

SCHOOL STANDARDS AND FRAMEWORK ACT 1998

Account, prepared pursuant to Schedule 1, para 7(1) of the School Standards and Framework Act 1998, of the East Basildon Education Action Zone for the period ended 31 December 2003, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 1248 of 2002-2003.)

Presented pursuant to School Standards and Framework Act 1998, Sch. 1, s 11, para 7(3)

East Basildon Education Action Zone Account 1 April 2003 to 31 December 2003

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 26 APRIL 2004

The National Audit Office
scrutinises public spending
on behalf of Parliament.

The Comptroller and Auditor General,
Sir John Bourn, is an Officer of the
House of Commons. He is the head of the
National Audit Office, which employs some
800 staff. He, and the National Audit Office,
are totally independent of Government.

He certifies the accounts of all Government
departments and a wide range of other public
sector bodies; and he has statutory authority
to report to Parliament on the
economy, efficiency and effectiveness
with which departments and other bodies
have used their resources.

Our work saves the taxpayer millions of
pounds every year. At least £8 for every
£1 spent running the Office.

This account can be found on the National Audit Office web site at
www.nao.org.uk

Contents

	Page
Legal and Administrative Information	2
Report of the Trustees	3
Statement on Internal Control	9
Statement of Trustees' responsibilities	10
Certificate and Report of the Comptroller and Auditor General	11
Statement of Financial Activities	13
Income and Expenditure Account	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Financial Statements	17
Accounts Direction	27

Legal and Administrative Information

Trustees

John Robb* - *Chairperson*

Eileen Barnes Vachell*

Sue Andrews

Pat Brown

Yvonne Burgess

Alison Blant

Melissa Eades*

Catherine Gilmore*

Suzanne Haskins

Anne Holland

Yvonne Hunter

Maureen Sealeaf

Catherine Power*

Keith Watson

Mark Abbott

Kerry Franklin*

Steve Acton

June Amran*

Jonathan Oddy

Barbara Cook

Janet Palmer

Kevin Furlong*

Janet Guertin*

Lynnette Higgins

Steve Horsted

Jenny McCutcheon

Tricia Hardy

Alan Roach

Gena White

Paul Dunne

Eileen Lynch

* members of the Management Committee

Secretary

Steve Platt - Basildon District Council

EAZ office

The Life Long Learning Centre

Ely Way

Broadmayne

Basildon

Essex SS14 2EQ

Telephone: 01268 273158

Fax: 01268 273160

Auditors

Comptroller and Auditor General

157-197 Buckingham Palace Road

London SW1W 9SP

Bankers

Lloyds TSB Bank

Black Horse House

Bentalls

Pipps Hill

Basildon

Essex SS14 3BY

Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 31 December 2003.

Constitution and principal activities

The Forum is a corporate body and exempt charity established on 1 January 1999 under the 1998 School Standards and Framework Act. The Forum does not have a share capital. This Act and its associated regulations are the primary governing documents of the Forum. Trustees of the Forum are nominated by the schools in the Education Action Zone (EAZ).

The principal activity of the Forum is to improve standards within the Schools that are part of its Education Action Zone. In accordance with the Act the Forum has adopted an 'Action Plan' approved by the Secretary of State for Education and Skills. The Action Plan specifies the main objectives of the EAZ.

Future prospects

Under the 1998 School Standards and Framework Act the Education Action Zone was given a statutory life of no more than five years. As this period was completed on 31 December 2003 the Secretary of State for Education and Skills has passed an order closing the Zone with effect from this date.

Going concern

In view of the cessation of the Forum's activities on 31 December 2003 the Trustees no longer consider the preparation of the accounts on a going concern basis to be appropriate. Upon closure the Zone's assets and liabilities have been transferred to Zone schools at net book value. No adjustments have been necessary to the net book values of assets held immediately prior to closure.

Organisation and objectives

The sole activity of the Forum is the operation of the East Basildon Education Action Zone. The operational management committee of the EAZ consists of the Zone Director together with members of the Forum as shown on page 2. The aim of the management committee is to involve Schools and Business Partners and encourage involvement in decision making at all levels.

The present Trustees of the EAZ are set out on page 2. All the Trustees were in office on 1 April 2003 with the exceptions of Mark Abbott who was appointed to the Forum in June 2003 to replace June Amram and Eileen Lynch who replaced Yvonne Hunter. Catherine Power was appointed to the management committee in June 2003.

