

Registration number: 10847279

DURHAM AND NEWCASTLE DIOCESAN LEARNING TRUST

(A company limited by guarantee)

Annual Report and Financial Statements

for the Year Ended 31 August 2022

Durham and Newcastle Diocesan Learning Trust

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Durham and Newcastle Diocesan Learning Trust

Reference and administrative details

Members	Bishop of Durham (Paul Butler) John Taylor Stephen Pickering Bishop of Newcastle (Rep: Christine Hardman) Rev'd Dennis Handley
Trustees (Directors)	John Taylor, Chair Paul Rickeard (accounting officer) Father Bill Braviner (resigned 1 March 2022) Timothy Dillon Mark Stouph Tim Jones Charlotte McCabe Jennifer Wade Helen Beaton Madeleine Hope
Senior Management Team	Paul Rickeard, Chief Executive Officer Eileen Bell, Chief Finance Officer Liane Atkin, Operating Officer/DPO Amanda Baines, Headteacher Lynn Chambers, 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

Durham and Newcastle Diocesan Learning Trust

Reference and administrative details (continued)

Company Registration Number	10847279
Company Name	Durham and Newcastle Diocesan Learning Trust
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
Auditors	Azets Audit Services Chartered Accountants Bulman House Regent Centre Gosforth Newcastle upon Tyne NE3 3LS

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022

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

The Durham and Newcastle Diocesan Learning Trust (the "Academy Trust") operates eleven 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 2188 pupils on roll 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 as a sponsored academy on 1 October 2019, followed by Ingleton CE Primary and Stanhope Barrington CE Primary on 1 April 2020. St George's and St John's CE Academies joined the Trust on 1 April 2022 having previously been SaGe Multi-Academy Trust.

The Academy Trust changed its name from the Durham Diocesan MAT to the Durham and Newcastle Diocesan Learning Trust on 5 November 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. The Articles of Association of the Academy Trust were amended in Autumn 2020 to reflect the new name, membership and move to the most up to date approved Church, model Articles. These changes reflect the fact that the Trust is now also open to schools within the Diocese of Newcastle. The Trustees of the Academy 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.

Members' Liability

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

Trustees' Indemnities

All 11 of the schools within the Academy 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.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

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. 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. Two Trustees (Madeleine Hope and Helen Beaton) were appointed on 19 July 2021 in response to the Board's skills audit and bring financial, operational and Trust growth expertise to the Board.

Following the retirement of the Academy Trust's previous governance support partner, David Walker, in December 2021 the Academy Trust has, following a successful transition period, utilised the services of an independent clerking service, Berry Education, with Claire Mitchell as lead governance support professional. Berry provides Governance Support Services to the Academy Trust and works with the Trust and local academy councils to develop a bespoke training and support package, including induction meetings for new local Academy Councillors and Trustees, to help advise individuals on the requirements and responsibilities of their roles. The Academy Trust is now in its fifth full year of operation and regular Trustees' strategy sessions are now part of the annual programme of activity. These sessions have included a regular review of the latest self-evaluation of governance by the Board. Termly meetings between the Chairs and Vice 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. These meetings are virtual to save travel time and ensure attendance from as many Chairs and Vice Chairs as possible. A cycle of governance activity has been developed to 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. There is also a link safeguarding director who is working with the CEO and the Trust safeguarding providers, Clennell to develop this role. In addition, each school in the Academy Trust, and the Trustees, have access to NGA e-learning resources to ensure a greater focus on on-line training (as well as bespoke virtual training sessions) to give more flexible options that better support Academy Councillors and Trustees in their important roles. Trustees and Academy Councillors are required to sign a code of conduct when they join the Trust and then on an annual basis. In addition, Trustees and academy councillors have access to both the School Bus (a guidance and advice site) and 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 2022 (continued)

Organisational Structure

The Academy Trust comprised eleven primary schools during the reporting period. Two of these schools (St George's CE Academy and St John's CE Academy) joined the Trust during the period on 1 April 2022 having previously been part of SaGe Multi-Academy Trust. 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 Trusts' CEO working with each of the Head Teachers of the individual schools. The Accounting Officer is the CEO. The Academy Trust has appointed seven Challenge and Support Partners who work with the Head Teachers to support school effectiveness and improvement.

This team is led by Andy Jones Lead CISP who is the headteacher of a large Primary School and a Lead Ofsted Inspector. As part of the Lead CISP role he is responsible for the quality assurance of all reports and ensuring the Networks across the Trust are facilitated. Coupled with this the lead CISP works with the CEO to identify any common themes across the Trust that would benefit from joint working or a combined response. An example of this for the coming year would be assessment at school and Trust level.

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 / Board Committee level.

All staffing appointments are made at an AC level with the exception of Head Teachers, who are appointed by a panel established by the Trustees and including the input of the AC and also advice from the relevant 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 ("COO"), the Chief Finance Officer ("CFO") and two further members of the Finance Team. The Central Team also utilises additional support from two executive school business managers who work for the central team for part of their week as well as working as school business managers in schools. The Academy Trust operates a single bank account and one finance policy and associated procedures across all of its schools.

During 2021/22 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. During the period the Trust started working with a safeguarding consultancy, Clennell Education Solutions, to ensure a consistent approach and access to training across the Trust. The Trust has also procured the services of a new Health and Safety provider, Citation, to support the schools in this area.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

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 joint employees of the Newcastle Diocesan Education Board and the Durham Diocesan Board of Finance (known as the Joint Education Team (JET)). Their services are provided to the Academy Trust at a 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 the school Head Teacher. This is undertaken with the support the designated Challenge and Support Partners who carry out the performance management of each Head Teacher within the Academy Trust.

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 and Chair of the Trust Board respectively.

Trade Union Facility Time

There were two Relevant Union Officials during the period. Neither trade union official spent paid working hours on facility time or undertook any paid trade union activities so as such the Academy Trust has not incurred any costs in relation to facility time or paid trade union activities. However, under the Trust's recognition agreement with the trade unions each academy is asked by the Trust to contribute via the pooled facility time SLA through their local authority where possible.

Related Parties and Other Connected Charities and Organisations

The Academy Trust was set up by 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 schools are currently Church of England Schools within the Diocese of Durham but the Trust is now also open to schools within the Diocese of Newcastle. The Academy Trust was previously directly connected with the Durham Diocesan Board of Finance due to its previous role as Member and its joint employment of the staff who provide officer services to the Academy Trust. However, since the change of the Trust Articles and Membership on 14th September 2020 the Durham Diocesan Board of Finance is no longer a Member of the Trust although both the Durham Diocesan Board of Education and the Newcastle Diocesan Education Board nominate an individual member to the Trust. In any event all officer time is provided at cost or less and the board have obtained ESFA approval to related party transactions with both the Durham Diocesan Board of Finance and the Newcastle Diocesan Education Board for the work of the seconded staff from the Joint Education Team from 1 September 2022.

Engagement with employees (including disabled persons)

As of 1 September 2022 the Trust employees 297 staff. Many Trust staff work under more than one contract to cover additional small part-time roles in school.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

The Trust is an equal opportunities employer and reviews its equal opportunities policy on an annual basis as part of an overall review of the Staff Handbook. The Trust meets with recognised Union reps on a termly basis and seeks their feedback on changes to the staff handbook as well as discussing employment issues generally. The CEO of the Trust attends staff meetings and meets with staff on at least an annual basis and the Head Teacher of each school holds regular staff meetings as well as ensuring staff are consulted on policies and procedures in school. The CEO regularly updates staff on key Trust developments by email and Trust wide training is offered to staff in various areas including complaints handling, GDPR, SIAMs and HR training. The Trust offers various networks to support staff including the Head Teacher and School Business Manager network, a Deputy Head Teachers network, an RSHE network, a Mental Health and Wellbeing network and an Early Years network. Work is in progress to establish a network with a focus on assessment across the Trust.

The Trust has a confidential counselling helpline available to all staff which is notified to all staff via the handbook, the Headteacher and advertised in the school staff room. The Trust has been very conscious of the potential impact on the mental health and well-being of staff during and following the pandemic. The Trust has organised training for mental health first aiders in its schools and there are now mental health first aiders in each of the Trust schools and a Trust facilitated network in place to offer support to those staff in this important role.

Within its Staff Handbook the Trust has policies that positively support the recruitment, promotion and training of people with disabilities. Recruitment and selection policies apply to all aspects of the recruitment process from advertising jobs through to appointing staff, including making reasonable adjustments to interview processes where required and taking positive action to recruit applicants with a disability. The Trust supports employees who are disabled by making reasonable adjustments to working conditions or arrangements and ensuring equal access to opportunities for training, promotion and career development.

