,507</u>	<u>24,734</u>

£875,000 (2020 - £794,000) of the above expenditure on the Trust's educational operations was attributable to unrestricted funds, £25,143,000 (2020 - £23,406,000) was attributable to restricted general funds and £444,000 (2020 - £475,000) was attributable to restricted fixed asset funds.

£2,000 (2020 - £6,000) of the above expenditure on Teaching School was attributable to unrestricted funds, £43,000 (2020 - £53,000) was attributable to restricted general funds and £nil (2020 - £nil) was attributable to restricted fixed asset funds.

Net income/expenditure for the year includes:

	2021 £000	2020 £000
Operating lease rentals	22	24
Depreciation	444	475
(Gain)/loss on disposal of fixed assets	(1)	-
Fees payable to the auditor for:		
Audit	15	14
Other services	14	15
	<u>29</u>	<u>29</u>

No additional transactions have taken place under Section 5.2 of the 2020 Academies Financial Handbook which require additional disclosure.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

7 Charitable activities

	Total 2021 £000	Total 2020 £000
Direct costs – educational operations	19,674	18,557
Direct costs – teaching school	39	50
Support costs – educational operations	6,788	6,118
Support costs – teaching school	6	9
	26,507	24,734

Analysis of direct costs	Educational operations £000	Teaching school £000	Total 2021 £000	Total 2020 £000
Direct staff costs	17,759	36	17,795	16,374
Depreciation	400	-	400	428
Learning resources	535	-	535	484
Technology costs	184	-	184	107
Examination fees	302	-	302	326
School trips and visits	50	-	50	207
Other direct costs	444	3	447	681
Total direct costs	19,674	39	19,713	18,607

Analysis of support costs	Educational operations £000	Teaching school £000	Total 2021 £000	Total 2020 £000
Support staff costs	3,395	4	3,399	3,670
Depreciation	44	-	44	47
Technology costs	80	-	80	52
Premises costs	1,746	-	1,746	1,262
Legal costs – conversion	-	-	-	12
Other support costs	1,490	2	1,492	1,049
Governance costs	33	-	33	35
Total support costs	6,788	6	6,794	6,127

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

8 Staff

(a) Staff costs

	2021 £000	2020 £000
Staff costs during the period were:		
Wages and salaries	14,887	14,347
Social security costs	1,406	1,326
Pension costs	4,098	3,960
	<u>20,391</u>	<u>19,633</u>
Apprenticeship Levy	59	55
Agency staff costs	634	356
Staff restructuring costs	110	-
	<u>21,194</u>	<u>20,044</u>
Staff restructuring costs comprise:		
Redundancy payments	-	-
Severance payments	110	-
Other restructuring costs	-	-
	<u>110</u>	<u>-</u>

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

Included in staff restructuring costs are non-statutory / non-contractual severance payments totalling £49,000 (2020: £nil). Individually, the payments were for £22,000, £16,000 and £11,000.

(c) Staff numbers

The average number of persons employed by the Trust during the year, and the full-time equivalents, was as follows:

	2021 Number	2021 Full-time equivalent	2020 Number	2020 Full-time equivalent
Teachers	232	210	239	215
Administration and support	243	167	238	169
Management	34	32	32	31
	<u>509</u>	<u>409</u>	<u>509</u>	<u>415</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

8 Staff (continued)

(d) Higher paid staff

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

	2021 No.	2020 No.
£60,001 - £70,000	6	6
£70,001 - £80,000	5	3
£80,001 - £90,000	3	-
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
	<u>16</u>	<u>11</u>

(e) Key management personnel

The key management personnel of the Trust comprise the trustees and the executive management team as listed on page 2, as well as the remaining members of the senior management teams at the respective trust schools. The total amount of employee benefits (including employer pension contributions and employer national insurance contributions) received by key management personnel for their services to the Trust was £2,905,000 (2020: £2,514,000). The cost has increased due to the management team increasing as the Trust increases. This year shows 12 months of Central Lancaster High School (2020: 11 months).

9 Central services

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

- Human Resources
- Legal Services
- Audit Services
- Educational and Administrative Support
- Health and Safety
- Building condition/compliance reporting
- Trust improvement partner costs
- CPD costs
- Marketing
- Financial Software

The Trust charges for these services on the basis of a charge against recurrent GAG income.