Developments, activities and achievements

As this is the final report a summary of the activities and projects completed by the East Basildon EAZ are listed below. All projects have undergone evaluation and it is expected much of the good practice will be taken up by the new Excellence Cluster Group running from 1 January 2004. A significant amount of work in the last nine months of the Zone has been undertaken to ensure a smooth transition from the East Basildon Education Action Zone to the new Excellence Cluster Group. Projects were themed under the following headings: Supporting Families, Teaching and Learning, Children's University and Leadership and Management.

Supporting families programme

Boosting the baseline

Set of activity packs for parents/carers of four year olds. Designed to improve children's skills ready for starting school. Accompanied by training from experienced early years teacher for both early years staff and parents.

Webster-Stratton Parenting Course(s)

Adapted from the 'Highscope' programme in the USA to be suitable for delivery from an English school and condensed into a ten week programme to fit school terms. A structured parenting course promoting positive behaviours in managing children.

First Bonus and Junior Bonus (renamed Smart Thinking)

Short course with children to develop social thinking skills as a route to positive behaviour (stop-think-choose-do!). Accompanied by wrap-around family support delivered by project co-ordinator who also links up with other agencies when family support is needed, intended to provide family with single point of contact and coherence. Early identification and intervention strategy. Focus on six and eight year olds.

Family learning and the mobile class room

Basic skills training for parents (literacy, numeracy and ICT) delivered by Basildon Adult Community College in primary schools. Children join their parents for part of the session. A community approach to adult learning. Improves relationship between the school and home. Develops a learning culture. Mobile classroom can park in the playground. Offers eight training stations in purpose-built environment for adults.

Teaching and learning programme

Literacy and Numeracy involvement including support from consultant headteacher

Two experienced and skilled head teachers (2x2=4dpw) working beside schools to embed and enhance the literacy and numeracy initiatives that have been proved to raise standards

- Early Reading Research;
- First Steps;
- Booster/catch-up work with targeted children;
- Interactive whiteboards and RM maths package;
- RM Success Maker; and
- LSA training.

Developing the Literacy and Numeracy strategy for the locality through co-ordinator meetings in clusters

EAZ organisation and payment for literacy and numeracy co-ordinators in each school to meet once per term to co-ordinate strategy, work together on implementing EAZ initiatives and learn from good practice available within the group.

Observations of good practice by L&N co-ordinators

Co-ordinators had the opportunity to join up with a good practitioner in their classroom to observe and exchange good practice (two days cover each person).

Key Stage (KS)1 and KS2 Booster support as agreed on basis of individual plan

Boosting to raise achievement at KS1 and KS2. Each school submitted a plan to boost targeted children (on the cusp of achieving national standard). The individual plan and its execution was monitored.

ICT support

Help in developing improved use of EAZ equipment and software. Technical advice and support from a senior technician employed by the Zone two days per week. EAZ designates duty. High emphasis on implementing literacy and numeracy initiatives with consultant head teacher working with schools on literacy and numeracy.

RM Maths Portfolio package

To raise standards in numeracy. EAZ has organised installation of the maths primary package and paid the first year's subscription. Schools matched the one-year subscription. Package includes updated RM maths, Easy teach, Snapshot (pupil assessment tool).

RM Success Maker package

To raise standards in reading.

Basic Skills Award with additional support

Additional advice and help to schools to achieve the award.

Excellence Challenge (Higher Education Initiative)

Various strands of activity in and organised by the two secondary schools to increase the numbers of young people going on to higher education. Involves extra tuition, raising aspirations and familiarisation with the higher education environment.

Vocational Horizons (work-related initiative)

Work-related learning for KS4 pupils at Barstable School. Aimed to reduce exclusion and poor attendance. Hoped to increase attainment and transfer into work, further education or training.

The Barstable Transition Strategy

Designed to improve attainment at KS3 by maximising the transfer of teaching improvements from feeder primary schools to Barstable School and minimising the learning dip. Use of Booster Training Assistants, parental involvement and continuous use of target tracker to improve target-setting and analysis of performance data.

Sport co-ordinators initiative: match-funding for training

Links with The Deanes Specialist Sports College. Improving the teaching of sports to raise achievement especially for boys.

Childrens University Programme

Umbrella heading for all out-of-school provision provided by the EAZ to increase learning time and raise standards. Includes

Bonus payments to CU co-ordinator (£1,000)

Designated teacher runs the school-based side of provision.

Breakfast club

Financial support. Aims to get children fit to learn each day. Reduces incidence of poor behaviour in the classroom.