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 establishing, maintaining, carrying on, managing and developing Academies offering a broad and balanced curriculum including designated Church of England schools and which may include 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 changed 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.

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 schools 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.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

The Durham and Newcastle Diocesan Learning Trust works with all phases of Church Schools in the Diocese of Durham (Darlington, Durham, Hartlepool, Gateshead, South Tyneside, Stockton and Sunderland) and since September 2021 the Diocese of Newcastle (covering Newcastle, North Tyneside and Northumberland Local Authority areas).

At present the Academy 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 Academy Trust's core values and aims are:-

- To ensure that our schools are centres of excellence for all with a focus on academic outcomes, flourishing children in distinctively Christian schools that nurture of resilience and respect. Schools where every child matters and no child is ever left behind.
- 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 schools have a particular vocation to the least advantaged, enabling them through education to change their life opportunities.

Objectives, Strategies and Activities

The Academy Trust is a strong option within the Diocese of Durham and the Diocese of Newcastle for any church school which 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. This school is now awaiting re inspection in the academic year 22-23. The Trust aims to act as a vehicle for enabling the sharing of best practice and economies of scale achievable across a group of schools.

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 schools
- We want to ensure all of our children flourish as children of God

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 including recruitment, 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.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

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.

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 schools 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 2021/22 include:

- Continued growth to now 11 schools – 2400+ children
- Increasing numbers of qualified staff to support our children who have benefitted from a wealth of CPD
- All non-sponsored schools remain GOOD or OUTSTANDING with our sponsored Academy continuing to make progress. The latest inspection in the Trust (outside of this reporting period) was deemed to be Outstanding by Ofsted.
- The Trust has taken in two schools who were previously part of the SAGE MAT. This has led to greater strategic oversight and an improvement in outcomes for children at all levels
- Health and Safety: we are now onboarded with a new H and S provider who allows us to ensure greater levels of compliance and therefore safety across all of our schools
- We are now working with Clennell Education Solutions to further underpin our safeguarding ethos across the trust. All schools are now audited at regular intervals and supported by the team to further ensure all of our schools are safe places to be and support a consistent safeguarding culture across the Trust
- The introduction of a Lead CISP has enabled greater oversight of standards for children across all of our schools allowing us to make informed interventions where issues may be at their infancy and easily rectified or challenged
- Catch up and Tutoring has been effectively deployed across all schools with improved outcomes for children – noticeably supporting those children who had 'stood still' during the pandemic.
- Continued school improvement with the first Trust Headteacher starting her role as a CISP where the Trust has 'grown its own'.
- Mental Health First Aiders are now in all schools and training is ready for new schools joining the Trust.
- Governance has remained a key focus for the Trust, this has been ably supported with additional time from the Trust to ensure AC's have met regularly and in a timely fashion to respond to the challenges of the Pandemic.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

- We have continued to work with schools to ensure budgets are affordable and realistic in what are incredibly challenging times.
- CIF bids have been successful for several schools leading to new boilers in two schools and a roof refurbishment.
- The Trust is continuing to develop a culture of strong financial management and delivery of savings to our schools 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, audit and risk (FAR) committee was set up in early 2020 comprising all trustees 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. This meets termly before the main board.

Key Performance Indicators:

Due to the Covid-19 pandemic the usual key performance indicators are still not available and whilst statutory testing took place again in summer 2022, national data is still not available at the time of writing this report. Support from the Trust has been extensive to schools, all of which has ensured our schools have maintained high standards of health and safety; CISP Partners have been physically in schools supporting leaders and staff and the central team have worked in all schools to support delivery of excellent education.. Key points are as follows:-

- Attendance has been at or above the national expectations across the Academy Trust. All schools have worked with the central team to ensure coding has been correct and appropriate. None of our Trusts schools this year have had a full closure. The data for this has been regularly published and tracked by the DFE.
- Two schools have been visited by Ofsted and both retained a GOOD. A further school has been inspected outside of the reporting period and has retained an OUTSTANDING.
- Curriculum Development including Early Reading has been and continues to be a priority for all schools in the Trust. Training has been deployed via the Trust to all Diocesan schools. The teaching of Phonics (whilst already successful across the Trust) has been a focus for improvement – we are anticipating above national results after the screening tests.
- Partnership working across the Trust has enabled improvements in the management of SEND and vulnerable learners. A mentor system has been put in place to ensure newer heads / schools to the Trust have started to flourish new schools joining the Trust have benefitted for this.
- Recovery / Catch up – schools are working with several partners to ensure catch up and recover is in place. Vision for Education have provided additional staff to support the workload on staff (where this has been an issue) and in some cases schools have recruited to temporary posts to run intervention groups.
- A new lead CISP is now monitoring reports on behalf of the CEO and provides regular updates on school performance.
- The Trust is confident that every child has been given the right opportunity and been equipped to continue to thrive despite the pressures of the pandemic and financial hardship.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

The Trust's central finance team and external financial consultants, EPM have continued to carry out an analysis of the financial implications on the schools within the Trust. A full benchmarking report was also considered and discussed by the Trust board in July 2022. Financial Key Performance Indicators are also set out below. The three schools who joined the Trust from Durham Local Authority in 2019/2020 did not have significant reserves and have continued to have ongoing financial challenges which the Trust has worked with the schools to resolve.

The table below shows the KPI's monitored by Trustees during Finance, Audit and Risk Committee meetings over the last academic year, this also shows the Target (budget) as well as last year's position:-

KPI	Approved budget	Projected outturn	Previous year outturn
Total staff % expenditure	76.4%	73.61%	76%
Average teacher cost	£56,295	£58,056	£55,992
Education Resources percentage expenditure	3.28%	4.31%	4%
Pupil Teacher ratio	18.5	22.7	17.8
Teaching costs as a % of total expenditure	50.2%	44.8%	Not monitored previously
Support costs as a % of total expenditure	15%	15.9%	Not monitored previously
Education support costs as a % of total income	14.8%	14.8%	Not monitored previously

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.

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 this income 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. The schools in the Trust have also benefitted from school led tutoring grants through the period. In the summer term schools receives a payment to cover 76% of their pupils eligible for pupil premium. This was an increase of 16% from the autumn and spring term payments to fund school-led tutoring for the 2021/22 academic year. This funding was awarded automatically rather than being claimed and was required to be spent in the relevant academic year or DfE will require the funding to be repaid.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

The Trust successfully expanded and incorporated SaGe Multi Academy Trust on 1st April 2022 consisting of two primary schools St George's CE Academy and St John's CE Academy resulting in a significant variance in income/reserve projections due to the school reserves for both schools being brought into the Trust.

Expenditure variances through the year are mainly due to changes to staffing including delivery of school led tutoring, academic mentor, the addition of the LED lighting lease, additional expenditure associated with the TCaF grant, revenue contributions to capital works and increases in energy costs.

The Trust received approval for a £83.5K TCAF grant which is a competitive grant fund to help trusts develop their capacity to grow and had to be spent by 31st March 2022. The grant was spent on school improvement, additional training, central team support, additional finance support, a safeguarding development plan and ICT set up costs.

The Trust's financial position is subject to risks and sensitivities that may adversely affect financial performance. These include any future continuing impact of COVID-19 and related increase in staff sickness as schools are still being affected by this quite significantly along with continued related impact on well-being. This will unfortunately also increase staff supply costs.

Going forward there are significant risks arising from the unfunded payraises for both support staff and teaching staff which were only announced in the school summer holidays after budgets had been set and the ongoing risk of huge increases in energy costs. As always there are premises risks relating to unplanned urgent repairs.

The Trust plans to manage these risks through cautious budget setting and Finance, Audit and Risk Committee oversight of pupil numbers and key changes to assumptions used, as well as regular monitoring and review both termly and in response to any change which could result in a significant variance. As with many schools, these risks and uncertainties are a significant concern and could unfortunately result in the need for restructures in several of our schools.

During the period ended 31 August 2022 total expenditure of £11,748,000 was less than 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 £784,000.

At 31 August 2022 the net book value of fixed assets was £4,457,000. The assets were used exclusively for providing education and associated support to the pupils in the schools within the Academy Trust.

