

DURHAM AND NEWCASTLE DIOCESAN LEARNING TRUST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2020

Durham and Newcastle Diocesan Learning Trust

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Durham and Newcastle Diocesan Learning Trust

Reference and Administrative Details

Members	Bishop of Durham (Rep: Stuart Bain) Durham Diocesan Board of Finance (Rep: Nigel Wyrley-Birch) Richard Thorndyke John Taylor Stephen Pickering
Trustees (Directors)	John Taylor, Chair Paul Rikeard Joanne Davison (resigned 16 January 2020) Father Bill Braviner Anne Hallowell (resigned 13 September 2019) Timothy Dillon Mark Stouph Tim Jones Charlotte McCabe (appointed 4 October 2019) Jennifer Wade (appointed 14 January 2020)
Senior Management Team	Paul Rikeard, Chief Executive Officer Eileen Bell, Chief Finance Officer Liane Atkin, Operating Officer/DPO Amanda Baines, Headteacher Lynn Chambers, Headteacher Mary Cook, Headteacher Emma Robertson, Headteacher Judith Skirving, Headteacher Carly Spence, Headteacher Christine Johnston, Headteacher Karen Whittaker, Headteacher Deb Cross, Headteacher
Principal and Registered Office	Cuthbert House Stonebridge Durham DH1 3RY
Company Name	Durham and Newcastle Diocesan Learning Trust
Company Registration Number	10847279
Auditors	MHA Tait Walker Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Durham and Newcastle Diocesan Learning Trust

Reference and Administrative Details (continued)

Bankers	Lloyds Bank Plc 19 Market Place Durham DH1 3NL
Solicitors	Muckle LLP Time Central 32 Gallowgate Newcastle upon Tyne NE1 4BF Ward Hadaway Sandgate House 102 Quayside Newcastle upon Tyne NE1 3DX

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the period 1 September 2019 to 31 August 2020. The annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Durham and Newcastle Diocesan Learning Trust (the Academy Trust) operates nine primary schools for pupils aged 2 to 11 serving catchment areas in the Hartlepool, Stockton, Darlington and Durham Local Authority areas. One of the primary schools is also a designated teaching school. The Academy Trust had 1573 pupils on roll on 1 September 2020 immediately at the end of the reporting period. The Academy Trust was incorporated on 3 July 2017. The first three schools (Egglescliffe CE, Holy Trinity CE and St Aidan's CE) converted together to become academies on 1 November 2017, followed by St Mary's CE Long Newton on 1 November 2018. Bishopton Redmarshall CE and Heighington CE joined the Academy Trust on 1 May 2019 having previously formed an existing Academy Trust (BRandH). Bishop Ian Ramsey CE Primary then joined the Academy Trust on 1 October 2019, followed by Ingleton CE Primary and Stanhope Barrington CE Primary on 1 April 2020.

Structure, Governance And Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. Please note that the Articles of Association were amended on 5 September 2019 to include a community use object. The Trustees of the Durham and Newcastle Diocesan Learning Trust are also the directors of the charitable company for the purposes of company law. The charitable company operates as the Durham and Newcastle Diocesan Learning Trust.

Details of the Trustees who served during the period and to the date these accounts are approved are included in the Reference and Administrative Details on page 1.

Note the Trust underwent a process to change its name to the Durham and Newcastle Diocesan Learning Trust (effective 4 November 2020) from the former name 'Durham Diocesan MAT'. Durham Diocesan MAT was the name which applied during the accounting period. Linked to this the DDBF and individual nominated by the DDBE (Richard Thorndyke) were replaced as Members by the Bishop of Newcastle and an individual nominated by the Newcastle Diocesan Education Board (Rev Dennis Handley) at the end of September 2020. This change took place after the end of the reporting period but is being noted as these accounts were completed during the subsequent (2020) Autumn term.

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.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

Trustees' Indemnities

All 9 of the academies within the Durham and Newcastle Diocesan Learning Trust are Members of the government's Risk Protection Arrangement (RPA) scheme to protect Trustees from claims arising from negligent acts, errors or omissions occurring whilst undertaking Academy Trust business.

Method of Recruitment and Appointment or Election of Trustees

Trustees are appointed in relation to the type of Trusteeship held and as follows:

- Under Article 50 Members shall appoint a minimum of 5 Trustees. 8 Trustees are currently appointed under this Article.
- Articles 53-56 do provide the scope to have Parent Trustees, however this does not apply currently as there are two parent Members of each AC.
- Under Article 57 the Members may appoint the CEO as a Trustee. The CEO was appointed as a Trustee on incorporation.

- Under Article 58 the Trustees may appoint Co-opted Trustees with the consent of the Durham Diocesan Education Board. A 'Co-opted Trustee' means a person who is appointed to be a Trustee by being Co-opted by Trustees who have not themselves been so appointed. The Trustees may not co-opt an employee of the Company as a Co-opted Trustee if thereby the number of Trustees who are employees of the Company would exceed one third of the total number of Trustees. The Company does not currently have any Co-opted Trustees.

The training and induction provided for new Trustees is tailored to reflect their existing experience. All Trustees are provided with copies of policies, procedures, minutes, accounts, budgets, plans and any other documents as required to undertake their role as Trustees. Five of the current Trustees have been in place since September 17. Following the resignation of Joanne Davison and Liane Atkin, Charlotte McCabe was appointed on 4 October 2019 and Jenny Wade on 16 January 2020. The recently appointed Trustees were appointed to reflect the Boards' audit of need and bring educational and legal expertise to the Board.

The Academy Trust appointed an independent clerk, David Walker, on conversion as the provider of Governance Support Services to the Academy Trust and a training and support package, including induction meetings for new local Academy Councillors and Trustees, has been delivered to help advise individuals on the requirements and responsibilities of their roles. The Academy Trust is now in its third full year of operation and regular directors' strategy sessions are now part of the annual programme of activity and these strategy sessions include a regular review of the latest self-evaluation of governance which is undertaken annually by the Board. Termly meetings between the Chairs of the Academy Councils and CEO are now a feature of the Trust's wider governance activity and these support a continuity of approach to governance across all schools in the Academy Trust. A cycle of governance activity has been developed to further support a consistent approach to each school's governance activity and this is now well-established and helping to drive the work of the Academy Councils. The CEO attends one Academy Council meeting for each school annually and a schedule of link directors and bi-annual visits to each school has been established. In addition, each school in the Academy Trust, and the Trustees, have access to NGA e-learning to ensure a greater focus on on-line training to give more flexible options that better support Academy Councillors and Trustees in their important roles. Trustees are required to sign a code of conduct when they join the Trust and then on an annual basis. In addition, Trustees have access to a secure portal via the Trust website containing copies of key policies, induction and guidance documents and all meeting minutes and related papers.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

Organisational Structure

The Academy Trust comprised nine primary academies during the reporting period, but two of these schools only converted into the Academy Trust on 1 April 2020. The Academy Trust's Board is responsible for the strategic direction of the Academy Trust and has overall responsibility for academic standards, financial management, assets and other resources of the Academy Trust.

The Academy Trust is also the admissions authority and employer for all academies within the Academy Trust. Executive leadership is provided by the Academy Trust's CEO working with each of the Head Teachers of the individual schools. The Accounting Officer is the CEO. The Academy Trust has appointed four challenge and support partners who work with the Head Teachers to support school effectiveness and improvement.

Delegated authority and powers of decision making in relation to the Board of Trustees and its committees, including each Academy's own Academy Council (AC), is defined in the Academy Trust's Scheme of Delegation (which was approved by Trustees at the Academy Trust's first Board meeting on 23 November 2017 and has been reviewed and updated where appropriate by the Trust Board each year). The Scheme of Delegation (SoD) identifies what responsibility resides at both individual academy and Board level.

All staffing appointments are made at an AC level with the exception of Head Teachers, who would be appointed by a panel established by the Trustees and including the input of the AC and also advice from the Durham Diocesan Board of Education.

Systems and procedures for financial management, HR and administration are undertaken at an academy level but supported and overseen by the Academy Trust's Central Team comprising the Chief Operating Officer, the Chief Finance Officer and an administrative assistant. The Academy Trust operates a single bank account and one finance policy and associated procedures across all of its academies.

During 2019/20 the Academy Trust has continued to review and where appropriate develop a number of centrally approved policies covering statutory and non-statutory areas, ensuring they comply with guidance from both the DfE and the ESFA. As a result of the COVID-19 pandemic, amendments to policies such as Child Protection, Complaints and Behaviour have had to be made to cover the ongoing situation and new policies around virtual meeting requirements and staff accountability and remote working policies have been introduced.

Arrangements for Setting Pay and Remuneration of Key Management Personnel

Key management personnel defines those persons of the Academy Trust having authority and responsibility for planning, directing and controlling the activities of the Academy Trust, directly or indirectly and including all Trustees. Trustees who are not employees of the Academy Trust receive no remuneration for the roles they undertake. The CEO, CFO and COO are employees of the Joint Education Team (JET) working for the Church of England Dioceses of Newcastle and Durham. Their services are provided to the Academy Trust at a reduced rate which is at or below cost. The Academy Trust's key management personnel are therefore defined to be the Head Teachers.