After School Booster clubs including 'Young Investigators'

Extra Booster work to raise attainment in SATs.

After School SATs Booster clubs

As above.

Children's University modules in the summer

Range of summer courses that raise standards. Delivered through the themes of environmental education and citizenship.

Celebration of learning

An annual event for families designed to increase appreciation of learning and to reward success.

McDonalds incentive prizes for attendance and other sponsors from time-to-time

Motivational opportunities as incentives and rewards for punctuality and attendance.

GCSE Booster classes

Extra coaching to raise numbers achieving five GCSEs at A*-C.

Leadership and management programme

Building School Leadership - Teams residential (Chasing Success)

Designed to improve team planning and working. Residential and evening workshops with consultant.

Pacific Institute 'Investing in Excellence'

Self-empowerment programme lasting five days. Designed to help professionals gain control of their personal and working lives so as to be more effective.

Continuous Improvement Software training and financial support

Limited financial support for software package that enables schools to design and monitor their improvement plans.

Access to the TIPD study trips

Observation trips to schools in other countries to compare and contrast professional practices.

Governors' Self-evaluation training

Training for school governors.

Recruitment and retention

Consortium-styled initiative. EAZ led with school subscribers. Project officer recruits to school vacancies and offers wrap-round services such as housing advice, social events, etc. to make the district attractive to prospective teachers. Active promotion in Basildon.

Investors in People Award with associated support

Pursued to encourage schools to have appropriate relationships, practices and processes in place to retain good staff and enhance performance management.

Since 1998, the children in East Basildon have made unprecedented gains in their learning. Parents and other local residents already have greater confidence in our schools.

As we contemplated the final nine months of the Zone, we worked towards completing and sustaining existing projects, and ensuring the smooth transition of these projects into the Basildon Excellence Cluster.

Operating and financial review

The financial statements have been prepared in accordance with current statutory requirements and the Forum's governing documents.

Most of the EAZ's income is obtained from the DfES in the form of recurrent grants the use of which is restricted to particular purposes. The grants received during 2003-2004 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

The EAZ also received other restricted grants from the DfES.

During 2003-2004 the EAZ received £21,000 donations from Cleanaway Pitsea Marshes Trust commercial sponsor. These donations have been given to the EAZ to assist it to achieve its Action Plan and have been fully expended.

Expenditure for the period was covered by grants from the DfES and other income.

Funding of £34,500 was received for Excellence Challenge projects. This was applied to activities at Chalvedon School and Barstable School.

At 31 December 2003 the net book value of fixed assets was nil and all assets transferred to EAZ schools prior to cessation of the Zone.

Fund review

When the EAZ ceased to operate on 31 December 2003 its fund balances were nil. Fund balances existing prior to this date were utilised in fulfilment of the Zone's objectives. Immediately prior to cessation £224,940 was transferred to Essex County Council LEA, which has been nominated as successor body committed to overseeing any outstanding matters.

Connected organisations

The EAZ is working closely with its partnership schools to achieve the Forum's objectives.

The schools in the partnership are as follows

Bardfield Primary School
Barstable School
Briscoe Primary School
Chalvedon School
Cherry Tree Primary School
Elmbrook School (combined with Moat House to form Pioneer School)
Eversley Primary School
Fairhouse Community Infant School
Fairhouse Community Junior School
Felmore Primary School
Ghyllgrove Infant School
Ghyllgrove Junior School
Greensted Infant School
Greensted Junior School
Moat House School (combined with Elmbrook to form Pioneer School)
Northlands Junior School
Northlands Infant and Nursery School
Pitsea Community Infant School (now the Len Wastell)
Pitsea Community Junior School
Ryedene Primary School
St Margaret's C of E Primary School
St Teresa's RC Primary School
Vange Primary School and Nursery School
Whitmore Community Junior School
Whitmore Community Infant and Nursery School
Willows Primary School

The following organisations are sponsors of the Forum

Cleanaway Pitsea Marshes Trust	Entrust
Visteon plc	M&S
ABK	Holmes Peaman
Sainsbury	Basildon Print
Homestart	Tesco
McDonalds	RM

Essex County Council through the Local Education Authority and Basildon District Council have provided non-financial support.

Cleanaway Pitsea Marshes Trust is the primary business sponsor of the Forum and has donated £21,302 to assist the Forum achieve its objectives.

The Forum has also contracted with Essex County Council to provide payroll services and Basildon District Council to provide personnel services.