The Academy Trust occupies land, including buildings, which are owned by site trustees including the Durham Diocesan Board of Finance or site trustees linked to the church (e.g. the Vicar and Church Wardens). The Academy Trust therefore occupies the land and buildings under a Church Supplemental land agreement licence. The continuing permission of the occupation is pursuant to, and subject to, the site trustee's 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 site trustees have given an undertaking to the Secretary of State for Education that they will not give the Academy Trust less than two year's 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.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

Reserves Policy

The level of reserves was 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. This was reviewed for a seventh time in March 2022. This policy identifies potential risks to Trust's financial reserves, the need to match income with spending commitments in school budget setting and the nature of the reserves held. It also sets out a process for schools to apply for an advance of reserves in exceptional circumstances for one-off projects and to enable the CEO to agree a payment from reserves for exceptional educational reasons where certain conditions are met. 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 £2,192,000 (comprising £148,000 of restricted reserves (excluding pension and fixed assets) and £2,044,000 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.

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's Treasury Management and Investment Policy 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 a 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 the impact of the nationally agreed teachers and support staff payrises, the uncertainty around dramatically increased premises costs arising from energy bills, changes in the level of funding from the ESFA, 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.

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

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 and health and safety systems for the protection and well-being of the Academy Trust's pupils and staff are effective. Cyber security is another non-financial risk which the Trust board are aware of and has been included in the internal assurance review programme to test systems and ensure assurance. The Academy Trust has sponsor capacity status and sponsors one primary school. 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, external safeguarding consultants alongside robust safeguarding policies and procedures, compliance with RPA cyber security conditions, continued review of IT systems with external IT support providers, ongoing development and support of governance support with a single governance support consultant (Berry), a network of CSPs with increased quality assurance and ongoing CPD and training for all employees.

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 schools 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 the 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 schools 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. Fundraising activities such as Christmas fairs and other events continued to be affected and many could not take place or raise the same level of funds due to the ongoing impact of the Covid-19 pandemic.

Plans for Future Periods

The Academy Trust's objective is to provide outstanding education in schools, currently only 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 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. Two new schools are due to join the Trust on 1 January 2023 (Northern Saints CE Primary and Cleadon CE Academy) with a further two due to join on 1 April and a further two resolved to join after that in the following financial year.

Moving into 2022/23 the Academy Trust will review and develop its Strategic Plan and priorities as follows.

- (1) The Trust continues to grows ensuring:-
 - The trust operates effectively and has the capacity and infrastructure for future growth
 - There is a clear growth strategy and the capacity in place to deliver it
 - There is effective oversight and direction from all layers of leadership (including governance) across the Trust
- (2) All schools deliver a high-quality education with the aim that:-

Durham and Newcastle Diocesan Learning Trust

Trustees Report for the Year Ended 31 August 2022 (continued)

- All schools have a quality curriculum offer that is responsive to an ever-changing need.
- All school staff have the skills, knowledge and resources to deliver a high quality remote/ blended learning offer.
- All schools make effective use of all resources leading to accelerated progress or halting of regression
- (3) A renewed focus on vulnerable learner groups including SEND and Pupil Premium to ensure that:-
 - Additional support from CISPS to ensure staff in schools are using appropriate assessment to track vulnerable learners.
 - Regular school attendance is targeted at all vulnerable learner groups to ensure at least national average
 - School leaders are constantly reviewing the structure of the curriculum to make sure children are being given the correct diet of learning to meet their needs.

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.

Reappointment of auditor

Azets Audit Services Limited, trading as Azets Audit Services, were appointed auditor to the company following their acquisition of the trade of Tait Walker LLP, trading as MHA Tait Walker, on 1 May 2022.

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

The trustees report, incorporating a Strategic Report, was approved and authorised for issue by order of the members of the Board on 7 December 2022 and signed on its behalf by:



John Taylor 19 Dec 2022 10:22:27 GMT (UTC +0)

John Taylor
Trustee



Paul Rickeard 19 Dec 2022 10:27:39 GMT (UTC +0)

Paul Rickeard
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:

Trustee	Meetings Attended	Out of a Possible
John Taylor	6	6
Mark Stouph	5	6
Paul Rickeard	6	6
Father Bill Braviner	0	3
Tim Jones	3	6
Tim Dillon	6	6
Jenny Wade	4	6
Charlotte McCabe	5	6
Madeleine Hope	6	6
Helen Beaton	6	6

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 UK GDPR compliance are standing items at each board agenda along with policy review and updates from the Chief Operating Officer and CEO.

The Board of Trustees has reviewed both financial and educational performance information at its regular Board meetings. These meetings took place in person during the reporting period. 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)

The Board's Finance, Audit and Risk Committee deals 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. This committee meets termly and attendance at these meetings is detailed below:

Trustee	Meetings Attended	Out of a Possible
John Taylor	3	3
Mark Stouph	2	3
Father Bill Braviner	0	1
Tim Jones	2	3
Tim Dillon	3	3
Jenny Wade	2	3
Charlotte McCabe	3	3
Madeleine Hope	3	3
Helen Beaton	3	3

Conflicts of interest

The Board of Trustees adopted a conflicts of interests policy in November 2017 which has been reviewed and updated on an annual basis since that date. The board maintain and update a register of interests of members, trustees and central team staff and each academy council also maintains a register of interests for local academy councillors. Standing declarations of interest (including the fact that the CEO is currently employed by the DDBF and NDEB) are noted at the start of Trust Board and FAR committee meetings and personal pecuniary interests are expressly declared at the start of any meeting with relevant trustees taking leave of the meeting and abstaining from voting before any discussions where they may have an interest are to take place. The Trust has express permission from the ESFA for off-payroll appointment of the CEO and CFO and approval for the related party transaction arising from their secondments is in place from 1 September 2022. This will be reviewed again by the Trust board before the end of 2023.

Governance Review

Governance Development 2021/22

Reflecting on 2021/22 the Board are positive about the work undertaken to date in relation to the development of the trust's governance arrangements believing there is a clear shared long-term vision in place for the Trust, with structures that meet compliance and regulatory requirements, effective clerking to the Board and with Trustees feeling secure in being able to articulate their own contribution into the progress made over the last 12 months.

Trustees recognise the continued and significant input and contribution from the Trust's local academy councillors. This has been strengthened in 2021/22 through the appointment of a team of outsourced Governance Professionals who work collaboratively to support the effective governance function of the Trust and provide consistent communication between Trustees and local governance.

Durham and Newcastle Diocesan Learning Trust

Governance statement (continued)

Key developments have been made during the year on monitoring performance data on academic attainment, pupil welfare and progress, staff wellbeing and strategic management of timely Trust growth. In addition, all Trustees receive our monthly management accounts and the Trust's Finance, Audit and Risk committee receives quarterly budget monitoring reports with key variances to budget highlighted and financial benchmarking data across a number of key indicators for all schools. This allows comparisons on staffing costs and value for money to be evaluated. As a result of this comprehensive approach the Board is satisfied in respect of the quality of performance information that it receives and is confident that it allows timely interventions across all of operations where required.

Areas that have been identified for future development include:

- Continuing to ensure effective two-way communication is in place across the Trust at all levels and with all stakeholders.
- A review of central team capacity now that the Trust is maturing as an organisation and with continued growth into 2022/23.
- Delivery of a Trustee and local governance CPD package to underpin key areas such as induction, safeguarding, understanding of Ofsted's reviews of Trusts, UKGDPR, HR and the mental health and wellbeing of both pupils and staff.
- Ensuring there is effective succession planning in place for Board leadership roles.
- Embedding of overall quality assurance systems across the Trust to provide Trustees with more regular assurance on issues of statutory compliance.

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 Diocesan MAT for the period from 1 September 2021 to 31 August 2022 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 2021 to 31 August 2022 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of 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;

Durham and Newcastle Diocesan Learning Trust

Governance statement (continued)

- 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 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:

- Risk Register
- School Number Data
- Register of Pecuniary Interests
- Website Review
- Financial Procedures, Accounting Records and Systems
- Data Protection and GDPR Compliance
- Bank Procedures
- Procurement
- Assets
- Payroll and Joiners & Leavers
- Year-End procedures
- Monthly Management Accounts
- GAG income
- Non-GAG grant income
- Other income

On a regular 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. Moving into the new financial period the Trust has procured a new internal reviewer, Wylie Bissett and the Finance, Audit and Risk Committee has agreed a programme of work including cyber risk, budget monitoring and setting processes and health and safety.

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

Durham and Newcastle Diocesan Learning Trust

Governance statement (continued)

- 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 and authorised for issue by order of the members of the Board on 7 December 2022 and signed on its behalf by:



John Taylor 19 Dec 2022 10:22:27 GMT (UTC +0)

John Taylor
Trustee



Paul Rikeard 19 Dec 2022 10:27:39 GMT (UTC +0)

Paul Rikeard
Trustee

Durham and Newcastle Diocesan Learning Trust

Statement of 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 Academy Trust Handbook 2021.