Head Teachers have their pay set in line with the Academy Trust Pay Policy which is reviewed annually and set in accordance with the School Teachers' Pay and Conditions Guidance. This provides for each respective AC to oversee the appraisal and pay of their Academy's Head Teacher. This is undertaken with the support of either the CEO or the designated Challenge and Support Partners who carry out the performance management of each Head Teacher within the Academy Trust.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

The Head Teacher organises the performance management arrangements for all staff within each academy and the objectives of staff are layered to reflect key priorities for the period. This ensures performance of staff is linked to improvements identified by the AC and the Head Teacher. These improvements are, in turn, linked to the improvement priorities identified in the Board's strategic plan.

The Chief Finance Officer and Chief Operations Officer are line managed by the CEO.

Trade Union Facility Time

There were no Relevant Union Officials during the period. This Union Official did not undertake any paid trade union activities or spend working time on facility time so as such the Academy Trust has not incurred any costs in relation to facility time or paid trade union activities.

Related Parties and Other Connected Charities and Organisations

The Academy Trust is part of the Church of England Diocese of Durham and works alongside the Joint Education team which works for the Durham Diocesan Board of Finance on behalf of the Durham Diocesan Board of Education (as well as the Newcastle Diocesan Board of Education). All of the Academy Trust's academies are currently Church of England Schools within the Diocese of Durham. The Academy Trust is connected with the Durham Diocesan Board of Finance due to its role as Member and its joint employment of the staff who provide officer services to the Academy Trust. All officer time is provided at cost or less and this has been recorded by the both the Academy Trust board and also the Durham Diocesan Board of Finance.

Objectives And Activities

Objects and Aims

The objects of the Academy Trust are to advance for the public benefit, education in the United Kingdom, in particular managing and developing Academies offering a broad and balanced curriculum including designated Church of England schools and other academies whether with or without a designated religious character. There is a secondary ancillary 'community use' object subject to any restrictions contained within any Trusts applying to the land. Note these objects are changing slightly upon adoption of the new Articles, Membership and change to new Company name to the Durham and Newcastle Diocesan Learning Trust in Autumn 2020 albeit outside of this reporting period.

At the heart of our vision is our commitment to ensure all of our schools are places where children and young people develop and thrive academically, socially, culturally and spiritually. The drive for excellence and effectiveness in our schools is paramount, but not merely because the Government says so. The enabling of every child to flourish in their potential as a child of God is a sign and expression of the Kingdom and is at the heart of the Church's distinctive mission.

Our mission is to support and encourage the work of academies in our Academy Trust, promoting Christian distinctiveness through the high quality education of children and young people across the Academy Trust whilst enabling and actively encouraging each school to retain and develop its own unique identity within the local community it serves.

The Durham and Newcastle Diocesan Learning Trust will work with all phases of Church Schools in the Diocese of Durham (Darlington, Durham, Hartlepool, Gateshead, South Tyneside, Stockton and Sunderland). In 2020/21 it is anticipated that the Academy Trust will broaden its reach to work with schools within the Diocese of Newcastle (covering Newcastle, North Tyneside and Northumberland Local Authority areas) and will become, at that point, the Durham and Newcastle Diocesan Learning Trust.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

At present the Durham and Newcastle Diocesan Learning Trust will also support any community school where possible should such support be sought, since all schools in the Diocese are Members of the wider Diocesan community. The region has an extreme range of socio-economic circumstance, from extreme wealth to areas with significant poverty.

The Durham and Newcastle Diocesan Learning Trust's core values and aims are:-

- To ensure that our academies are centres of excellence with a focus on academic outcomes and the nurture of resilience & respect as set out in the Ofsted Inspection Handbook.
- To promote high quality professional development and encourage mutual support in the pursuit of effective teaching and good pupil progress.
- To develop innovative and aspirational thinking building on our long educational heritage and to make use of the latest research in pedagogy and child development.
- To foster, maintain and celebrate Christian distinctiveness in our schools.
- To ensure our academies have a particular vocation to the least advantaged, enabling them through education to change their life opportunities.

Objectives, Strategies and Activities

The Durham and Newcastle Diocesan Learning Trust is a strong option within the Diocese of Durham for any church school who wishes to become an academy and, over time, will act as the lead sponsor for any Church schools within the Diocese which are being directed to become sponsored academies by the Department for Education. The first sponsored academy, Bishop Ian Ramsey CE Primary, joined the Trust on 1 October 2019. It will act as a vehicle for enabling the sharing of best practice and economies of scale achievable across a group of academies.

Our school improvement approach seeks to build strong capacity to improve from within and a culture that looks outward and never stops trying to be better. Schools which join our MAT are able to help shape our work and benefit both from the support they receive and the opportunities for school improvement they are able to offer. The behaviours we expect to see are:

- We encourage strong and capable system leaders
- We enable our people to excel to provide outstanding education
- We build trust and respect across our academies

In accordance with the Articles of Association the Academy Trust has adopted a Scheme of Delegation which specifies, amongst other things, composition and appointment to ACs, functions delegated to ACs, admission procedures and the teaching of a broad and balanced curriculum.

Each academy has its own development plan and this, together with the Academy Trust's Medium Term Financial Strategy, links into the Academy Trust's overall Strategic Plan. The Academy Trust is committed to developing Academy Trust wide policies where appropriate.

The Academy Trust's Head Teacher and School Business Managers Group meets regularly to discuss ongoing operational and strategic matters that support the objectives in the Academy Trust's Strategic Plan, with reports on academic performance and the financial position of the Academy Trust being reported to the Academy Trust's Board on a regular basis. These meetings have continued throughout the COVID-19 pandemic via video conferencing where necessary to ensure regular meetings and updates have been provided from the central team to support schools. The Trust's external Health and Safety consultants have provided in-depth advice and worked on bespoke tailored risk assessments with schools to ensure appropriate protective measures are in place during the pandemic in line with government guidance.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

Public Benefit

The Academy Trust's aims and achievements are set out within this report and have been undertaken to further the charitable purposes for the public benefit, including the provision of state funded education. The Trustees have complied with the duty under section 4 of the Charities Act 2011, to have due regard to the public benefit guidance published by the Charity Commission for England and Wales. The Trustees have considered this guidance in deciding what activities the Academy Trust should undertake and consider its aims are demonstrably for the public benefit. Individual academies within the Academy Trust contribute directly to their own community through initiatives such as the letting out of premises to community groups and working within their local parishes to develop community involvement in each academy and the church.

Achievements and Performance

The key achievements against the Academy Trust's stated objectives during 2019/20 include:

- School performance is good or outstanding in each of the schools within the Trust apart from the sponsored school which is continuing to make good progress;
A robust system of school improvement and school to school support has been delivered based on a framework of two visits per term from the school challenge and support partners,
- shared working across the Trust and school reviews. The Trust is looking to develop the standardisation of school improvement summaries, and this will be further developed by Head Teacher presentations to the Trust's Board;
- A CPD programme has been delivered, including work with middle leaders and subject specialists; data protection training and work is continuing to be developed on this;
The Trust has a strong focus on governance and councillor development including development of individual governance action plans and cycle of governance activity and the introduction of Trust wide development events and self-reviews of effectiveness by both ACs and the Trust's Board;
- The Trust is continuing to develop a culture of strong financial management and delivery of savings to our academies through increased shared buying/procurement and implementation of SRMA report findings;
The Trust's risk management framework is continuing to be developed and embedded at both the operational and strategic levels. A finance and audit committee was set up in early 2020 comprising all board Members apart from the CEO to ensure further separate scrutiny and reporting of finance and internal assurance and audit arrangements in line with the Academies Financial Handbook.
- The COVID-19 pandemic was a test of the Trust's systems and ability to continue operating in challenging and uncertain circumstances. The schools remained open and welcomed key worker and vulnerable children during the lockdown period and opened to further year groups in line with government guidance up to summer 2020. From September 2020 all schools within the Trust were fully open to all children.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

Key Performance Indicators:

PRE COVID-19:

- December 2019 Ofsted Section 5 visit to Heighington led to a GOOD outcome. Whilst this is a drop from Outstanding the Report acknowledged the excellent support from the Trust for leaders and councillors. Standards pre inspection and pre conversion to DDMAT had been in decline however, this trend was reversed with the support of the Trust and acknowledged by the Lead Inspector.
- All Academies across the are currently graded as Good or Outstanding by CSP Partners with the exception of Bishop Ian Ramsey which was Sponsored in 2019. Ingleton and Stanhope C of E Primary Schools have adapted well to our programme of school improvement and are now part of the wider MAT network of support.
- The development of bespoke curriculums for each of the Trust schools is ongoing. There is no "Trust wide" curriculum however there are principles on which we have asked individual schools to develop their offer in line with their own children's needs. The Trust has worked hard to ensure appropriate levels of support have been available to support with the ongoing project.
- Inference Training has been deployed throughout all Trust Schools which has had a significant impact on learning across the Trust. We anticipated seeing this in our statutory end of year data which is now sadly not available.
- Attendance was an issue when looking at Trust Data in 2019-20 mainly as a result of the Sponsoring of a failing school. This has now become a Trust wide objective as we move into the new Academic Year.

During COVID-19 pandemic (from March 2020):

Due to the current pandemic the usual key performance indicators are not available as no statutory testing undertaken.

Support from the Trust has been extensive to schools, all of which has ensured our schools have maintained high standards of health and safety; being able to open throughout the pandemic and ensured a curriculum has been developed and delivered that is appropriate.