The actual amounts charged during the year were as follows:

	2021 £000	2020 £000
Ripley St Thomas CE Academy	254	243
Carnforth High School	126	99
Morecambe Bay Academy	257	259
Central Lancaster High School	114	84
	<u>751</u>	<u>685</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

10 Related party transactions - Trustees' remuneration and expenses

One or more trustees have been paid remuneration or have received other benefits from employment with the 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 role as trustees. The value of trustees' remuneration and other benefits was as follows:

Mrs S Kenyon (CEO, Principal and trustee):

Remuneration	£110,000 - £120,000 (2020: £nil)
Employers' pension contributions	£25,000 - £30,000 (2020: £nil)

Mrs E Nicholls (CEO, Principal and trustee):

Remuneration	£nil (2020: £100,000 - £110,000)
Employers' pension contributions	£nil (2020: £0 - £5,000)

During the year ended 31st August 2021, no travel and subsistence expenses totalling were reimbursed or paid directly to trustees (2020: £nil to trustees).

Other related party transactions involving the trustees are set out in note 28.

11 Trustees' and officers' insurance

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

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

12 Tangible fixed assets

	Leasehold Land and Buildings £000	Furniture and Fixtures £000	Computer Equipment £000	Motor Vehicles £000	Total £000
Cost					
At 1 st September 2020	43,705	263	425	15	44,408
Additions	2,594	73	52	7	2,726
Disposals	-	-	-	(8)	(8)
Revaluation	(8,824)	-	-	-	(8,824)
At 31 st August 2021	37,475	336	477	14	38,302
Depreciation					
At 1 st September 2020	1,168	214	280	15	1,677
Charged in period	307	44	91	2	444
Disposals	-	-	-	(8)	(8)
At 31 st August 2021	1,475	258	371	9	2,113
Net book values					
At 31 st August 2020	42,537	49	145	-	42,731
At 31 st August 2021	36,000	78	106	5	36,189

The Trust's transactions relating to land and buildings include the restatement of cost of the leasehold premises at Central Lancaster High School. The school converted in the previous year and the transfer on conversion represented the value of leasehold assets as per third party valuation carried out in 2020 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £11,952,000. A subsequent ESFA RICS approved valuation has valued the leasehold buildings at £3,040,000.

13 Debtors

	2021 £000	2020 £000
Trade debtors	5	4
VAT recoverable	246	291
Other debtors	328	263
Condition Improvement Fund (CIF) related debtors	5,007	2,693
Prepayments and accrued income	194	156
	<u>5,780</u>	<u>3,407</u>

14 Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	316	640
Other taxation and social security	368	337
Loans	63	53
Other creditors	518	544
Accruals and deferred income	564	674
	<u>1,829</u>	<u>2,248</u>

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

15 Creditors: amounts falling due after more than one year

	2021 £000	2020 £000
Loans	292	120
	<u>292</u>	<u>120</u>

Loans include an amount received to fund energy efficient projects in the Trust funded via the ESFA Salix scheme with no interest charged on the balance outstanding. The cost of repaying the loan will be offset by the energy cost savings resulting from the works carried out. Loan repayments are made in September and March of each year for the life of the loan.

The total repayable after more than five years is £nil (2020: £nil).

Loans also include two balances owing to the Local Authority following the conversion of Central Lancaster High School to academy status. No interest is to be charged on these amounts. Monthly loan repayments are due to commence in January 2021.

The total repayable after more than five years is £nil (2020: £nil).

Loans also includes CIF loans totalling £225,000. The repayment profile on these loans has not yet been confirmed and therefore all amounts have been shown as due in more than one year.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

16 Funds

	Balance at 1 st September 2020 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2021 £000
Restricted general funds					
General Annual Grant (GAG)	3,161	21,610	(20,528)	(317)	3,926
Start-up grant	100	-	(26)	(65)	9
Pupil premium grant	-	914	(914)	-	-
Teacher Pay/Pension grant	-	1,096	(1,096)	-	-
Rates grant	-	106	(106)	-	-
ESIF/Conversion grants	-	164	(44)	(95)	25
Other DfE/ESFA grants	-	113	(113)	-	-
COVID-19 grants	-	503	(503)	-	-
Other government grants	8	9	(17)	-	-
Local Authority grants	-	330	(330)	-	-
Teaching school provision	45	42	(45)	-	42
National College funds	24	345	(337)	-	32
Other restricted funds	41	97	(88)	-	50
Pension reserve	(9,188)	-	(1,039)	(780)	(11,007)
	(5,809)	25,329	(25,186)	(1,257)	(6,923)
Restricted fixed asset funds					
DfE/ESFA capital grants	2,721	4,614	-	(1,744)	5,591
Other capital grants	-	500	-	(500)	-
Donated assets	-	4	-	(4)	-
Other capitalised assets	194	1	(137)	131	189
ESFA building valuation	42,537	-	(307)	(6,230)	36,000
	45,452	5,119	(444)	(8,347)	41,780
Total restricted funds	39,643	30,448	(25,630)	(9,604)	34,857
Total unrestricted funds	661	911	(877)	-	695
Total funds	40,304	31,359	(26,507)	(9,604)	35,552