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 Academy Trust Handbook 2021.

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

Issues

During the period, the Trust contacted DfE in respect of approval for the off-payroll secondments of the CEO and CFO in line with the requirements of the Academy Trust Handbook. The Trust had sought and received approval for related party transactions related to these secondments in previous years when the Durham Diocesan Board of Finance was the corporate member. However, the Trust hadn't sought separate related party approval for the recharges linked to these secondments in advance during this period due to the change in Articles and Membership which took effect in 2021 and meant that the Durham Diocesan Board of Finance was no longer a corporate member. Instead, under the revised Articles, both the Newcastle Diocesan Education Board and the Durham Diocesan Board of Education nominated an individual member to act in their own right. In light of this change the Trust hadn't considered these recharges would be a related party transaction requiring express approval but, in any event, the secondments remained on the same terms as previously approved at cost or less (as had been the case since November 2017) and all potential conflicts were declared and dealt with under the Trust's conflicts of interest policy.

When the Trust sought approval for the off-payroll secondments the DfE also requested further details of the recharges and considered this arrangement with the full co-operation of and in discussion with the Trust. The DfE considered whether the transactions fell within the exception listed in the Academies Trust Handbook 2021 section 5.57 which states:

'In relation to dioceses, the contributions made by an academy trust to its diocese for services it receives associated with securing the academy trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.'

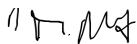
On review of the transactions DfE ultimately concluded (on 16 May 2022) that the off-payroll secondments were approved but that the recharge of the senior leadership team who are employed by the Diocese did not fall within the above exception and went on to state that payments from Church Academy Trusts to the Diocese are to be routinely considered as being in scope of RPT approval requirements. As a result, the DfE considered that the transaction was not notified or authorised in accordance with section 5.41 and 5.42 of the Academy Trust Handbook 2021 but went on to say that "Although we have not approved the RPT, our decision does not amend approval of the off payroll appointment and, in this instance, does not prevent the academy trust from entering into or continuing with the agreement".

The recharges were always charged at cost or less, the Trust's conflicts policy was followed whenever the charges were considered, and the arrangements had continued on the same basis as had previously been fully approved by the ESFA in previous reporting periods. This has however for the reasons set out above resulted in an unintentional breach of the regularity requirements and a modification of both the Accounting Officers statement on regularity and the reporting accountant's opinion on regularity.

Durham and Newcastle Diocesan Learning Trust

Statement of regularity, propriety and compliance

Following continued correspondence with DfE, the equivalent transactions for the financial year 2022-2023 continue as previously and have been fully approved in advance (see reference RPT1004312).



Paul Rickeard 19 Dec 2022 10:27:39 GMT (UTC +0)

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Paul Rickeard
Accounting officer

7 December 2022

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 2021 to 2022;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 and authorised for issue by order of the members of the Board on 7 December 2022 and signed on its behalf by:



John Taylor 19 Dec 2022 10:22:27 GMT (UTC +0)

John Taylor
Trustee



Paul Rickeard 19 Dec 2022 10:27:39 GMT (UTC +0)

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') for the year ended 31 August 2022, which comprise the Statement of Financial Activities for the (including 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 2021 to 2022 issued by the Education and Skills Funding Agency.

In our opinion the financial statements:

- give a true and fair view of the state of the Academy's affairs as at 31 August 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 2021 to 2022.

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 responsibilities for the audit of the financial statements section of our report. We are independent of the Academy in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

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)

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.

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 23], 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's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Academy or to cease operations, or have no realistic alternative but to do so.

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)

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- enquiries of management and those charged with governance around any actual or potential litigation and claims;
- enquiries of management about any known or suspected instances of non-compliance with laws and regulations and fraud;
- challenging assumptions and judgements made by management in their significant accounting estimates;
- auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- reading correspondence with regulators including the OFSTED;
- reviewing minutes of those charged with governance;
- reviewing internal assurance reports; and
- reviewing financial statement disclosures and testing to supporting documentation.

We identified the following areas as those most likely to have a material impact on the financial statements: Health and Safety; employment law (including the Working Time Directive); and compliance with the Charities Act 2011 and UK Companies Act.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

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

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)

Use of our report

This report is made solely to the Academy'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'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 and its trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Azets Audit Services

Brian Laidlaw 20 Dec 2022 14:40:57 GMT (UTC +0)

Brian Laidlaw BA CA (Senior Statutory Auditor)
For and on behalf of Azets Audit Services
Statutory Auditor
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 20 December 2022.

Azets Audit Services is a trading name of Azets Audit Services Limited

Durham and Newcastle Diocesan Learning Trust

Independent Reporting Accountant's Assurance 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 22 April 2021 and further to the requirements of the Education and Skills Funding Agency (ESFA) as included in the Academies Accounts Direction 2021 to 2022, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Durham and Newcastle Diocesan Learning Trust during the period 1 September 2021 to 31 August 2022 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

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 Academy Trust Handbook, extant from 1 September 2021, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2021 to 2022. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year from 1 September 2021 to 31 August 2022 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Framework and Guide for External Auditors and Reporting Accountant of Academy Trusts issued by ESFA. We performed a limited assurance engagement as defined in our engagement letter.

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

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

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

The work undertaken to draw to our conclusion includes:

- Review of Governing Body and committee minutes;
- Review of available internal assurance reports;
- Completion of self assessment questionnaire by the Accounting Officer;
- Discussions with the Accounting Officer and finance team;
- Review documentation provided to Governors and Accounting Officer setting out responsibilities;
- Obtained a formal letter of representation detailing the responsibilities of Governors;
- Review of payroll, purchases and expense 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 Assurance 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 of cash payments for unusual transactions;
- Review of purchasing card transactions;
- Review of register of interests;
- Review of related party transactions;
- Review of borrowing arrangements;
- Review of land and building transactions;
- Review of potential and actual bad debts;
- Review of gifts and hospitality on a sample basis to ensure in line with policy; and
- Consideration of governance issues.

Conclusion

In the course of our work, except for the matters listed below nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year from 1 September 2021 to 31 August 2022 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Issues

During the period, the Trust contacted DfE in respect of approval for the off-payroll secondments of the CEO and CFO in line with the requirements of the Academy Trust Handbook. The Trust had sought and received approval for related party transactions related to these secondments in previous years when the Durham Diocesan Board of Finance was the corporate member. However, the Trust hadn't sought separate related party approval for the recharges linked to these secondments in advance during this period due to the change in Articles and Membership which took effect in 2021 and meant that the Durham Diocesan Board of Finance was no longer a corporate member. Instead, under the revised Articles, both the Newcastle Diocesan Education Board and the Durham Diocesan Board of Education nominated an individual member to act in their own right. In light of this change the Trust hadn't considered these recharges would be a related party transaction requiring express approval but, in any event, the secondments remained on the same terms as previously approved at cost or less (as had been the case since November 2017) and all potential conflicts were declared and dealt with under the Trust's conflicts of interest policy.

When the Trust sought approval for the off-payroll secondments the DfE also requested further details of the recharges and considered this arrangement with the full co-operation of and in discussion with the Trust. The DfE considered whether the transactions fell within the exception listed in the Academies Trust Handbook 2021 section 5.57 which states:

'In relation to dioceses, the contributions made by an academy trust to its diocese for services it receives associated with securing the academy trust's religious character and ethos, which only the diocese can provide, are regarded as meeting the 'at cost' requirement.'

Durham and Newcastle Diocesan Learning Trust

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

On review of the transactions DfE ultimately concluded (on 16 May 2022) that the off-payroll secondments were approved but that the recharge of the senior leadership team who are employed by the Diocese did not fall within the above exception and went on to state that payments from Church Academy Trusts to the Diocese are to be routinely considered as being in scope of RPT approval requirements. As a result, the DfE considered that the transaction was not notified or authorised in accordance with section 5.41 and 5.42 of the Academy Trust Handbook 2021 but went on to say that “Although we have not approved the RPT, our decision does not amend approval of the off payroll appointment and, in this instance, does not prevent the academy trust from entering into or continuing with the agreement”.

The recharges were always charged at cost or less, the Trust's conflicts policy was followed whenever the charges were considered, and the arrangements had continued on the same basis as had previously been fully approved by the ESFA in previous reporting periods. This has however for the reasons set out above resulted in an unintentional breach of the regularity requirements and a modification of both the Accounting Officers statement on regularity and the reporting accountant's opinion on regularity.