Two schools joined the Trust in April 2020 despite the pandemic. Both schools have moved across to MAT policies and systems, remained open and are fully compliant.

- All schools remained open except one which had no demand during the peak of the pandemic.
- School meals were prioritised for those who were in need.
- Vulnerable groups were closely monitored throughout the peak of the pandemic and this has continued to date.
- CPD has been undertaken this year whilst there was an opportunity for those who were not in school on a rota system.
- As the crisis has developed schools have adapted their curriculum to work in the virtual world.
- All academies are now able to switch to learning online in the event of another partial or full lockdown.
- Health and Safety has been a key element of ensuring our schools have been safe places to work and learn. We have worked in seamless partnership with our H and S team to ensure all of our staff and children have received the best and most up to date advice.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

- Trustees and Academy Councillors have been able to access support and up to date information from the CEO; COO and CSP Partners to ensure leaders have been adequately supported.
- CSP's are now working on supporting schools as they manage the new 'normal' and looking at overall strategy to ensure pupils 'catch-up' on lost learning.

As a result of the COVID-19 pandemic the Trust's external financial consultants, Avec carried out an analysis of the financial implications on the schools within the Trust. The impact of lost income streams is around £100,000 and a claim for exceptional expenditure was submitted in July for all schools under the COVID-19 exceptional expenses fund process. A full benchmarking report was also considered and discussed by the Trust board in July 2020. Financial Key Performance Indicators are also set out below. In 2017/18 the trust consisted of three schools. During 2018/19, three additional schools joined the Trust, one convertor in the autumn term, and two transfers in the summer term, bringing in significant reserves which has resulted in an increased surplus and larger reserves per pupil. In 2019/20 three further schools joined the Trust including a sponsored academy. These schools did not have significant reserves and two have ongoing financial challenges which the Trust is working with the schools to resolve.

The table below shows the KPI's monitored by Trustees during last academic year, this also shows the Target (budget) for each term as well:-

KPI	2018/19 Outturn	Target (Autumn Budget)	Autumn Term Projection	Target (Spring Budget)	Spring Term Projection	Target (Summer Budget)	Summer Term Projection
Total staff % expenditure	72%	51%	51%	76%	73%	76%	74.5%
Average Teacher Cost	£45,725	£53,814	£54,499	£51,713	£51,727	£53,713	£54,046
Education Resources % expenditure	6.4%	3.7%	4.0%	3.7%	4.3%	3.7%	3.7%
Pupil Teacher Ratio	16.8	18.8	18.8	21.0	21.0	21.0	19.7

Going Concern

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

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

Financial Review

The majority of the Academy Trust's income for the period of account is obtained from either the ESFA (Education and Skills Funding Agency) or Local Authorities as commissioners of pupil places, the use of which is restricted to particular purposes. The grants and funding received from these bodies for the period and the associated expenditure are shown as restricted funds in the statement of financial activities.

During the period ended 31 August 2020 total expenditure of £8,047,000 was exceeded by grant funding from the ESFA and commissioned place income from Local Authorities together with other incoming resources. The excess of income over expenditure for the period (excluding restricted fixed asset funds and before pension transfer) was £51,000.

At 31 August 2020 the net book value of fixed assets was £1,589,000. The assets were used exclusively for providing education and associated support to the pupils in the academies within the Academy Trust.

The Academy Trust occupies land, including buildings, which are owned by one of its Members; the Durham Diocesan Board of Finance. The Members are the providers of the academies on the same basis as when they were maintained schools. The Academy Trust therefore occupies the land and buildings under a licence. The continuing permission of the Members is pursuant to, and subject to, the Members' charitable objectives and is part of the Church of England's contribution since 1847 to provide state funded education in partnership with the state. The licence delegates aspects of the management of the land and buildings to the Academy Trust, but does not vest any rights over the land in the Academy Trust. The Members have given an undertaking to the Secretary of State for Education that they will not give the Academy Trust less than two years notice to terminate the occupation of the land and buildings. Having therefore considered the basis of which the Academy Trust is occupying the land and buildings the Trustees have concluded that the value of these land and buildings will not be recognised on the Academy Trust's balance sheet.

Reserves Policy

The level of reserves is reviewed by the Trustees regularly throughout the period as part of budget monitoring processes and the minimum level of reserves for the ongoing needs of the Academy Trust will be reviewed by Trustees on at least an annual basis and is set out in the Academy Trust's Financial Reserves Policy which was reviewed for a fourth time in January 2020. This review encompassed the nature of income and expenditure streams, the need to match income with spending commitments and the nature of the reserves held. It also set out a process for schools to apply for an advance of reserves in exceptional circumstances for one-off projects. In reviewing the sufficient level of reserves required the Trustees have decided that the minimum level of reserves should equate to one calendar month's-worth of budgeted expenditure both in terms of salaries and invoices.

The Academy Trust's current level of reserves are in surplus by £1,374,000 (comprising £283,000 of restricted reserves (excluding pension and fixed assets) and £1,091,000 of unrestricted reserves) and are therefore considered more than sufficient for the ongoing needs of the Academy Trust.

The importance of reserves is recognised for the sustainability of the Academy Trust's operations and its capacity to deal with unforeseen events. Ongoing reviews of the strategic risks that the Academy Trust faces will help in informing the level of reserves required going forward.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

Investment Policy

The Academy Trust operates an interest bearing current account with a bank approved by the Board of Trustees currently Lloyds Bank and maintains sufficient balances to ensure there are adequate liquid funds to cover all immediate and forthcoming financial commitments, including maintaining a sufficient contingency for unexpected payments.

The Academy Trust has a Treasury Management and Investment Policy which allows for applicable monies surplus to the working requirements to be invested in low risk deposit accounts or in term deposits in regulated institutions. The Academy Trust will not take out any long term deposits until reliable cash flow pattern has been established, monies will only be paid into term deposits not exceeding six months. The Academy Trust will only deposit funds with bodies protected by the Financial Services Compensation Scheme.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Academy Trust are recorded and monitored on an operational basis in each Academy's risk register which link into the Academy Trust's overall strategic risk register which is overseen by the Trustees in line with the Academy Trust's Risk Management Policy.

Principal financial risks are centred on changes in the level of funding from the ESFA, nationally negotiated pay increases, the need for significant capital investment in the Academy Trust's estate, drops in pupil numbers due to the relatively small schools in the Academy Trust and the continued Membership of the Local Government Pension Scheme which could result in the recognition of a deficit on the Academy Trust's balance sheet. Trustees have implemented a number of controls to ensure financial risks are well managed.

The principal non-financial risks that the Academy Trust faces are focused around ensuring effective governance and leadership to drive up and maintain academic standards, managing attendance and behaviour of pupils and ensuring that safeguarding systems for the protection and well-being of the Academy Trust's pupils are effective. The Academy Trust has sponsor capacity status and on 1 October 2019 Bishop Ian Ramsey CE Primary School joined the Academy Trust. This school currently holds a Special Measures judgment from Ofsted so this has been recorded as a specific risk on the risk register in light of the support required and potential for reputational risk.

Trustees have implemented a number of systems to assess and manage risks particularly in operational areas and these include the use of external health and safety consultants, robust safeguarding policies and procedures and ongoing CPD and training for all employees.

In addition the Academy Trust has fully implemented the requirements of the Safer Recruitment procedures and all relevant staff have received training in this area.

Fundraising

Fundraising is undertaken by each academy's Parent Teacher Association, equivalent committee or the academy itself at local level to fund activities and events for the children at each academy. None of the academies work with commercial participators or professional fundraisers and funds raised by fund raising are audited as part of the Academy Trust wide audit and also looked at through a programme of internal assurance. There have not been any complaints about fundraising but any complaints that were raised would be dealt with under the Academy Trust complaints policy. The academies and the Academy Trust only fund raise locally through events and by engagement with parents and the community. There is no use of intrusive or persistent fundraising approaches and no undue pressure to donate.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2020 (continued)

Plans for Future Periods

Moving into 2020/21 the Academy Trust will review and develop its Strategic Plan and priorities.

1. Ensure attendance for all pupil groups is at least in line with or above national averages
2. To continue to focus on developing a new curriculum which suits and matches the needs of all learners that is able to move online as and when required
3. To continue to manage the growth of the Trust as we open to schools in the Newcastle Diocese

The Academy Trusts objective is to provide outstanding education in Primary schools across the Diocese of Durham and now Newcastle. We hope to achieve this through our distinctive vision of inclusivity where every child matters and no child is ever left behind. Every school / academy offers a broad and balanced curriculum with the aim of raising educational standards with a particular emphasis on characteristics that are deeply Christian. We aim to provide value for money; to comply with all statutory and curriculum requirements; and to conduct business with the highest standards of openness, probity and integrity.

Attendance:

- Through the sharing of good practice across the Trust and an increased focus on children's barriers to attending school we are looking to develop a Trust wide offer to improve attendance of key pupil groups.
- A key performance management objective will be to research, develop and begin to deliver a new knowledge based curriculum for learners of each learning community. Whilst this is now in place further work is needed to review what we have learned and expand our current ideas to be able to deliver during periods of partial or full closure.
- Additional capacity will be available to middle and senior leaders to support all staff to develop curriculum and pedagogy (JM).