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

Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward. At 31st August 2021 the carry forward of GAG was £3,926,000.

The Start Up grants are to facilitate the joining of schools to the Trust. As at the 31st August 2021, £9,000 of these funds remained unspent.

ESIF/conversion grants relate to school improvement support for Castle View Primary School. As at the 31st August 2021, £25,000 of these funds remained unspent.

Other DfE/ESFA grants include monies received outside of GAG funding and includes the Teacher Pay and Pension grants, as well as Free School Meals. All income was fully spent in the year.

Other government grants represent amounts payable to the Trust predominantly from Lancashire County Council and includes Special Educational Needs (SEN) funding. All income was fully spent in the year.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

16 Funds (continued)

Teaching School / National College grants represent amounts received by the Trust with respect to the Teaching Schools and School Centred Initial Teach Training (SCITT) programmes. As at the 31st August 2021 the balance carried forward on these funds was £32,000.

Other restricted funds include the income and related expenditure for educational visits, supplies of staff, after school clubs and all donations for specified purposes such as charitable or educational trust grants, fundraising proceeds and general donations with restrictions attached. As at the 31st August 2021 £50,000 of these funds remained unspent.

DfE/ESFA capital grants received during the year relate to Devolved Formula Capital and Condition Improvement Funding. £5,591,000 of the funding remained unspent at the 31st August 2021 and will be used to fund ongoing capital projects into the 2020/21 academic year.

Other capital grants relate to RPA funding of a heating project at Morecambe Bay Academy. As at the 31st August 2021 all of these funds were fully spent.

Other capitalised assets post conversion represents the value of assets purchased since conversion to academy school status. These are depreciated in line with the accounting policies set out in note 1.

The ESFA building valuation represents the value of leasehold assets as per the valuations detailed in note 1 to the accounts plus subsequent asset improvements. The assets were all valued using a depreciated replacement cost model and are to be depreciated over a 125 year period.

Unrestricted funds include the income and related expenditure for activities such as lettings, sales of educational goods and services, Teaching School activities, catering and music income. It also includes all investment income and gift aid donations. The balance on this fund at the 31st August 2021 is £695,000 and these funds can be used at the discretion of the trustees, in order to meet the charitable objectives of the Trust.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

16 Funds (continued)

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

	Balance at 1 st September 2019 £000	Income £000	Expenditure £000	Gains, Losses and Transfers £000	Balance at 31 st August 2020 £000
Restricted general funds					
General Annual Grant (GAG)	2,014	20,554	(19,158)	(249)	3,161
Start-up grant	203	-	(103)	-	100
Pupil premium	-	846	(846)	-	-
Teacher Pay/Pension grant	-	1,024	(1,024)	-	-
Rates grant	-	103	(103)	-	-
Other DfE/ESFA grants	80	83	(83)	(80)	-
COVID-19 grants	-	30	(30)	-	-
Other government grants	2	49	(43)	-	8
Local Authority grants	-	484	(484)	-	-
Teaching school provision	58	40	(53)	-	45
National College funds	36	321	(333)	-	24
Other restricted funds	1	221	(194)	13	41
Pension reserve	(7,756)	(893)	(1,005)	466	(9,188)
	(5,362)	22,862	(23,459)	150	(5,809)
Restricted fixed asset funds					
Transfer on conversion	-	11,952	-	(11,952)	-
DfE/ESFA capital grants	3,065	3,876	-	(4,220)	2,721
Donated assets	-	48	-	(48)	-
Other capitalised assets	80	-	(126)	240	194
ESFA building valuation	26,564	-	(349)	16,322	42,537
	29,709	15,876	(475)	342	45,452
Total restricted funds	24,347	38,738	(23,934)	492	39,643
Total unrestricted funds	733	754	(800)	(26)	661
Total funds	25,080	39,492	(24,734)	466	40,304