Following continued correspondence with DfE, the equivalent transactions for the financial year 2022-2023 continue as previously and have been fully approved in advance (see reference RPT1004312).

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.

Azets Audit Services

Brian Laidlaw 20 Dec 2022 14:40:57 GMT (UTC +0)

Azets Audit Services
Chartered Accountants
Bulman House
Regent Centre
Gosforth
Newcastle upon Tyne
NE3 3LS

Date: 20 December 2022

Azets Audit Services is a trading name of Azets Audit Services Limited

Durham and Newcastle Diocesan Learning Trust

Statement of Financial Activities for the Year Ended 31 August 2022 (including Income and Expenditure Account)

	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2022 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	106	-	87	193
Transfer of existing academies into the academy trust		465	(1,480)	2,188	1,173
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	-	10,077	-	10,077
Other trading activities	4	608	-	-	608
Investments	5	15	-	-	15
Total		<u>1,194</u>	<u>8,597</u>	<u>2,275</u>	<u>12,066</u>
Expenditure on:					
Raising funds	6	48	-	-	48
<i>Charitable activities:</i>					
Academy trust educational operations	7	<u>2</u>	<u>11,414</u>	<u>284</u>	<u>11,700</u>
Total		50	11,414	284	11,748
Gains/losses on investment assets		<u>(26)</u>	<u>-</u>	<u>-</u>	<u>(26)</u>
Net income/(expenditure)		1,118	(2,817)	1,991	292
Transfers between funds		-	(103)	103	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	26	<u>-</u>	<u>5,970</u>	<u>-</u>	<u>5,970</u>
Net movement in funds		1,118	3,050	2,094	6,262
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2021		<u>926</u>	<u>(4,390)</u>	<u>2,408</u>	<u>(1,056)</u>
Total funds/(deficit) carried forward at 31 August 2022		<u>2,044</u>	<u>(1,340)</u>	<u>4,502</u>	<u>5,206</u>

Durham and Newcastle Diocesan Learning Trust

Statement of Financial Activities for the Year Ended 31 August 2021 (including Income and Expenditure Account)

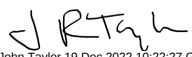
	Note	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total 2021 £ 000
Income and endowments from:					
Voluntary income					
Donations and capital grants	2	52	-	702	754
<i>Charitable activities:</i>					
Funding for the Academy trust's educational operations	3	133	8,414	-	8,547
Other trading activities	4	286	-	-	286
Investments	5	8	-	-	8
Total		479	8,414	702	9,595
Expenditure on:					
Raising funds	6	1	-	-	1
<i>Charitable activities:</i>					
Academy trust educational operations	7	-	9,245	148	9,393
Total		1	9,245	148	9,394
Gains/losses on investment assets		51	-	-	51
Net income/(expenditure)		529	(831)	554	252
Transfers between funds		(694)	499	195	-
Other recognised gains and losses					
Actuarial gains/(losses) on defined benefit pension schemes	26	-	(189)	-	(189)
Net movement in (deficit)/funds		(165)	(521)	749	63
Reconciliation of funds					
Total funds/(deficit) brought forward at 1 September 2020		1,091	(3,869)	1,659	(1,119)
Total funds/(deficit) carried forward at 31 August 2021		926	(4,390)	2,408	(1,056)

Durham and Newcastle Diocesan Learning Trust

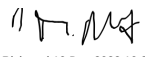
(Registration number: 10847279) Balance Sheet

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Tangible assets	12	4,457	2,013
Current assets			
Debtors	13	600	724
Current asset investments	14	525	551
Cash at bank and in hand		2,134	1,313
		<u>3,259</u>	<u>2,588</u>
Creditors: Amounts falling due within one year	15	<u>(1,022)</u>	<u>(785)</u>
Net current assets		<u>2,237</u>	<u>1,803</u>
Total assets less current liabilities		<u>6,694</u>	<u>3,816</u>
Net assets excluding pension liability		6,694	3,816
Pension scheme liability	26	<u>(1,488)</u>	<u>(4,872)</u>
Net assets/(liabilities) including pension liability		<u>5,206</u>	<u>(1,056)</u>
Funds of the Academy:			
Restricted funds			
Restricted income fund	16	148	482
Restricted fixed asset fund	16	4,502	2,408
Pension reserve	16	<u>(1,488)</u>	<u>(4,872)</u>
		3,162	(1,982)
Unrestricted funds			
Unrestricted income fund	16	<u>2,044</u>	<u>926</u>
Total funds		<u>5,206</u>	<u>(1,056)</u>

The financial statements on pages 31 to 65 were approved and authorised for issue by the trustees, on 7 December 2022 and signed on their behalf by:


 John Taylor 19 Dec 2022 10:22:27 GMT (UTC +0)

 John Taylor
 Trustee


 Paul Rickeard 19 Dec 2022 10:27:39 GMT (UTC +0)

 Paul Rickeard
 Trustee

Durham and Newcastle Diocesan Learning Trust

Statement of Cash Flows

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Net cash provided by (used in) operating activities	20	1,259	(40)
Cash flows from investing activities	22	(438)	(408)
Cash flows from financing activities	21	<u>-</u>	<u>(23)</u>
Change in cash and cash equivalents in the year		821	(471)
Cash and cash equivalents at 1 September		<u>1,313</u>	<u>1,784</u>
Cash and cash equivalents at 31 August	23	<u><u>2,134</u></u>	<u><u>1,313</u></u>

Durham and Newcastle Diocesan Learning Trust

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

1 Accounting policies

A summary of the principal accounting policies adopted (which have been applied consistently, except where noted), 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 2019 (FRS 102)), the Academies Accounts Direction 2021 to 2022 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

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 2022 (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 2022 (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	Depreciation method and rate
Furniture and equipment	7 years straight line
Computer equipment	3 years straight line
Freehold land and buildings	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.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

1 Accounting policies (continued)

Investments

Current asset investments are included in the Balance Sheet at fair value. Fair value gains and losses are recognised in the Statement of Financial Activities.

Financial Instruments

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

Financial assets - trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost 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 15. Taxation and social security are not included in the financial instruments disclosure definition. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument. 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.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

1 Accounting policies (continued)

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.

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 26, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 August 2022. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

1 Accounting policies (continued)

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 £284,000 (2021 - £148,000).

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 2022 £ 000	Total 2021 £ 000
Educational trips and visits	58	-	-	58	13
Capital grants	-	-	87	87	656
Other donations	48	-	-	48	85
	<u>106</u>	<u>-</u>	<u>87</u>	<u>193</u>	<u>754</u>
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2021 £ 000	
Total 2021	<u>52</u>	<u>-</u>	<u>702</u>	<u>754</u>	

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

3 Funding for the Academy Trust's educational operations

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2022 £ 000	Total 2021 £ 000
DfE/ESFA revenue grants					
General Annual Grant GAG	-	7,757	-	7,757	6,269
Other ESFA Group grants	-	1,456	-	1,456	1,191
ITT Bursaries Grants	-	2	-	2	2
	-	9,215	-	9,215	7,462
Other government grants					
Local authority grants	-	821	-	821	826
	-	821	-	821	826
COVID-19 additional funding (DfE/ESFA)					
Catch-up Premium	-	12	-	12	116
Other DfE/ESFA COVID-19 funding	-	11	-	11	-
	-	23	-	23	116
COVID-19 additional funding (non-DfE/ESFA)					
Other Coronavirus funding	-	18	-	18	10
	-	18	-	18	10
Non-government grants and other income					
Other income	-	-	-	-	133
Total grants	-	10,077	-	10,077	8,547

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

3 Funding for the Academy Trust's educational operations (continued)

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2021 £ 000
Total 2021	133	8,414	-	8,547

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 "COVID-19 additional funding."