Curriculum:

Managing Growth:

- All growth will be subject to approval by Trustees and the RSC.
- The move into the Diocese of Newcastle will be managed and proportionate

Funds Held As Custodian On Behalf Of Others

There are no funds held as Custodian Academy Trustee on behalf of others.

Auditor

Insofar 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.

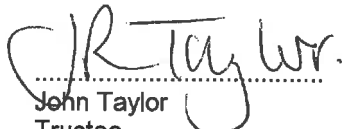
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Trustees Report for the Year Ended 31 August 2020 (continued)

Reappointment of auditor

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of MHA Tait Walker as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

The trustees report, incorporating a Strategic Report, was approved by order of the members of the Board on ~~25/11/20~~ 25/11/20 and signed on its behalf by:


.....
John Taylor
Trustee

Durham and Newcastle Diocesan Learning Trust

Governance Statement

Scope of Responsibility

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

The Board of 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 Durham and Newcastle Diocesan 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.

Governance

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

Full Name	Date of appointment	Term of office	End date	Attendance at Board meets 2019/20	Attendance at F&A Committee meets 2019/20
				25/9/2019, 27/11/2019 5/2/2020, 1/4/2020, 13/05/2020, 15/07/2020	1/4/20, 15/7/20
John Taylor	3/7/17	4 yrs	2/7/21	6/6	2/2
Paul Rikeard	3/7/17	Ex-officio		6/6	
Charlotte McCabe	4/10/19	4 yrs	3/10/23	3/5	0/2
Jenny Wade	16/1/20	4 yrs	15/1/24	4/4	2/2
Mark Stouph	3/7/17	4 yrs	2/7/21	5/6	1/2
Tim Dillon	3/7/17	4yrs	2/7/21	6/6	2/2
William Braviner	3/7/17	4 yrs	2/7/21	5/6	2/2
Joanne Davison	13/12/17	4 yrs	Resigned 16/1/20	2/2	
Tim Jones	12/9/18	4 yrs	11/9/22	4/6	2/2

The Board of Trustees has reviewed both financial and educational performance information at its regular Board meetings. Trustees have also received the monthly management accounts for review via email from the Academy Trust's CFO.

Durham and Newcastle Diocesan Learning Trust

Governance Statement (continued)

In April 2020 the Board established a Finance and Audit Committee to deal with all matters relating to auditing, internal scrutiny, finance and risk management that may be referred by the Board of Trustees. Membership of this committee comprises all Members of the Board with the exception of the CEO. The Board has met twice to date on 1 April 2020 and 15 July 2020 and attendance at these meetings is detailed on the chart above.

The CEO reports on educational performance at each meeting of the Board following meetings with the Head Teachers of the schools and review of their school development plans. Review of the risk register and GDPR compliance are standing items at each board agenda along with policy review and updates from the Chief Operating Officer and CEO.

Governance Review

Governance Development 2019/20

During 2019/20 the academies in the MAT have continued to enjoy a single source of clerking and governance support. This has helped to develop a consistent approach to governance across the schools and raised the expectations in schools of effective and efficient governance. The regular meetings with Chairs have helped to refine the Trust's current governance arrangements and build on these as appropriate. The Trust now has an agreed Cycle of Governance Activity that drives each school's governance activity but allow schools the opportunity to tailor the actual activity to their own context. The cycle reflects the demands of the Academy Trust's Scheme of Delegation and thus gives assurance to Trustees that the activity of the Academy Councils is delivering the responsibilities delegated to them.

At the heart of this activity is the expectation that Academy Councils will undertake a planned programme of monitoring activity that will support the Academy Council in making judgements about the progress being made against the school's key priorities for improvement.

The management of risk continues to be an important element of the work of the Academy Councils. Each Academy Council has its own risk register that reflects those risks identified at Academy Council meetings that impact on the ability of schools to deliver their key priorities for the year. The risks that are rated as Red are escalated to the Board for review.

During 2019/20 the following developments have taken place in relation to the Trust's governance activity:

- a) Development of the role of the Vice Chair of the Academy Council;
- b) Development of Governance Action Plan with each school to reflect DfE expectations against pillars of governance in Competency Framework;
- c) Induction of two new schools into Trust regarding their governance activity;
- d) Development, with Chairs, of an agreed training and development programme for all councillors to cover the following:
 - PREVENT - to be undertaken by all Councillors every two years;
 - E-Safety - to be undertaken by all Councillors every two years;
 - Level 1 Safeguarding training - to be undertaken annually by all Councillors;
 - Safer Recruitment training - AC to have at least two Councillors current

Durham and Newcastle Diocesan Learning Trust

Governance Statement (continued)

- Induction support for first 12 months in role

COVID-19 had an impact on the Trust's governance arrangements but the Academy Councils maintained a level of activity by being creative in their approaches to "meetings". The Board agreed the purchase of a virtual meeting platform that would allow meetings to continue in a virtual format.

The Board acknowledged that, for the summer term 2020, the governance activity expected of the Academy Councils would not be possible so issued guidance on the activity expected given the COVID-19 context. Academy Councils were asked to concentrate on the following areas for the summer term governance activity:

- i) School Operations - risk assessments and the financial planning and resource implications of the pandemic;
- ii) Curriculum, Behaviour and Pastoral Support - assessment of pupils learning whilst not in school, schools' plans to address the learning needs of vulnerable and disadvantaged pupils, the physical, mental health and wellbeing of staff and pupils and the curriculum and how it would re-establish good progress for pupils;
- iii) Assessment and Accountability - the level of reporting from senior leaders to Academy Council, data that would be available to triangulate with school reports and other sources of evidence, the impact on the school's safeguarding arrangements and the governance arrangements needed to support and monitor these points and achieving the priorities for the school in 2020/21.

Due to COVID-19, the Board's planned strategy session on 15th July 2020 was not possible and, although outside the reporting period, this has been moved to take place later in the 2020/2021 academic year when it is more possible to review the impact of COVID-19 and strategically plan. It is at this session that Trustees will undertake a self-review of the Board's effectiveness that will shape the Board's developmental activity for 2021 and moving forwards. At the last self-review Trustees identified the need to develop closer links with the schools in the Academy Trust and, as a result of this, each Trustee is now linked to one of the schools in the Trust and Trustees have agreed that Trustees will make at least two visits to their link school each year. Reporting will be by exception at the following Board meeting to a visit.

Review of Value for Money

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

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

- Reviewing contracts and services across all 9 academies to ensure best value, particularly ensuring savings are maximised through joint contracts and procurement where possible involving all academies. During this period, this included MAT wide contracts for HR support, Governor support services, financial support services, Health and Safety support, school effectiveness support and IT support agreements. The Academy Trust moved to one payroll provider on 1 September 2019 and this has been a successful transition.

Durham and Newcastle Diocesan Learning Trust

Governance Statement (continued)

- A joint contracts register has been produced and continues to be developed to enable a clear overview of all services to schools and forward plan for joint procurement when existing contracts are due for renewal. This includes all aspects of external contracts, such as photocopying, website provision, catering and grounds maintenance.
- Since the formation of the Academy Trust, duplication has been reduced by continuing to implement joint policies and procedures. This aims to ensure consistent and efficient processes are in operation from the outset.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Durham and Newcastle Diocesan Learning Trust for the period from 1 November 2017 (conversion) to 31 August 2018 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal on-going process for identifying, evaluating and managing the Academy Trust's significant risks that has been in place for the period from 1 September 2019 to 31 August 2020 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

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

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- Regular reviews by the Board of Trustees reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- Setting targets to measure financial and other performance;
- Clearly defined purchasing (asset purchase or capital investment) guidelines;
- Delegation of authority and segregation of duties; and
- Identification and management of risks.

The Board of Trustees have considered the need for a specific internal scrutiny function and have appointed MHA Tait Walker to provide a programme of internal assurance.

Following the revised FRC Ethical Standards which prohibit a firm providing external audit to an entity to also provide internal audit services, Azets, have been appointed as internal assurance providers for the upcoming financial year

Durham and Newcastle Diocesan Learning Trust

Governance Statement (continued)

The supplementary procedures carried out include giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. In particular, checks carried out in the period included:

- Testing of ESFA, DfE & Local Authority income;
- Testing of purchasing & payments systems;
- Testing of bank, petty cash and debit card use;
- Testing of payroll systems and procedures; and
- Testing of policies which are in place at the Academy.

On a termly basis, the internal reviewer reports in writing to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities via a formal written report and presentation and annually prepares an annual summary report to the committee outlining the areas reviewed, key findings, recommendations and conclusions to help the committee consider actions and assess year on year progress. The internal reviewer has delivered the schedule of work as planned and recommendations have been acted on through revisions to the finance policy, meetings with school business managers and Head Teachers and change of payroll provider for two of the schools.

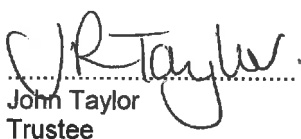
Review of Effectiveness

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 work of the external auditor; and
- The work of the CFO, COO and the Academy Trust financial consultants 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 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 on 25/11/20 and signed on its behalf by:


John Taylor
Trustee

Durham and Newcastle Diocesan Learning Trust

Statement on Regularity, Propriety and Compliance

As Accounting Officer of Durham and Newcastle Diocesan Learning Trust I have considered my responsibility to notify the academy trust Board and the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of all funding received by the academy trust, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2019.