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

16 Funds (continued)

Total funds analysis by academy school

Fund balances at 31st August 2021 were allocated as follows:

	2021 £000	2020 £000
Ripley St Thomas CE Academy	3,046	2,734
Carnforth High School	641	401
Morecambe Bay Academy	622	407
Central Lancaster High School	(264)	(121)
Central services	734	619
Total before fixed assets and pension reserve	4,779	4,040
Restricted fixed asset fund	41,780	45,452
Pension reserve	(11,007)	(9,188)
Total	35,552	40,304

Central Lancaster High School is carrying a net deficit of £264,000 on these funds due to converting into the Trust with a pre-existing deficit from the Local Authority. The school also is liable for an ESFA CIF loan of £150,000 relating to a conditional improvement project. The Trust has set up a recovery plan with ESFA to return to a surplus position over a 3 year period through setting and rigorously reviewing future budgets against actuals.

Total cost analysis by academy school

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

	Teaching and Educational Support Staff Costs £000	Other Support Staff Costs £000	Educational Supplies £000	Other Costs (excluding Depreciation) £000	Total 2021 £000	Total 2020 £000
Ripley St Thomas CE Academy	6,692	1,169	269	1,649	9,779	9,157
Carnforth High School	2,845	553	132	538	4,068	3,981
Morecambe Bay Academy	5,127	941	162	1,204	7,434	7,138
Central Lancaster High School	2,799	497	156	579	4,031	3,475
Central services	332	239	-	180	751	508
Total Trust	17,795	3,399	719	4,150	26,063	24,259

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

17 Analysis of net assets between funds

Fund balances at 31st August 2021 are represented by:

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	36,189	36,189
Current assets	725	6,175	5,591	12,491
Current liabilities	-	(1,829)	-	(1,829)
Non-current liabilities	(30)	(262)	-	(292)
Pension scheme liability	-	(11,007)	-	(11,007)
Total net assets	695	(6,923)	41,780	35,552

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total Funds £000
Tangible fixed assets	-	-	42,731	42,731
Current assets	723	5,685	2,721	9,129
Current liabilities	-	(2,248)	-	(2,248)
Non-current liabilities	(62)	(58)	-	(120)
Pension scheme liability	-	(9,188)	-	(9,188)
Total net assets	661	(5,809)	45,452	40,304

18 Capital commitments

	2021 £000	2020 £000
Contracted for, but not provided in the financial statements	5,591	2,721

19 Commitments under operating leases

Operating leases

At 31st August 2021 the total of the Trust's future minimum lease payments under non-cancellable operating leases was:

	2021 £000	2020 £000
Amounts due within one year	19	26
Amounts due between one and five years	13	32
Amounts due after five years	-	-
	32	58

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

20 Reconciliation of net income/(expenditure) to net cash inflow from operating activities

	2021 £000	2020 £000
Net income for the reporting period (as per the Statement of Financial Activities)	4,852	14,758
Adjusted for:		
Depreciation (note 12)	444	475
Conversion value of leasehold buildings	-	(11,952)
Capital grants from DfE	(4,614)	(3,876)
Other capital income	(500)	(48)
Proceeds of sale of fixed assets	(1)	-
Interest receivable (note 5)	(1)	(10)
Defined benefit pension scheme obligation inherited	-	893
Defined benefit pension scheme cost less contributions payable (note 27)	880	855
Defined benefit pension scheme finance cost (note 27)	159	150
(Increase) in debtors	(2,373)	(274)
Increase/(decrease) in creditors	(433)	502
Net cash provided by/(used in) operating activities	(1,587)	1,473

21 Cash flows from financing activities

	2021 £000	2020 £000
Repayments of borrowing	(43)	(39)
Cash inflows from borrowing	225	-
Net cash provided by/(used in) financing activities	182	(39)

22 Cash flows from investing activities

	2021 £000	2020 £000
Dividends, interest and rents from investments	1	10
Proceeds from sale of tangible fixed assets	1	-
Purchase of tangible fixed assets	(2,726)	(4,610)
Capital grants from DfE/ESFA	4,614	3,876
Capital funding received from others	504	48
Net cash provided by/(used in) investing activities	2,394	(676)

23 Analysis of cash and cash equivalents

	2021 £000	2020 £000
Cash at bank and in hand	6,711	5,722
Notice deposits (less than 3 months)	-	-
Total cash and cash equivalents	6,711	5,722