	2022 £ 000	2021 £ 000
Other DfE/ESFA Grants		
Rates reclaim	-	31
Pupil Premium and Service Premium	560	460
Universal Infant Free School Meals (UiFSM)	205	201
Sponsor Capacity Grant	83	-
PE and Sports Grant	171	157
Other	405	29
Teachers' Pay Grant	32	313
	1,456	1,191

4 Other trading activities

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2022 £ 000	2021 £ 000
Hire of facilities	20	-	-	20	17
Catering income	172	-	-	172	4
Recharges and reimbursements	81	-	-	81	42
Other sales	299	-	-	299	212
Training income	12	-	-	12	11
Fundraising income	24	-	-	24	-
	608	-	-	608	286
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2021 £ 000	
Total 2021	286	-	-	286	

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

5 Investment income

	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2022 £ 000	Total 2021 £ 000
Short term deposits	15	-	-	15	8
	Unrestricted funds £ 000	Restricted funds £ 000	Restricted fixed asset funds £ 000	Total 2021 £ 000	
Total 2021	8	-	-	8	

6 Expenditure

	Non Pay Expenditure			2022/21 Total £ 000	2021/20 Total £ 000
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Expenditure on raising funds					
Direct costs	-	-	48	48	1
Academy's educational operations					
Direct costs	6,908	-	776	7,684	6,389
Allocated support costs	1,853	874	1,289	4,016	3,004
	8,761	874	2,113	11,748	9,394
	Non Pay Expenditure			Total 2021 £ 000	
	Staff costs £ 000	Premises £ 000	Other costs £ 000		
Total 2021	7,244	610	1,540	9,394	

Net income/(expenditure) for the year includes:

	2022 £ 000	2021 £ 000
Operating lease rentals	30	12
Depreciation	284	148
Fees payable to auditor - audit	9	9
Fees payable to auditor - other audit services	5	3

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

7 Charitable activities

		2022	2021
		£ 000	£ 000
Direct costs - educational operations		7,684	6,389
Support costs - educational operations		4,016	3,004
		<u>11,700</u>	<u>9,393</u>
	Educational operations	Total	Total
	£ 000	2022	2021
		£ 000	£ 000
Analysis of support costs			
Support staff costs	1,853	1,853	1,432
Depreciation	284	284	148
Technology costs	161	161	109
Premises costs	590	590	462
Legal costs	-	-	7
Other support costs	1,101	1,101	832
Governance costs	27	27	14
Total support costs	<u>4,016</u>	<u>4,016</u>	<u>3,004</u>

8 Staff

Staff costs

	2022	2021
	£ 000	£ 000
Staff costs during the year were:		
Wages and salaries	5,965	5,057
Social security costs	564	462
Operating costs of defined benefit pension schemes	<u>2,005</u>	<u>1,556</u>
	8,534	7,075
Supply staff costs	226	112
Staff restructuring costs	<u>1</u>	<u>57</u>
	<u>8,761</u>	<u>7,244</u>
	2022	2021
	£ 000	£ 000
Staff restructuring costs comprise:		
Redundancy payments	<u>15</u>	<u>56</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

8 Staff (continued)

Non statutory/non-contractual staff severance payments

Included in staff restructuring costs are non-statutory/non-contractual severance payments totalling £15,000 (2021: £Nil). Individually, the payments were:

Non-contractual payments £9,223

Non-contractual payments £3,595

Non-contractual payments £2,211

Severance payments

The Academy trust paid 3 severance payments in the year disclosed in the following bands:

	2022/21 No.	2021/20 No.
0 - £25,000	3	-

Staff numbers

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

	2022 No.	2021 No.
Charitable Activities		
Teachers	106	96
Administration and support	196	193
Management	11	9
	<u>313</u>	<u>298</u>

The full time equivalent number of persons employed by the academy trust during the year was as follows:

	2022 No.	2021 No.
Charitable Activities		
Teachers	80	70
Administration and support	64	78
Management	9	9
	<u>153</u>	<u>157</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

8 Staff (continued)

Higher paid staff

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

	2022	2021
	No.	No.
£60,001 - £70,000	3	2
£80,001 - £90,000	1	2
£90,001 - £100,000	1	-

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 £700,291 (2021 - £687,119).

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.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

9 Central services (continued)

	2022 £ 000	2021 £ 000
Holy Trinity Church of England Primary School	52	50
Egglescliffe Church of England Primary School	38	36
St Aidan's Church of England Memorial Primary School	81	80
St Mary's Church of England Primary School	27	26
Bishopton Redmarshall Church of England Primary School	26	25
Heighington Church of England Primary School	65	61
Bishop Ian Ramsey Church of England Primary School	42	43
Ingleton Church of England Primary School	12	20
Stanhope Barrington Church of England Primary School	35	35
St George's Church of England Academy	38	-
St John's Church of England Academy	25	-
	<u>441</u>	<u>376</u>

10 Related party transactions - trustees' remuneration and expenses

The Chief Executive Officer only receives remuneration in respect of services provided undertaking the role of Chief Executive Officer and not in respect of services as a trustee. Other trustees did not receive any payments, other than expenses, from the Trust in respect of their role as trustees. The value of the trustees' remuneration, including pension contributions in respect of defined benefit schemes is noted above.

During the year ended 31 August 2022, travel and subsistence expenses totalling £335 (2021 - £Nil) were reimbursed or paid directly to 1 trustees (2021 -).

Other related party transactions involving the trustees are set out in note 27.

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.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

12 Tangible fixed assets

	Freehold land and buildings £ 000	Leasehold land and buildings £ 000	Furniture and equipment £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 September 2021	-	1,403	641	256	2,300
Additions	-	148	263	129	540
Inherited assets	-	1,979	157	52	2,188
At 31 August 2022	-	3,530	1,061	437	5,028
Depreciation					
At 1 September 2021	4	43	122	118	287
Charge for the year	-	35	132	117	284
At 31 August 2022	4	78	254	235	571
Net book value					
At 31 August 2022	(4)	3,452	807	202	4,457
At 31 August 2021	(4)	1,360	519	138	2,013

The Academy Trust occupies land, including buildings, which are owned by the Durham Diocesan Board of Finance (the DDBF). The Durham Diocesan Board of Education (DDBE) acting through the DDBF 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 DDBF is pursuant to, and subject to, the DDBE and DDBF's 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 DDBE and DDBF 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

	2022 £ 000	2021 £ 000
Trade debtors	109	12
VAT recoverable	38	48
Other debtors	4	3
Prepayments	205	97
Accrued grant and other income	244	564
	<u>600</u>	<u>724</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

14 Current asset investments

	2022 £ 000	2021 £ 000
Shares held for resale or capital gains	525	551

The market value of the listed investments at 31 August 2022 was £552,463. If these investments had been held at historic cost the value would be £500,000.

At the year end, the following investments represented more than 5% of the total value of the investment portfolio:

CBF Church of England Funds - £525,463.

15 Creditors: amounts falling due within one year

	2022 £ 000	2021 £ 000
Trade creditors	217	308
Other taxation and social security	158	110
Other creditors	31	-
Accruals	268	107
Deferred income	176	133
Pension scheme creditor	172	127
	1,022	785

	2022 £ 000	2021 £ 000
Deferred income		
Deferred income at 1 September 2021	133	147
Resources deferred in the period	176	133
Amounts released from previous periods	(133)	(147)
Deferred income at 31 August 2022	176	133

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 2022 (continued)

16 Funds

	Balance at 1 September 2021 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2022 £ 000
Restricted general funds					
General Annual Grant	482	7,757	(7,988)	(103)	148
Other DfE/ESFA	-	1,458	(1,458)	-	-
Other Government Grants	-	821	(821)	-	-
COVID-19	-	41	(41)	-	-
Other Income	-	297	(297)	-	-
	<u>482</u>	<u>10,374</u>	<u>(10,605)</u>	<u>(103)</u>	<u>148</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	1,218	87	(284)	103	1,124
Assets Transferred on Conversion	<u>1,190</u>	<u>2,188</u>	<u>-</u>	<u>-</u>	<u>3,378</u>
	2,408	2,275	(284)	103	4,502
Pension Reserve					
LGPS Pension	<u>(4,872)</u>	<u>(1,777)</u>	<u>(809)</u>	<u>5,970</u>	<u>(1,488)</u>
Total restricted funds	(1,982)	10,872	(11,698)	5,970	3,162
Unrestricted funds					
Unrestricted	<u>926</u>	<u>1,194</u>	<u>(50)</u>	<u>(26)</u>	<u>2,044</u>
Total funds	<u>(1,056)</u>	<u>12,066</u>	<u>(11,748)</u>	<u>5,944</u>	<u>5,206</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

16 Funds (continued)

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

	Balance at 1 September 2020 £ 000	Incoming resources £ 000	Resources expended £ 000	Gains, losses and transfers £ 000	Balance at 31 August 2021 £ 000
Restricted general funds					
General Annual Grant	283	6,269	(6,569)	499	482
Other DfE/ESFA	-	1,193	(1,193)	-	-
Other Government Grants	-	826	(826)	-	-
COVID-19	-	126	(126)	-	-
	<u>283</u>	<u>8,414</u>	<u>(8,714)</u>	<u>499</u>	<u>482</u>
Restricted fixed asset funds					
DfE/ESFA Capital Grants	321	702	-	195	1,218
Assets Transferred on Conversion	<u>1,338</u>	<u>-</u>	<u>(148)</u>	<u>-</u>	<u>1,190</u>
	<u>1,659</u>	<u>702</u>	<u>(148)</u>	<u>195</u>	<u>2,408</u>
Pension Reserve					
LGPS Pension	<u>(4,152)</u>	<u>-</u>	<u>(531)</u>	<u>(189)</u>	<u>(4,872)</u>
Total restricted funds	(2,210)	9,116	(9,393)	505	(1,982)
Unrestricted funds					
Unrestricted	<u>1,091</u>	<u>479</u>	<u>(1)</u>	<u>(643)</u>	<u>926</u>
Total funds	<u>(1,119)</u>	<u>9,595</u>	<u>(9,394)</u>	<u>(138)</u>	<u>(1,056)</u>

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 Trust. Under the funding agreement with the Secretary of State, the academy trust was not subject to a limit on the amount of GAG that it could carry forward at the balance sheet date.