I confirm that I and the academy trust Board are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2019.

I confirm that the following instances of material irregularity, impropriety or funding non-compliance discovered to date have been notified to the Board and the ESFA. If any instances are identified after the date of this statement, these will be notified to the Board and ESFA

- **Non-financial issues**

- Alcohol

- During the year it was identified that the one academy within the Trust had purchased alcohol on one occasion, totalling £40. The purchase was as a gift for a volunteer. In line with the Academies Accounts Direction, all purchases of alcohol are specifically prohibited, regardless of their funding source. The purchases made by the academy trust are therefore in breach of the Academies Accounts Direction. The Trust central team have discussed this with the specific school involved to remind them that Trust funds must not be used to purchase alcohol in any circumstances in line with the Finance Policy and Academies Financial Handbook, a general reminder will also be circulated and reiterated at next school business managers and Heads network meeting.


.....
Paul Rickeard
Accounting officer

Date: 14.12.2020

Durham and Newcastle Diocesan Learning Trust

Statement of Trustees' Responsibilities

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

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

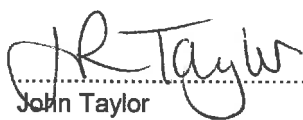
- select suitable accounting policies and apply them consistently;
- observe the methods and principles in the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards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

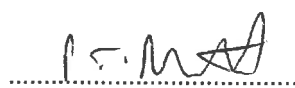
The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements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

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

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

Approved by order of the members of the Board on 25/11/20 and signed on its behalf by:


John Taylor
Trustee


Paul Rickeard
Trustee

Durham and Newcastle Diocesan Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Durham and Newcastle Diocesan Learning Trust

Opinion

We have audited the financial statements of Durham and Newcastle Diocesan Learning Trust (the 'academy trust') for the year ended 31 August 2020, which comprise the Statement of Financial Activities incorporating Income and Expenditure Account, Balance Sheet, Statement of Cash Flows, and 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 FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities SORP 2019 and the Academies Accounts Direction 2019 to 2020 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

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

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 academy 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

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

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

Other information (covers the Reference and Administrative Details, the Trustees Report and the Governance Statement)

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

Durham and Newcastle Diocesan Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Durham and Newcastle Diocesan Learning Trust (continued)

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.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Trustees Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees Report 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees Report .

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 21, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

Durham and Newcastle Diocesan Learning Trust

Independent Auditor's Report on the Financial Statements to the Members of Durham and Newcastle Diocesan Learning Trust (continued)

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.

Use of our report

This report is made solely to the academy trust's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy trust's trustees 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 academy trust and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

MHA Tait Walker

.....
Brian Laidlaw BA CA (Senior Statutory Auditor)
For and on behalf of MHA Tait Walker
Chartered Accountants and Statutory Auditor
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: *21st January 2021*

Durham and Newcastle Diocesan Learning Trust

Independent Reporting Accountant's Report on Regularity to Durham and Newcastle Diocesan Learning Trust and the Education and Skills Funding Agency

In accordance with the terms of our engagement letter dated 4 July 2019 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2019 to 2020, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Durham and Newcastle Diocesan Learning Trust during the period 1 September 2019 to 31 August 2020 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

Respective responsibilities of the Governing Body's accounting officer and the reporting accountant

The Accounting Officer is responsible, under the requirements of the Board's funding agreement with the Secretary of State for Education dated 1 November 2017 and the Academies Financial Handbook extant from 1 September 2019, 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 2019 to 2020. 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 1 September 2019 to 31 August 2020 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 2019 to 2020 issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of Governing Body and committee minutes;
- Review of termly Internal Assurance reports;
- Completion of self assessment questionnaire by Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expenses claims on a sample basis;
- Confirmation that the lines of delegation and limits set have been adhered to;

Durham and Newcastle Diocesan Learning Trust

Independent Reporting Accountant's Report on Regularity to Durham and Newcastle Diocesan Learning Trust and the Education and Skills Funding Agency (continued)

- Evaluation of internal control procedures and reporting lines;
- Review cash payments for unusual transactions;
- Review of credit card transactions;
- Review of register of interests;
- Review related party transactions;
- Review of borrowing agreements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review an instance of gifts/hospitality to ensure in line with policy;
- Consideration of governance issues.

Conclusion

In the course of our work, (except the matter listed below) nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2019 to 31 August 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

This report is made solely to Durham and Newcastle Diocesan Learning Trust and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we may state to Durham and Newcastle Diocesan Learning Trust and the 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 Durham and Newcastle Diocesan Learning Trust and the ESFA, for our work, for this report, or for the conclusion we have formed.

- During the year it was identified that the one academy within the Trust had purchased alcohol on one occasion, totalling £40. The purchase was as a gift for a volunteer. In line with the Academies Accounts Direction, all purchases of alcohol are specifically prohibited, regardless of their funding source. The purchases made by the academy trust are therefore in breach of the Academies Accounts Direction. From discussions with management, the Trust central team have discussed this with the specific school involved to remind them that Trust funds must not be used to purchase alcohol in any circumstances in line with the Finance Policy and Academies Financial Handbook, a general reminder will also be circulated and reiterated at next school business managers and Heads network meeting.



MHA Tait Walker
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 21st January 2021

MHA Tait Walker is a trading name of Tait Walker LLP.

Durham and Newcastle Diocesan Learning Trust

Statement of Financial Activities for the Year Ended 31 August 2020 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2020 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	55	-	92	147
Transfer from local authority on conversion		-	(1,135)	46	(1,089)
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	111	7,393	-	7,504
Other trading activities	4	191	-	-	191
Investments	5	2	-	-	2
Total		359	6,258	138	6,755
Expenditure on:					
Raising funds	6	1	-	-	1
<i>Charitable activities:</i>					
Academy trust educational operations	7	1	7,957	88	8,046
Total		2	7,957	88	8,047
Net income/(expenditure)		357	(1,699)	50	(1,292)
Transfers between funds		(436)	268	168	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(1,075)	-	(1,075)
Net movement in (deficit)/funds		(79)	(2,506)	218	(2,367)
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2019		1,170	(1,363)	1,441	1,248
Total funds/(deficit) carried forward at 31 August 2020		1,091	(3,869)	1,659	(1,119)

Durham and Newcastle Diocesan Learning Trust

Statement of Financial Activities for the Year Ended 31 August 2019 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2019 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	79	-	79	158
Transfer from local authority on conversion		595	(471)	1,008	1,132
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	4,823	-	4,823
Other trading activities	4	283	-	-	283
Investments	5	1	-	-	1
Total		958	4,352	1,087	6,397
Expenditure on:					
Raising funds	6	11	-	-	11
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	5,037	37	5,074
Total		11	5,037	37	5,085
Net income/(expenditure)		947	(685)	1,050	1,312
Transfers between funds		(55)	-	55	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	23	-	(714)	-	(714)
Net movement in funds/(deficit)		892	(1,399)	1,105	598
Reconciliation of funds					
Total funds brought forward at 1 September 2018		278	36	336	650
Total funds/(deficit) carried forward at 31 August 2019		1,170	(1,363)	1,441	1,248

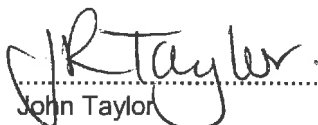
Durham and Newcastle Diocesan Learning Trust

(Registration number: 10847279)

Balance Sheet as at 31 August 2020

	Note	2020 £ 000	2019 £ 000
Fixed assets			
Tangible assets	12	1,589	1,430
Current assets			
Debtors	13	345	249
Cash at bank and in hand		<u>1,784</u>	<u>1,531</u>
		2,129	1,780
Creditors: Amounts falling due within one year	14	<u>(685)</u>	<u>(446)</u>
Net current assets		<u>1,444</u>	<u>1,334</u>
Total assets less current liabilities		<u>3,033</u>	<u>2,764</u>
Net assets excluding pension liability		3,033	2,764
Pension scheme liability	23	<u>(4,152)</u>	<u>(1,516)</u>
Net (liabilities)/assets including pension liability		<u>(1,119)</u>	<u>1,248</u>
Funds of the Academy:			
Restricted funds			
Restricted income fund	15	283	153
Restricted fixed asset fund	15	1,659	1,441
Restricted pension fund	15	<u>(4,152)</u>	<u>(1,516)</u>
		(2,210)	78
Unrestricted funds			
Unrestricted income fund	15	<u>1,091</u>	<u>1,170</u>
Total funds		<u>(1,119)</u>	<u>1,248</u>

The financial statements on pages 27 to 57 were approved by the trustees, and authorised for issue on 25/11/20 and signed on their behalf by:


 John Taylor
 Trustee

Durham and Newcastle Diocesan Learning Trust

Statement of Cash Flows for the Year Ended 31 August 2020

	Note	2020 £ 000	2019 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	18	374	1,213
Cash flows from investing activities	19	<u>(121)</u>	<u>(43)</u>
Change in cash and cash equivalents in the year		253	1,170
Cash and cash equivalents at 1 September		<u>1,531</u>	<u>361</u>
Cash and cash equivalents at 31 August	20	<u><u>1,784</u></u>	<u><u>1,531</u></u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020

1 Accounting policies

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

Basis of preparation

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2019 to 2020 issued by ESFA, the Charities Act 2011 and the Companies Act 2006.