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

24 Analysis of changes in net debt

	At 1 st September 2020	Cash flows	New loans	Other non-cash changes	At 31 st August 2021
Cash	5,722	989	-	-	6,711
Cash equivalents	-	-	-	-	-
	<u>5,722</u>	<u>989</u>	<u>-</u>	<u>-</u>	<u>6,711</u>
Loans falling due within one year	(53)	43	-	(53)	(63)
Loans falling due after more than one year	(120)	-	(225)	53	(292)
	<u>(173)</u>	<u>43</u>	<u>(225)</u>	<u>-</u>	<u>(355)</u>
Total	<u>5,549</u>	<u>1,032</u>	<u>(225)</u>	<u>-</u>	<u>6,356</u>

25 Contingent Liabilities

During the period of the funding agreement, in the event of the sale or disposal by other means of any leasehold building the Trust is required to either re-invest the proceeds or to repay the Secretary of State for Education or the Diocese the proceeds of the sale or disposal as these two bodies would jointly have an interest in the proceeds of any sale.

26 Members' Liability

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

27 Pension and similar obligations

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

The latest actuarial valuation of the TPS was 31st March 2016 and of the LGPS 31st March 2019.

Contributions amounting to £370,000 (2020: £346,000) were payable to the schemes at 31st August 2021 and are included within creditors.

27 Pension and similar obligations (continued)

Teachers' Pension Scheme

Introduction

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

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

Valuation of the Teachers' Pension Scheme

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

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

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

The pension costs paid to TPS in the period amounted to £3,318,000 (2020: £3,110,000).

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

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

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

27 Pension and similar obligations (continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the year ended 31st August 2021 was £1,082,000 (2020: £1,025,000), of which employer's contributions totalled £834,000 (2020: £791,000), and employees' contributions totalled £248,000 (2020: £234,000). The agreed contribution rates for future years are set out below:

Ripley St Thomas CE Academy:	19.2%
Carnforth High School:	19.2%
Morecambe Bay Academy:	17.0%
Central Lancaster High School:	17.0%

The rate for employees remains dependant on the salary of the employee.

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

As described in note 1 the LGPS obligation relates to the employees of the Trust, who were the employees transferred as part of the conversion from the maintained school and new employees who were eligible to, and did, join the Scheme in the period. The obligation in respect of employees who transferred on conversion represents their cumulative service at both the predecessor school and the Trust at the balance sheet date.

Principal Actuarial Assumptions

	At 31 st August 2021	At 31 st August 2020
Rate of increase in salaries	4.2%	3.9%
Rate of increase for pensions in payment / inflation	2.8%	2.5%
Discount rate for scheme liabilities	1.7%	1.8%
Inflation assumption (CPI)	2.7%	2.4%

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

	At 31 st August 2021	At 31 st August 2020
<i>Retiring today</i>		
Males	22.4	22.3
Females	25.1	25.0
<i>Retiring in 20 years</i>		
Males	23.9	23.8
Females	26.9	26.8

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

Sensitivity analysis

		Sensitivity 1	Sensitivity 2	Sensitivity 3	Sensitivity 4
	Central	+0.1% pa discount rate	+0.1% pa inflation	+0.1% pa pay growth	1 year inc in life expectancy
	£000	£000	£000	£000	£000
Liabilities	26,618	26,054	27,193	26,738	27,452
Assets	(15,611)	(15,611)	(15,611)	(15,611)	(15,611)
Deficit	11,007	10,443	11,582	11,127	11,841
Projected service cost	1,915	1,867	1,964	1,915	1,982
Projected net interest	180	181	189	182	194

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

	Fair value at 31 st August 2021	Fair value at 31 st August 2020
Equities	7,884	5,847
Government bonds	-	-
Other bonds	827	886
Property	1,561	1,744
Cash and other liquid assets	328	231
Other	5,011	4,115
Total market value of assets	15,611	12,823

The actual return on scheme assets was £1,856,000 (2020: loss £77,000).