A start up grant was received from the ESFA as a result of the conversion to academy status. The full grant was allocated.

Other DfE/ESFA grants include teachers pay and pension grants, pupil premium, PE and sports grant and other DfE/ESFA grants.

Other government grants comprise funding received from the Local Authority.

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 Local Government Pension Scheme ('LGPS') and the pension liability has therefore been aligned with these funds. The restricted funds are in deficit as a result of the deficit on the LGPS pension scheme alone.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

16 Funds (continued)

The inherited fixed asset fund reflects the fixed assets acquired from the Local Authority on conversion to academy status. Depreciation on these assets is charged against this fund.

DfE/ESFA capital grants received in year consist of capital grants received in the year which have been received for expenditure on acquisition and maintenance of fixed assets.

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.

Total funds analysis by academy

Fund balances at 31 August 2022 were allocated as follows:

	2022	2021
	£ 000	£ 000
Bishop Ian Ramsey Church of England Primary School	65	96
Bishopton Redmarshall Church of England Primary School	247	259
Egglescliffe Church of England Primary School	35	124
Heighington Church of England Primary School	360	302
Holy Trinity Church of England Primary School	230	200
Ingleton Church of England Primary School	76	87
St Aidan's Church of England Memorial Primary School	255	214
St Mary's Church of England Primary School	67	35
Stanhope Barrington Church of England Primary School	(32)	(90)
St George's Church of England Academy	269	-
St John's Church of England Academy	460	-
Central services	160	181
Total before fixed assets and pension reserve	2,192	1,408
Fixed asset reserve	4,502	2,408
Pension reserve	(1,488)	(4,872)
Total	<u>5,206</u>	<u>(1,056)</u>

Stanhope Barrington Church of England Primary School is carrying a net deficit of £32,000 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 2022 (continued)

16 Funds (continued)

Total cost analysis by academy

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

	Teaching and educational support staff costs £ 000	Other support staff costs £ 000	Educational supplies £ 000	Other costs (excluding depreciation) £ 000	Total 2022 £ 000
Bishop Ian Ramsey Church of England Primary School	614	152	22	146	934
Bishopton Redmarshall Church of England Primary School	374	80	16	108	578
Durham Diocesan MAT	-	30	22	508	560
Egglescliffe Church of England Primary School	637	90	45	198	970
Heighington Church of England Primary School	858	139	39	211	1,247
Holy Trinity Church of England Primary School	783	122	54	215	1,174
Ingleton Church of England Primary School	279	82	11	94	466
St Aidan's Church of England Memorial Primary School	1,383	131	40	296	1,850
St Mary's Church of England Primary School	415	58	17	131	620
Stanhope Barrington Church of England Primary School	537	130	23	121	811
St George's Church of England Academy	591	97	24	102	814
St John's Church of England Academy	421	50	7	105	583
Academy Trust	<u>6,892</u>	<u>1,161</u>	<u>320</u>	<u>2,235</u>	<u>10,607</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

16 Funds (continued)

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

	Teaching and educational support staff costs £ 000	Other support staff costs £ 000	Educational supplies £ 000	Other costs (excluding depreciation) £ 000	Total 2021 £ 000
Bishop Ian Ramsey Church of England Primary School	584	195	15	157	951
Bishopton Redmarshall Church of England Primary School	369	93	18	81	561
Durham Diocesan MAT	2	14	-	378	394
Egglescliffe Church of England Primary School	539	152	27	134	852
Heighington Church of England Primary School	878	223	34	189	1,324
Holy Trinity Church of England Primary School	758	251	46	215	1,270
Ingleton Church of England Primary School	271	105	14	99	489
St Aidan's Church of England Memorial Primary School	1,353	152	29	283	1,817
St Mary's Church of England Primary School	424	84	15	118	641
Stanhope Barrington Church of England Primary School	633	169	15	130	947
Academy Trust	<u>5,811</u>	<u>1,438</u>	<u>213</u>	<u>1,784</u>	<u>9,246</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

17 Analysis of net assets between funds

Fund balances at 31 August 2022 are represented by:

	Unrestricted Funds £ 000	Restricted General Funds £ 000	Restricted Fixed Asset Funds £ 000	Total Funds £ 000
Tangible fixed assets	-	-	4,457	4,457
Current assets	2,044	1,170	45	3,259
Current liabilities	-	(1,022)	-	(1,022)
Pension scheme liability	-	(1,488)	-	(1,488)
Total net assets	<u>2,044</u>	<u>(1,340)</u>	<u>4,502</u>	<u>5,206</u>

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	-	-	2,013	2,013
Current assets	926	1,267	395	2,588
Current liabilities	-	(785)	-	(785)
Pension scheme liability	-	(4,872)	-	(4,872)
Total net assets	<u>926</u>	<u>(4,390)</u>	<u>2,408</u>	<u>(1,056)</u>

18 Capital commitments

	2022 £ 000	2021 £ 000
Contracted for, but not provided in the financial statements	<u>15</u>	<u>372</u>

19 Long-term commitments, including operating leases

Operating leases

At 31 August 2022 the total of the academy trust's future minimum lease payments under non-cancellable operating leases was:

	2022 £ 000	2021 £ 000
Amounts due within one year	30	16
Amounts due between one and five years	<u>76</u>	<u>47</u>
	<u>106</u>	<u>63</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

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

		2022	2021
		£ 000	£ 000
Net income		318	201
Depreciation	6	284	148
Capital grants from DfE and other capital income		(87)	(656)
Assets transferred on conversion from Local Authority		(2,188)	-
Interest receivable	5	(15)	(8)
Defined benefit pension scheme obligation inherited	26	1,777	-
Defined benefit pension scheme cost less contributions payable	26	713	462
Defined benefit pension scheme finance cost	26	96	69
Decrease/(increase) in debtors		124	(379)
Increase in creditors		237	123
Net cash provided by/(used in) Operating Activities		<u>1,259</u>	<u>(40)</u>

21 Cash flows from financing activities

	2022	2021
	£ 000	£ 000
Repayments of borrowing	<u>-</u>	<u>(23)</u>
Net cash used in financing activities	<u>-</u>	<u>(23)</u>

22 Cash flows from investing activities

	2022	2021
	£ 000	£ 000
Dividends, interest and rents from investments	15	8
Purchase of tangible fixed assets	(540)	(572)
Capital funding received from sponsors and others	87	656
Movement on current asset investments	<u>-</u>	<u>(500)</u>
Net cash used in investing activities	<u>(438)</u>	<u>(408)</u>

23 Analysis of cash and cash equivalents

	2018	2021
	£ 000	£ 000
Cash at bank and in hand	<u>2,134</u>	<u>1,313</u>
Total cash and cash equivalents	<u>2,134</u>	<u>1,313</u>

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

24 Analysis of changes in net debt

	At 1 September 2021 £000	Cash flows £000	Acquisition / disposal of subsidiaries £000	At 31 August 2022 £000
Cash	1,313	127	694	2,134
Total	1,313	127	694	2,134

25 Member 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.

26 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 Middlesbrough Borough Council and Durham County Council. Both are multi-employer defined benefit schemes.

The latest actuarial valuation of the TPS related to the period ended 31 March 2016 and of the LGPS 31 March 2019.

Contributions amounting to £171,981 (2021 - £126,901) were payable to the schemes at 31 August 2022 and are included within creditors.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for 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.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

26 Pension and similar obligations (continued)

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 £871,928 (2021: £768,990).