These financial statements are prepared in sterling which is the functional currency of the entity.

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

Income

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

Grants 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 year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability.

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

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Donations

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

Other income

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

Investment income

Interest receivable is included in the statement of financial activities on an accruals basis.

Transfer on conversion

Where assets and liabilities are received by the academy trust on conversion to an academy, the transferred assets are measured at fair value and recognised in the balance sheet at the point when the risks and rewards of ownership pass to the academy trust. An equal amount of income is recognised as transfer on conversion within donations and capital grant income.

Expenditure

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

All resources expended are inclusive of irrecoverable VAT.

Expenditure on raising funds

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

Charitable activities

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

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Tangible fixed assets

Assets costing £1,000 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment. Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. 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 such assets is charged to the restricted fixed asset fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset over its expected useful lives, per the table below.

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

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.

Asset class

Furniture and equipment
Computer equipment
Freehold land and buildings

Depreciation method and rate

7 years straight line
3 years straight line
125 years straight line

Liabilities

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

Provisions

Provisions are recognised when the academy 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 academy trust only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the academy trust and their measurement basis are as follows:

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

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. Amounts due to the charity's wholly owned subsidiary are held at face value less any impairment.

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 note 14. 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. Amounts due to charity's wholly owned subsidiary are held at face value less any impairment.

Taxation

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

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

Pension benefits

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

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

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

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

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 academy trust at the discretion of the trustees.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by 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 Education Skills and Funding Agency and 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 academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Local Government Pension Scheme

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 23, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2016 has been used by the actuary in valuing the pensions liability at 31 August 2020. 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.

Depreciation

The academy trust has made an estimate of the useful lives of the tangible fixed assets. The estimation requires the company to consider how long the asset is likely to be useful and charge the cost of the tangible fixed asset over its life to the Statement of Financial Activities. The charge for the current year was £88,000 (2019 - £37,000).

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

1 Accounting policies (continued)

Critical areas of judgement

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Assessing indicator of impairment

In assessing whether there have been any indicators of impairment of assets the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairment identified during the current financial year.

2 Donations and capital grants

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	Total 2019 £ 000
Educational trips and visits	23	-	-	23	37
Capital grants	-	-	92	92	79
Other donations	32	-	-	32	42
	<u>55</u>	<u>-</u>	<u>92</u>	<u>147</u>	<u>158</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	<u>79</u>	<u>-</u>	<u>79</u>	<u>158</u>	

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	Total 2019 £ 000
DfE/ESFA revenue grants					
General Annual Grant GAG	-	5,683	-	5,683	3,665
Start Up Grants	-	50	-	50	130
Other ESFA Group grants	-	1,110	-	1,110	623
	-	6,843	-	6,843	4,418
Other government grants					
Local authority grants	-	531	-	531	402
Other Government grants	-	-	-	-	3
	-	531	-	531	405
Exceptional government funding					
Other Coronavirus funding	-	19	-	19	-
	-	19	-	19	-
Non-government grants and other income					
Other income from the academy trusts educational operations	111	-	-	111	-
Total grants	111	7,393	-	7,504	4,823
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	-	4,823	-	4,823	

The academy trust has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak. The funding received is shown above under "exceptional government funding."

The funding received for coronavirus exceptional support covers £9,796 of cleaning and medical supplies costs. These costs are included in notes 7 and 9 below as appropriate.

The academy trust furloughed some of its other support staff under the government's CJRS. The funding received of £9,310 relates to staff costs in respect of 7 staff which are included within note 10 below as appropriate.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	2019 £ 000
Hire of facilities	16	-	-	16	15
Catering income	4	-	-	4	80
Recharges and reimbursements	13	-	-	13	26
Other sales	146	-	-	146	157
Training income	11	-	-	11	2
Fundraising income	1	-	-	1	3
	<u>191</u>	<u>-</u>	<u>-</u>	<u>191</u>	<u>283</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	<u>283</u>	<u>-</u>	<u>-</u>	<u>283</u>	

5 Investment income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2020 £ 000	Total 2019 £ 000
Short term deposits	<u>2</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>1</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2019 £ 000	
Total 2019	<u>1</u>	<u>-</u>	<u>-</u>	<u>1</u>	

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

6 Expenditure

	Staff costs £ 000	Premises £ 000	Non Pay Expenditure Other costs £ 000	Total 2020 £ 000	Total 2019 £ 000
Expenditure on raising funds	-	-	1	1	11
Academy's educational operations					
Direct costs	5,027	-	562	5,589	3,570
Allocated support costs	1,103	466	888	2,457	1,504
	<u>6,130</u>	<u>466</u>	<u>1,451</u>	<u>8,047</u>	<u>5,085</u>

	Staff costs £ 000	Premises £ 000	Non Pay Expenditure Other costs £ 000	Total 2019 £ 000
Total 2019	<u>3,728</u>	<u>299</u>	<u>1,058</u>	<u>5,085</u>

Net Income/(expenditure) for the year includes:

	2020 £ 000	2019 £ 000
Depreciation	88	37
Fees payable to auditor - audit	8	7
Fees payable to auditor - other audit services	<u>7</u>	<u>6</u>

7 Charitable activities

	2020 £ 000	2019 £ 000
Direct costs - educational operations	5,589	3,570
Support costs - educational operations	<u>2,457</u>	<u>1,504</u>
	<u>8,046</u>	<u>5,074</u>

	Educational operations £ 000	Total 2020 £ 000	Total 2019 £ 000
Analysis of support costs			
Support staff costs	1,103	1,103	625
Depreciation	88	88	37
Technology costs	106	106	93
Premises costs	378	378	262
Legal costs	12	12	24
Other support costs	745	745	449
Governance costs	<u>25</u>	<u>25</u>	<u>14</u>
Total support costs	<u>2,457</u>	<u>2,457</u>	<u>1,504</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

8 Staff

Staff costs

	2020 £ 000	2019 £ 000
Staff costs during the year were:		
Wages and salaries	4,406	2,747
Social security costs	388	249
Operating costs of defined benefit pension schemes	1,237	461
	<u>6,031</u>	<u>3,457</u>
Supply staff costs	88	270
Staff restructuring costs	11	1
	<u>6,130</u>	<u>3,728</u>
	2020 £ 000	2019 £ 000
Staff restructuring costs comprise:		
Redundancy payments	<u>11</u>	<u>1</u>

Staff numbers

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

	2020 No.	2019 No.
Charitable Activities		
Teachers	81	71
Administration and support	155	119
Management	9	3
	<u>245</u>	<u>193</u>

Higher paid staff

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

	2020 No.	2019 No.
£60,001 - £70,000	2	-
£70,001 - £80,000	1	1
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

8 Staff (continued)

Key management personnel

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £616,150 (2019 - £382,800).

9 Central services

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

- Chief Executive Officer
- Chief Operating Officer
- Chief Finance Officer
- Audit Services
- Finance Management System
- Management Information System
- HR Service
- Finance Service
- Governance Service
- Leadership/H&S Support Service
- Payroll
- School Improvement Support

The academy trust charges for these services on the following basis:

6.00% of each schools' budget share, which the Academy Trust subsidised for the first year of operations only.

The actual amounts charged during the year were as follows:

	2020	2019
	£ 000	£ 000
Egglescliffe Church of England Primary School	38	34
St Aidan's Church of England Memorial Primary School	78	66
Holy Trinity Church of England Primary School	50	31
St Mary's Church of England Primary School	26	18
Bishopton Redmarshall Church of England Primary School	29	8
Heighington Church of England Primary School	56	16
Bishop Ian Ramsey Church of England Primary School	41	-
Ingleton Church of England Primary School	8	-
Stanhope Barrington Church of England Primary School	15	-
	<u>341</u>	<u>173</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

10 Related party transactions - trustees' remuneration and expenses

No trustees are remunerated by Durham and Newcastle Diocesan Learning Trust. This is because the trustees who work for the central team are employed by and remunerated by Durham Diocesan Board of Finance and Newcastle Diocesan Education Board.

During the year ended 31 August 2020, travel and subsistence expenses totalling £117 (2019 - £Nil) were reimbursed or paid directly to 1 trustees (2019 - 0).

Other related party transactions involving the trustees are set out in note 24.

11 Trustees' and officers' insurance

The academy 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 academy business, and provides cover up to £10,000,000. It is not possible to quantify the trustees and officers indemnity element from the overall cost of the RPA scheme.

12 Tangible fixed assets

	Freehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost				
At 1 September 2019	1,199	218	64	1,481
Additions	100	75	40	215
Inherited assets	32	-	-	32
At 31 August 2020	1,331	293	104	1,728
Depreciation				
At 1 September 2019	5	28	18	51
Charge for the year	20	34	34	88
At 31 August 2020	25	62	52	139
Net book value				
At 31 August 2020	1,306	231	52	1,589
At 31 August 2019	1,194	190	46	1,430

The academy trust's transactions relating to land and buildings included:

- the acquisition of the freehold land which was donated to the academy trust at a value of £22,500.
- the acquisition of the freehold land which was donated to the academy trust at a value of £7,700.
- the acquisition of the freehold land which was donated to the academy trust at a value of £2,200.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

12 Tangible fixed assets (continued)

The Academy Trust occupies land, including buildings, which are owned by one of its Members; the Durham Diocesan Board of Finance. The Members are the providers of the academies on the same basis as when they were maintained schools. The Academy Trust therefore occupies the land and buildings under a licence. The continuing permission of the Members is pursuant to, and subject to, the Members' charitable objectives and is part of the Church of England's contribution since 1847 to provide state funded education in partnership with the state. The licence delegates aspects of the management of the land and buildings to the Academy Trust, but does not vest any rights over the land in the Academy Trust. The Members have given an undertaking to the Secretary of State for Education that they will not give the Academy Trust less than two years notice to terminate the occupation of the land and buildings. Having therefore considered the basis of which the Academy Trust is occupying the land and buildings the Trustees have concluded that the value of these land and buildings will not be recognised on the Academy Trust's balance sheet.