Disabled persons

The policy of the Forum is to support the employment of disabled persons both in the recruitment and by retention of employees who become disabled whilst in the employment of the Forum, as well as generally through training and career development.

Post balance sheet events

The Zone ceased all activities at the end of its statutory life on 31 December 2003. At this date it transformed into the East Basildon Excellence Cluster. Expenditure for the period ended 31 December 2003 included redundancy costs of £4,000 relating to two members of staff.

Reserves policy

The Forum did not build up restricted reserves of DfES grant as the Department requires that this grant should be applied in the year in which it is received.

Risk management

In 2001 the Trustees carried out a detailed review of the charity's activities and produced a comprehensive strategic plan setting out the major opportunities available to the charity and the risks to which it was exposed.

The Trustees monitored progress against the strategic objectives set out in the plan at quarterly meetings and a comprehensive review of the plan carried out annually. As part of this process, the Trustees implemented a risk management strategy which comprised

- an annual review of the risks which the charity may have faced;
- the establishment of systems and procedures to mitigate those risks identified in the plan; and
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise.

Statement on Internal Control

a Maintenance of internal controls

As Trustees, we have responsibility for maintaining a sound system of internal control that supports the achievement of the Forum's policies, aims and objectives whilst safeguarding the public funds and assets for which we are responsible, in accordance with the responsibilities assigned to us in our Financial Memorandum and Government Accounting.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of Forum policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

This process has been in place for the period ended 31 December 2003 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In the present year the Forum has established the following processes

- identification of the Forum's objectives and key risks;
- the establishment of systems and procedures to mitigate the risks identified in the plan;
- the implementation of procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- procedures for monitoring progress against the strategic objectives set out in the plan at regular meetings;
- a comprehensive annual review of the plan, including a review of the risks which the Forum may face; and
- the allocation of risk ownership, including the role of the Forum, sub-committees and Zone Director.

Our review of the effectiveness of the system of internal control is informed by comments made by the external auditors in their management letter and other reports.

Statement of Trustees responsibilities for the financial statements

Under the School Standards and Framework Act 1998, Trustees are required to prepare financial statements for each financial period in the form and on the basis determined by the Secretary of State with the approval of the Treasury. In preparing these financial statements, the Trustees have

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the basis that the Forum's activities were ceasing.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Forum and enable them to ensure that the financial statements comply with the Accounts Direction given by the Secretary of State. They are also responsible for safeguarding the assets of the Forum and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees have a responsibility to ensure that the Forum's accounting records and system of internal financial control for the relevant financial period comply with the obligations placed on the Forum by the Secretary of State for Education and Skills.

Auditors

The auditor, the Comptroller and Auditor General, is appointed under the terms of the 1998 School Standards and Framework Act.

Approval

The report of the Trustees was approved on 15 March 2004 and signed on its behalf by

John Robb
Chairman

Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 13 to 26 under the School Standards and Framework Act 1998. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 17 to 18.

Respective responsibilities of the Trustees and Auditor

As described on page 10 the Trustees are responsible for the preparation of the financial statements and for ensuring the regularity of financial transactions. The Trustees are also responsible for the preparation of the Trustees' Annual Report. My responsibilities, as independent auditor, are established by statute and guided by the Auditing Practices Board and the auditing profession's ethical guidance.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills, whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and whether the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Trustees' Annual Report is not consistent with the financial statements, if the Forum has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on page 9 reflects the Forum's compliance with HM Treasury's guidance 'Corporate Governance: statement on the system of internal financial control'. I report if it does not meet the requirements specified by the Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Zone's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Following the passing of the East Basildon Education Action Zone (Dissolution) Order 2003, the Zone ceased to exist with effect from 31 December 2003. Accordingly, as explained in the Trustees' Report and note 1 to the accounts, the financial statements have been prepared on the basis that the Zone is no longer a going concern. My opinion is not qualified in this respect.