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 2022 was £192,000 (2021 - £187,000), of which employer's contributions totalled £145,000 (2021 - £141,000) and employees' contributions totalled £47,000 (2021 - £46,000). 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.

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.

Due to the current level of high inflation we have instructed the actuary to make an allowance in the Defined Benefit Obligation of the expected impact of CPI inflation on the pension increase order for April 2023. This is a change in accounting policy from previous years. It is expected that the April 2023 pension increase order will reflect CPI inflation therefore an allowance has been included in the results presented for CPI between September 2021 and the accounting date. This is recognised in other comprehensive income and reflects the market expectations at the accounting date.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

26 Pension and similar obligations (continued)

Principal actuarial assumptions

	2022	2021
	%	%
Rate of increase in salaries	4.10	3.60
Rate of increase for pensions in payment/inflation	3.10	2.60
Discount rate for scheme liabilities	4.30	1.70
Inflation assumptions (CPI)	3.10	2.60

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

	2022	2021
Retiring today		
Males retiring today	21.70	21.90
Females retiring today	23.50	23.60
Retiring in 20 years		
Males retiring in 20 years	22.90	23.30
Females retiring in 20 years	25.30	25.40

Sensitivity analysis

	At 31 August 2022	At 31 August 2021
	£000	£000
Discount rate +0.1%	2,928	4,600
Discount rate -0.1%	3,088	4,851
Mortality assumption – 1 year increase	2,888	4,544
Mortality assumption – 1 year decrease	3,128	5,902
CPI rate +0.1%	3,088	4,751
CPI rate -0.1%	2,936	4,695

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

	2022	2021
	£ 000	£ 000
Equities	2,008	2,059
Property	531	190
Cash and other liquid assets	413	216
Other	-	138
Total market value of assets	2,952	2,603

The actual return on scheme assets was £166,000 (2021 - £444,000).

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

26 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2022 £ 000	2021 £ 000
Current service cost	448	374
Interest income	(46)	(35)
Interest cost	84	65
Total amount recognised in the SOFA	486	404

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

	2022 £ 000	2021 £ 000
At start of period	4,723	3,812
Current service cost	448	374
Interest cost	84	65
Employee contributions	47	46
Actuarial (gain)/loss	(2,285)	469
Benefits paid	(9)	(43)
At 31 August	3,008	4,723

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

	2022 £ 000	2021 £ 000
At start of period	2,603	2,015
Interest income	46	35
Actuarial gain/(loss)	120	409
Employer contributions	145	141
Employee contributions	47	46
Benefits paid	(9)	(43)
At 31 August	2,952	2,603

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 2022 was £331,000 (2021 - £234,000), of which employer's contributions totalled £256,000 (2021 - £181,000) and employees' contributions totalled £75,000 (2021 - £53,000). 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.

Due to the current level of high inflation we have instructed the actuary to make an allowance in the Defined Benefit Obligation of the expected impact of CPI inflation on the pension increase order for April 2023. This is a change in accounting policy from previous years. It is expected that the April 2023 pension increase order will reflect CPI inflation therefore an allowance has been included in the results presented for CPI between September 2021 and the accounting date. This is recognised in other comprehensive income and reflects the market expectations at the accounting date.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

26 Pension and similar obligations (continued)

Principal actuarial assumptions

	2022	2021
	%	%
Rate of increase in salaries	3.70	3.60
Rate of increase for pensions in payment/inflation	2.70	2.60
Discount rate for scheme liabilities	4.10	1.70
Inflation assumptions (CPI)	2.70	2.60

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

	2022	2021
Retiring today		
Males retiring today	22.10	22.30
Females retiring today	24.20	24.30
Retiring in 20 years		
Males retiring in 20 years	23.20	23.30
Females retiring in 20 years	25.70	25.80

Sensitivity analysis

	At 31 August 2022	At 31 August 2021
	£000	£000
Discount rate +0.1%	6,317	5,003
Discount rate -0.1%	6,661	5,276
Mortality assumption – 1 year increase	6,304	4,947
Mortality assumption – 1 year decrease	6,668	5,332
CPI rate +0.1%	6,629	5,163
CPI rate -0.1%	6,343	5,111

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

	2022	2021
	£ 000	£ 000
Equities	2,765	1,349
Corporate bonds	222	413
Government bonds	571	370
Property	424	148
Cash and other liquid assets	71	105
Other	1,001	-
Total market value of assets	5,054	2,385

The actual return on scheme assets was (£398,000) (2021 - £380,000).

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

26 Pension and similar obligations (continued)

Amounts recognised in the statement of financial activities

	2022	2021
	£ 000	£ 000
Current service cost	666	410
Interest income	(62)	(32)
Interest cost	120	71
	<u>724</u>	<u>449</u>
Total amount recognised in the SOFA	<u>724</u>	<u>449</u>

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

	2022	2021
	£ 000	£ 000
At start of period	5,137	4,142
Transferred in on existing academies joining the trust	4,650	-
Current service cost	666	410
Interest cost	120	71
Employee contributions	75	53
Actuarial (gain)/loss	(4,025)	477
Benefits paid	(137)	(16)
	<u>6,486</u>	<u>5,137</u>
At 31 August	<u>6,486</u>	<u>5,137</u>

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

	2022	2021
	£ 000	£ 000
At start of period	2,385	1,787
Transferred in on existing academies joining the trust	2,873	-
Interest income	62	32
Actuarial gain/(loss)	(460)	348
Employer contributions	256	181
Employee contributions	75	53
Benefits paid	(137)	(16)
	<u>5,054</u>	<u>2,385</u>
At 31 August	<u>5,054</u>	<u>2,385</u>

27 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. The following related party transactions took place in the financial period.

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

27 Related party transactions (continued)

Expenditure related party transactions

During the year the academy trust made the following related party transactions:

Durham Diocesan Board of Finance

The Academy Trust was previously directly related to the Durham Diocesan Board of Finance due to its previous role as a corporate Member and its joint employment of the staff who provide officer services to the Academy Trust. However, since the change of the Trust Articles and Membership on 14 September 2020 the Durham Diocesan Board of Finance is no longer a Member or directly related party of the Trust. The Durham Diocesan Board of Education and the Newcastle Diocesan Education Board each nominate an individual member. There are no common Trustees with the Trust on either the NDEB or the DDBE. However, the NDEB and DDBF do jointly employ key staff (CEO, CFO and COO) who work under secondment agreements for the Trust as part of the central team. The Trust is invoiced for this time and, whilst the NDEB and DDBE are not directly related parties (for the purposes of the ESFA definition) in any event all officer time is provided at cost or less. For transparency, details are below:-

During the period, the Joint Education Team charged £167,517, (2021 - £131,335) of which 50% was paid to the Durham Diocesan Board of Finance and 50% to the Newcastle Diocesan Education Board in respect of support provided to the Academy Trust. There were also further transactions with NDEB totalling £1,020 in relation to specific projects. In addition £2,477 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 Academy Trust Handbook 2021.

At the balance sheet date the amount due to Durham Diocesan Board of Finance was £Nil (2021 - £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 (2020 - £100) in respect of training provided to the Academy Trust.

In entering into the transaction the academy trust has complied with the requirements of the Academy Trust Handbook 2021.

At the balance sheet date the amount due to Northern Lights Learning Trust was £Nil (2021 - £Nil).

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

28 Transfer of existing academies into the academy trust

St George's Church of England Academy

	Value reported by transferring academy trust £ 000
Tangible fixed assets	
Leasehold land and buildings	1,242
Furniture and equipment	28
Computer equipment	31
	1,301
Other assets	
Debtors due after one year	54
Cash in bank and in hand	260
	314
Liabilities	
Creditors due in less than one year	(46)
Pensions	
Pensions – pension scheme liabilities	(914)
Net assets	655

Durham and Newcastle Diocesan Learning Trust

Notes to the Financial Statements for the Year Ended 31 August 2022 (continued)

28 Transfer of existing academies into the academy trust (continued)

St John's Church of England Academy

	Value reported by transferring academy trust £ 000
Tangible fixed assets	
Leasehold land and buildings	737
Furniture and equipment	129
Computer equipment	21
	887
Other assets	
Debtors due after one year	60
Cash in bank and in hand	434
	494
Liabilities	
Creditors due in less than one year	(10)
Pensions	
Pensions – pension scheme liabilities	(871)
Net assets	500

SaGe Multi Academy Trust

	Value reported by transferring academy trust £ 000
Other assets	
Debtors due after one year	22
Liabilities	
Creditors due in less than one year	(12)
Pensions	
Pensions – pension scheme liabilities	8
Net assets	18