Amounts recognised in the statement of financial activities

	2021 £000	2020 £000
Current service cost (net of employee contributions)	854	782
Past service cost	-	50
Interest income	(239)	(176)
Interest expense	398	326
Benefit changes, gain/(loss) on curtailment and gain/(loss) on settlement	-	-
Admin expenses	26	23
Total operating charge	1,039	1,005

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

27 Pension and similar obligations (continued)

Local Government Pension Scheme (continued)

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

	2021 £000	2020 £000
At 1st September	22,011	15,396
Conversion to academy school status	-	2,690
Current service cost	1,690	1,573
Past service cost	-	50
Interest cost	398	326
Employee contributions	248	234
Actuarial (gain)/loss	2,400	1,799
Benefits paid	(129)	(57)
At 31st August	26,618	22,011

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

	2021 £000	2020 £000
At 1st September	12,823	7,640
Conversion to academy school status	-	1,797
Interest income	239	176
Actuarial gain/(loss)	1,620	2,265
Admin expenses	(26)	(23)
Employer contributions	836	791
Employee contributions	248	234
Benefits paid	(129)	(57)
At 31st August	15,611	12,823

28 Related Party Transactions

Owing to the nature of the 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 trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the Academies Financial Handbook, including notifying the ESFA of all transactions made on or after 1st April 2019 and obtaining their approval where required, and with the Trust's financial regulations and normal procurement procedures.

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

29 Agency arrangements

The Trust distributes 16-19 bursary funds to students as an agent for ESFA. In the accounting year ending 31st August 2021 the trust received £44,467 (2020: £49,176) and disbursed £50,793 (2020: £43,883) from the fund.

An amount of £3,447 (2020: £9,953) is included in other creditors relating to undistributed funds that is repayable to ESFA.

Similarly, the Trust distributes School Centred Initial Teacher Training (SCITT) Bursary funding to student teachers as an agent for the Department for Education. In the accounting year ending 31st August 2021, the trust received £523,600 (2020: £611,600) and disbursed £523,600 (2020: £614,000) from the fund. The balance of £nil (2020: £nil) is included in other creditors in relation to the undistributed funds.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

30 Conversion to an academy school of the Trust

On 1st October 2019 the Central Lancaster High School converted to an academy school under the Academies Act 2010 and all the operations and assets and liabilities were transferred to the Trust from the Local Authority for £nil consideration.

The transfer has been accounted for as a combination that is in substance a gift. The assets and liabilities transferred were valued at their fair value and recognised in the balance sheet under the appropriate headings with a corresponding net amount recognised as net gain in the Statement of Financial Activities as Donations – transfer from Local Authority on conversion.

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

	Unrestricted Funds £000	Restricted General Funds £000	Restricted Fixed Asset Funds £000	Total £000
Tangible fixed assets				
Leasehold land and buildings	-	-	11,952	11,952
Current assets				
Cash	118	-	-	118
Current liabilities				
Other creditors	(132)	-	-	(132)
Loans	(10)	-	-	(10)
Non-current liabilities				
Loans	(87)	-	-	(87)
LGPS pension (deficit)	-	(893)	-	(893)
Net assets	(111)	(893)	11,952	10,948

The building valuation for Central Lancaster High School represents the value of leasehold assets as per third party valuation carried out in 2020 by a RICS approved valuer. In this valuation the leasehold buildings were valued at £11,952,000.

Current assets represent the transfer of the cash reserves of Central Lancaster High School from the Local Authority.

Current liabilities consist of amounts owing in relation to pre-conversion commitments, as well as the current portion of a loan owed to the Local Authority.

Non-current liabilities consist of loan balances owed to the Local Authority.

The LGPS deficit represents the actuarial pension deficit of Central Lancaster High School at the 1st October 2019. This valuation was carried out by Mercer who specialise in providing actuarial services.

The Bay Learning Trust

Notes to the Financial Statements

Year Ended 31st August 2021

31 Teaching school trading account

	2021 £000	2021 £000	2021 £000	2020 £000	2020 £000	2020 £000
Income						
<i>Direct income:</i>						
Grant income		40			40	
<i>Other income:</i>						
Fundraising and other trading activities		2			6	
		<u> </u>	42		<u> </u>	46
Expenditure						
<i>Direct costs:</i>						
Direct staff costs	36			46		
Staff development	2			3		
Other direct costs	<u>1</u>			<u>1</u>		
Total direct costs		39			50	
<i>Other costs:</i>						
Support staff costs	4			6		
Meeting costs	1			1		
Other support costs	<u>1</u>			<u>2</u>		
Total other costs		6			9	
		<u> </u>			<u> </u>	
Total expenditure			45			59
			<u> </u>			<u> </u>
Deficit from all sources			(3)			(13)
Teaching school balances brought forward			45			58
Teaching school balances carried forward			<u>42</u>			<u>45</u>
			<u> </u>			<u> </u>