13 Debtors

	2020	2019
	£ 000	£ 000
Trade debtors	8	9
VAT recoverable	48	13
Prepayments	108	91
Accrued grant and other income	181	136
	<u>345</u>	<u>249</u>

14 Creditors: amounts falling due within one year

	2020	2019
	£ 000	£ 000
Trade creditors	174	91
Other taxation and social security	102	76
ESFA creditor: abatement of GAG	23	-
Other creditors	1	51
Accruals	122	108
Deferred income	147	98
Pension scheme creditor	118	22
	<u>687</u>	<u>446</u>

	2020	2019
	£ 000	£ 000
Deferred income		
Deferred income at 1 September 2019	98	62
Resources deferred in the period	147	98
Amounts released from previous periods	<u>(98)</u>	<u>(62)</u>
Deferred income at 31 August 2020	<u>147</u>	<u>98</u>

At the balance sheet date the Trust was holding funds received in advance in respect of ESFA Rates Relief, Universal Infant Free School Meals income, Early Years funding and trip income.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Funds

	Balance at 1 September 2019 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2020 £ 000
Restricted general funds					
General Annual Grant	101	5,683	(5,769)	268	283
Other DfE/ESFA	52	1,160	(1,212)	-	-
Other Government Grants	-	550	(550)	-	-
Other Income	-	79	(79)	-	-
	<u>153</u>	<u>7,472</u>	<u>(7,610)</u>	<u>268</u>	<u>283</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	135	106	(88)	168	321
Assets Transferred on Conversion	<u>1,306</u>	<u>32</u>	<u>-</u>	<u>-</u>	<u>1,338</u>
	<u>1,441</u>	<u>138</u>	<u>(88)</u>	<u>168</u>	<u>1,659</u>
Restricted pension funds					
LGPS Pension	<u>(1,516)</u>	<u>(1,214)</u>	<u>(347)</u>	<u>(1,075)</u>	<u>(4,152)</u>
Total restricted funds	78	6,396	(8,045)	(639)	(2,210)
Unrestricted funds					
Unrestricted	<u>1,170</u>	<u>359</u>	<u>(2)</u>	<u>(436)</u>	<u>1,091</u>
Total funds	<u>1,248</u>	<u>6,755</u>	<u>(8,047)</u>	<u>(1,075)</u>	<u>(1,119)</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Funds (continued)

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

	Balance at 1 September 2018 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2019 £ 000
Restricted general funds					
General Annual Grant	117	3,746	(3,762)	-	101
Other DfE/ESFA	-	358	(306)	-	52
Pupil Premium	-	333	(333)	-	-
Local Authority Grants	-	400	(400)	-	-
Other Government Grants	-	3	(3)	-	-
Other Income	-	13	(13)	-	-
	<u>117</u>	<u>4,853</u>	<u>(4,817)</u>	<u>-</u>	<u>153</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	38	79	(37)	55	135
Assets Transferred on Conversion	<u>298</u>	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>1,306</u>
	336	1,087	(37)	55	1,441
Restricted pension funds					
LGPS Pension	<u>(81)</u>	<u>(501)</u>	<u>(220)</u>	<u>(714)</u>	<u>(1,516)</u>
Total restricted funds	372	5,439	(5,074)	(659)	78
Unrestricted funds					
Unrestricted	<u>278</u>	<u>958</u>	<u>(11)</u>	<u>(55)</u>	<u>1,170</u>
Total funds	<u>650</u>	<u>6,397</u>	<u>(5,085)</u>	<u>(714)</u>	<u>1,248</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Funds (continued)

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

The General Annual Grant (GAG) must be used for the normal running costs of the academy Trust. Under the funding agreement with the Secretary of State, the Trust was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2020.

Other DfE/EFA grants, Local Authority grants and other income include insurance refund, PE grant, sponsorship grants, staff development grant and year 7 catch up grant.

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

The transfer from the Local Authority reflects the fixed assets, the pension deficit, the surplus GAG and any surplus school funds acquired on conversion.

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

Analysis of academies by fund balance

Fund balances at 31 August 2020 were allocated as follows:

	2020 £ 000	2019 £ 000
Durham Diocesan MAT	76	112
Holy Trinity Church of England Primary School	269	211
Egglescliffe Church of England Primary School	197	154
St Aidan's Church of England Memorial Primary School	178	164
St Mary's Church of England Primary School	4	55
Bishopton Redmarshall Church of England Primary School	264	263
Heighington Church of England Primary School	292	364
Bishop Ian Ramsey Church of England Primary School	98	-
Ingleton Church of England Primary School	47	-
Stanhope Barrington Church of England Primary School	(51)	-
Total before fixed assets and pension reserve	1,374	1,323
Restricted fixed asset reserve	1,659	1,441
Pension reserve	(4,152)	(1,516)
Total	(1,119)	1,248

Stanhope Barrington Church of England Primary School is carrying a net deficit of £51,000 on these funds because:

The deficit is the result of significant financial challenges during the year of its conversion.

The trust is taking the following action to return the academy to surplus:

A plan was put in place for 19/20 and the school has managed to recover some of their deficit, this will continue with further in-depth reviews of cost savings and income generation opportunities.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Funds (continued)

Analysis of academies by cost

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

	Teaching and Educational Support Staff Costs £ 000	Other Support Staff Costs £ 000	Educational Supplies £ 000	Other Costs (excluding Depreciation) £ 000	Total 2020 £ 000
Durham Diocesan MAT	-	-	7	444	1,842
Holy Trinity Church of England Primary School Egglescliffe	732	161	33	207	796
Church of England Primary School St Aidan's Church of England Memorial Primary School	511	110	10	165	451
St Mary's Church of England Primary School Bishopton Redmarshall	1,332	179	19	312	1,133
Church of England Primary School Heighington	374	78	15	113	580
Church of England Primary School Bishop Ian Ramsey Church of England Primary School	369	87	39	81	576
Ingleton Church of England Primary School	808	231	41	154	1,234
Stanhope Barrington Church of England Primary School	542	145	2	143	832
	96	36	3	16	151
	262	70	4	28	364
Academy Trust	5,026	1,097	173	1,663	7,959

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

15 Funds (continued)

Expenditure incurred by each academy during the prior 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 2019 £ 000
Egglescliffe Church of England Primary School	524	100	76	119	819
St Aidan's Church of England Memorial Primary School	1,267	162	113	215	1,757
Holy Trinity Church of England Primary School	708	161	114	161	1,144
Durham Diocesan MAT	-	-	55	287	342
St Mary's Church of England Primary School	282	51	38	50	421
Bishopston Redmarshall Church of England Primary School	83	43	14	19	159
Heighington Church of England Primary School	237	110	26	33	406
Academy Trust	3,101	627	436	884	5,048

16 Analysis of net assets between funds

Fund balances at 31 August 2020 are represented by:

	Unrestricted funds £ 000	Restricted general funds £ 000	Restricted fixed asset funds £ 000	Total funds £ 000
Tangible fixed assets	-	-	1,589	1,589
Current assets	1,091	968	70	2,129
Current liabilities	-	(687)	-	(687)
Pension scheme liability	-	(4,150)	-	(4,150)
Total net assets	1,091	(3,869)	1,659	(1,119)

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

16 Analysis of net assets between funds (continued)

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	-	-	1,430	1,430
Current assets	1,164	605	11	1,780
Current liabilities	-	(446)	-	(446)
Pension scheme liability	-	(1,516)	-	(1,516)
Total net assets	1,164	(1,357)	1,441	1,248

17 Commitments under operating leases

Operating leases

At 31 August 2020 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2020 £ 000	2019 £ 000
Amounts due within one year	7	10
Amounts due between one and five years	2	4
	9	14

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

		2020 £ 000	2019 £ 000
Net (expenditure)/income		(1,292)	1,312
Depreciation	6	88	37
Capital grants from DfE and other capital income		(92)	(79)
Assets transferred on conversion from Local Authority		(32)	(1,008)
Interest receivable	5	(2)	(1)
Defined benefit pension scheme obligation inherited	23	1,214	501
Defined benefit pension scheme cost less contributions payable	23	306	215
Defined benefit pension scheme finance cost	23	41	5
Decrease in stocks		-	1
(Increase)/decrease in debtors		(96)	22
Increase in creditors		239	208
Net cash provided by Operating Activities		374	1,213

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

19 Cash flows from investing activities

	2020 £ 000	2019 £ 000
Dividends, interest and rents from investments	2	1
Purchase of tangible fixed assets	(215)	(123)
Capital funding received from sponsors and others	92	79
Net cash used in investing activities	<u>(121)</u>	<u>(43)</u>

20 Analysis of cash and cash equivalents

	2018 £ 000	2019 £ 000
Cash at bank and in hand	<u>1,784</u>	<u>1,531</u>
Total cash and cash equivalents	<u>1,784</u>	<u>1,531</u>

21 Analysis of changes in net debt

	At 1 September 2019 £000	Cash flows £000	At 31 August 2020 £000
Cash	<u>1,531</u>	<u>253</u>	<u>1,784</u>
Total	<u>1,531</u>	<u>253</u>	<u>1,784</u>

22 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.

23 Pension and similar obligations

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

The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2016.

Contributions amounting to £117,546 (2019 - £nil) were payable to the schemes at 31 August 2020 and are included within creditors.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

23 Pension and similar obligations (continued)

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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 member and employer makes contributions, as a percentage of salary - these contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

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

The key elements of the valuation and subsequent consultation are:

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

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

The employer's pension costs paid to TPS in the period amounted to £676,613 (2019: £305,018).

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

Local government pension schemes

Teesside Pension Fund

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 31 August 2020 was £173,000 (2019 - £167,000), of which employer's contributions totalled £130,000 (2019 - £125,000) and employees' contributions totalled £43,000 (2019 - £42,000). The agreed contribution rates for future years are 15 per cent for employers and 5.5 - 12.5 per cent for employees. The scheme is managed by Middlesbrough Borough Council.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

23 Pension and similar obligations (continued)

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

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.20	3.00
Rate of increase for pensions in payment/inflation	2.20	2.00
Discount rate for scheme liabilities	1.70	1.90
Inflation assumptions (CPI)	2.20	2.00

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

	2020	2019
Retiring today		
Males retiring today	21.80	21.90
Females retiring today	23.50	23.80
Retiring in 20 years		
Males retiring in 20 years	23.20	23.60
Females retiring in 20 years	25.30	25.70

Sensitivity analysis

	At 31 August 2020 £000	At 31 August 2019 £000
Discount rate +0.1%	3,713	3,233
Discount rate -0.1%	3,915	3,399
Mortality assumption – 1 year increase	3,675	3,204
Mortality assumption – 1 year decrease	3,949	3,427
CPI rate +0.1%	3,835	3,366
CPI rate -0.1%	3,789	3,265

The academy trust's share of the assets in the scheme were:

	2020 £ 000	2019 £ 000
Equities	1,531	1,961
Property	161	216
Cash and other liquid assets	234	326
Other	89	64
Total market value of assets	2,015	2,567

The actual return on scheme assets was (£714,000) (2019 - £98,000).

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

23 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2020 £ 000	2019 £ 000
Current service cost	304	223
Past service cost	-	53
Interest income	(50)	(66)
Interest cost	63	66
Total amount recognised in the SOFA	317	276

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

	2020 £ 000	2019 £ 000
At start of period	3,315	2,183
Conversion of academy trusts	-	197
Current service cost	304	223
Interest cost	63	66
Employee contributions	43	42
Actuarial (gain)/loss	98	556
Benefits paid	(11)	(5)
Past service cost	-	53
At 31 August	3,812	3,315

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

	2020 £ 000	2019 £ 000
At start of period	2,567	2,102
Conversion of academy trusts	-	205
Interest income	50	66
Actuarial gain/(loss)	(764)	32
Employer contributions	130	125
Employee contributions	43	42
Benefits paid	(11)	(5)
At 31 August	2,015	2,567

Durham County Council Pension Fund

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 31 August 2020 was £140,000 (2019 - £27,000), of which employer's contributions totalled £107,000 (2019 - £20,000) and employees' contributions totalled £33,000 (2019 - £7,000). The agreed contribution rates for future years are 15 per cent for employers and 5.5 - 12.5 per cent for employees. The scheme is managed by Durham County Council.

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

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

23 Pension and similar obligations (continued)

Principal actuarial assumptions

	2020	2019
	%	%
Rate of increase in salaries	3.20	3.50
Rate of increase for pensions in payment/inflation	2.20	2.00
Discount rate for scheme liabilities	1.70	1.90
Inflation assumptions (CPI)	2.00	2.00

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

	2020	2019
Retiring today		
Males retiring today	22.20	22.30
Females retiring today	24.20	23.80
Retiring in 20 years		
Males retiring in 20 years	23.20	24.00
Females retiring in 20 years	25.70	25.70

Sensitivity analysis

	At 31 August 2020	At 31 August 2019
	£000	£000
Discount rate +0.1%	4,034	1,756
Discount rate -0.1%	4,254	1,851
Mortality assumption – 1 year increase	3,993	1,743
Mortality assumption – 1 year decrease	4,291	1,864
CPI rate +0.1%	4,163	1,831
CPI rate -0.1%	4,121	1,775

The academy trust share of the assets in the scheme were:

	2020	2019
	£ 000	£ 000
Equities	882	521
Corporate bonds	263	121
Government bonds	427	266
Property	127	75
Cash and other liquid assets	88	52
Total market value of assets	1,787	1,035

The actual return on scheme assets was £43,000 (2019 - £67,000).

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

23 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2020 £ 000	2019 £ 000
Current service cost	239	34
Past service cost	-	50
Interest income	(27)	(8)
Interest cost	55	13
Total amount recognised in the SOFA	267	89

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

	2020 £ 000	2019 £ 000
At start of period	1,803	-
Transferred in on existing academies joining the trust	1,796	1,461
Current service cost	239	34
Interest cost	55	13
Employee contributions	33	7
Actuarial (gain)/loss	229	249
Benefits paid	(13)	(11)
Past service cost	-	50
At 31 August	4,142	1,803

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

	2020 £ 000	2019 £ 000
At start of period	1,035	-
Transferred in on existing academies joining the trust	582	952
Interest income	27	8
Actuarial gain/(loss)	16	59
Employer contributions	107	20
Employee contributions	33	7
Benefits paid	(13)	(11)
At 31 August	1,787	1,035

24 Related party transactions

Owing to the nature of the academy trust and the composition of the board of trustees being drawn from local public and private sector organisations, transactions may take place with organisations in which the trustees have an interest. All transactions involving such organisations are conducted in accordance with the requirements of the AFH and with the academy trust's financial regulations and normal procurement procedures relating to connected and related party transactions.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

24 Related party transactions (continued)

Expenditure related party transactions

During the year the Academy made the following related party transactions:

Durham Diocesan Board of Finance

During the period, the Joint Education Team charged £123,123, of which 50% was paid to the Durham Diocesan Board of Finance £61,561 (2019 - £36,426) in respect of support provided to the Academy Trust. There were also further transactions with NDEB totalling £201 in relation to specific projects. In addition £1,591 was paid to the DDBF as part of the basic partnering support agreement charged to all CofE schools within the Diocese.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due to Durham Diocesan Board of Finance was £28 (2019 - £Nil).

Northern Lights Learning Trust

Northern Lights Learning Trust is a related party by virtue of Mark Stouph being a common director. During the period, Northern Lights Learning Trust charged £100 (2019 - £nil) in respect of training provided to the Academy Trust.

In entering into the transaction the academy trust has complied with the requirements of the Academies Financial Handbook 2019.

At the balance sheet date the amount due to Northern Lights Learning Trust was £Nil (2019 - £Nil).

25 Conversion to an Academy Trust

On 1 October 2019 the Bishop Ian Ramsey Church Of England Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Durham and Newcastle Diocesan Learning Trust from the Durham Country Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 incoming resources in the Statement of Financial Activities as voluntary income.

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

	Unrestricted fund	Restricted general fund	Restricted fixed asset fund	Total
	£	£	£	£
Freehold land and buildings	-	-	7,700	7,700
Other tangible fixed assets	-	-	161	161
On LA funds	-	70,980	-	70,980
LGPS pension surplus/(deficit)	-	(653,076)	-	(653,076)
Net liabilities	-	(582,096)	7,861	(574,235)

The above net liabilities include £70,980 that were transferred as cash.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2020 (continued)

25 Conversion to an Academy Trust (continued)

On 1 April 2020 the Stanhope Barrington Church Of England Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Durham and Newcastle Diocesan Learning Trust from the Durham County Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 resources expended in the Statement of Financial Activities as other resources expended.

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Freehold land and buildings	-	-	22,500	22,500
On LA funds	-	(23,425)	131	(23,294)
LGPS pension surplus/(deficit)	-	(412,081)	-	(412,081)
Net liabilities	-	(435,506)	22,631	(412,875)

The above net liabilities include £Nil that were transferred as cash.

On 1 April 2020 the Ingleton Church Of England Primary School converted to academy status under the Academies Act 2010 and all the operations and assets and liabilities were transferred to Durham and Newcastle Diocesan Learning Trust from the Durham Country Council Local Authority for £Nil consideration.

The transfer has been accounted for using the acquisition method. 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 in the Statement of Financial Activities as .

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

	Unrestricted fund £	Restricted general fund £	Restricted fixed asset fund £	Total £
Freehold land and buildings	-	-	2,200	2,200
On LA funds	-	31,412	14,026	45,438
LGPS pension surplus/(deficit)	-	(148,843)	-	(148,843)
Net liabilities	-	(117,431)	16,226	(101,205)

The above net liabilities include £45,438 that were transferred as cash.