Opinion

In my opinion

- the financial statements give a true and fair view of the state of affairs of the East Basildon EAZ at 31 December 2003 and of its incoming resources, application of resources and cash flows for the period then ended and have been properly prepared in accordance with the School Standards and Framework Act 1998 and directions made thereunder by the Secretary of State for Education and Skills; and
- in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

19 April 2004

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Statement of Financial Activities for the period ended 31 December 2003

	Notes	Unrestricted funds £000	Restricted funds DfES £000	Other £000	Total 2003-2004 £000	Total 2002-2003 £000
Incoming resources						
DfES EAZ recurrent grant	2	0	854	0	854	830
DfES other grants receivable	3	0	53	0	53	95
Other government grants	4	0	0	196	196	0
Private sector contributions	5	125	0	0	125	274
Public sector contributions	5	19	0	0	19	60
Other income	6	2	0	0	2	2
Amortisation transfer	18	0	0	0	0	48
Total incoming resources		<u>146</u>	<u>907</u>	<u>196</u>	<u>1,249</u>	<u>1,309</u>
Resources expended						
Cost of generating funds	7	<u>0</u>	<u>(5)</u>	<u>0</u>	<u>(5)</u>	<u>(7)</u>
Net incoming resources for charitable application		146	902	196	1,244	1,302
Charitable expenditure						
<i>Costs in furtherance of charitable objects</i>						
Provision of education	7	8	37	0	45	91
Education support costs	7	26	166	0	192	471
Grants payable	7	93	570	196	859	716
Management and administration	7	19	101	0	120	115
Total charitable expenditure		<u>146</u>	<u>874</u>	<u>196</u>	<u>1,216</u>	<u>1,393</u>
Costs of termination of operations	9	0	11	0	11	0
Total resources expended		<u>146</u>	<u>890</u>	<u>196</u>	<u>1,232</u>	<u>1,400</u>
Net incoming resources before transfers		0	17	0	17	(91)
Transfers between funds		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net movement in funds		0	17	0	17	(91)
Fund balances brought forward						
At 1 April 2003		0	(17)	0	(17)	74
Fund balances carried forward		<u>0</u>	<u>17</u>	<u>0</u>	<u>17</u>	<u>(91)</u>
At 31 December 2003	20,21	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(17)</u>

There is no difference in the net movement of funds stated above, and its historical cost equivalent.

The notes on pages 17 to 26 form part of these accounts.

Income and Expenditure Account for the period ended 31 December 2003

	Notes	2003-2004 £000	2002-2003 £000
Income			
DfES EAZ recurrent grant	2	854	830
Other DfES grants	3	53	95
Other grants	4	196	0
Private sector contributions	5	125	274
Public sector contributions	5	19	60
Other income	6	2	2
Amortisation/deferred income	18	0	48
Total income		1,249	1,309
Charitable expenditure			
DfES EAZ recurrent grant expenditure	7	837	830
Other DfES grant expenditure	7	53	95
Other government grant expenditure	7	196	0
Depreciation	7	0	48
Other expenditure	7	130	420
Total charitable expenditure		1,216	1,393
Costs of generating funds	7	5	7
Costs of termination of operations	9	11	0
Total resources expended		1,232	1,400
Excess of income over expenditure		17	(91)
Net transfers to/from funds			
DfES EAZ fund	20	17	(91)
Unrestricted funds	21	0	0
Net movement in funds		17	(91)

The income and expenditure account is derived from the Statement of Financial Activities on page 13, which, together with the notes to the accounts on pages 17 to 26 provide full information on the movements during the year on all the funds of the Forum.

The Forum has no recognised gains and losses other than those included in the above results and therefore no separate statement of gains and losses has been presented.

Balance Sheet as at 31 December 2003

	Notes	31 December 2003 £000	31 March 2003 £000
Fixed assets			
Tangible assets	13	<u>0</u>	<u>0</u>
		0	0
Current assets			
Debtors	16	0	0
Cash at bank and in hand		<u>0</u>	<u>91</u>
		0	91
Creditors: amounts falling due within one period	17	0	(108)
Net current assets		<u>0</u>	<u>(17)</u>
Deferred income	18	0	0
Net assets		<u>0</u>	<u>(17)</u>
Funds			
Restricted funds	20	0	(17)
Unrestricted funds	21	<u>0</u>	<u>0</u>
		0	(17)

The financial statements were approved by the Forum on 15 March 2004 and signed on its behalf by

John Robb
Chairman

Cash Flow Statement for the period ended 31 December 2003

	Notes	2003-2004 £000	2002-2003 £000
Operating activities			
<i>Receipts</i>			
Recurrent EAZ grant received from DfES	2	854	830
Other grants from DfES	3	53	95
Receipts from central or local government	4	196	32
Private sector sponsorship	5	21	194
Other receipts	6	2	2
		1,126	1,153
<i>Payments</i>			
Staff costs	10	77	222
Other cash payments		1,140	1,109
Net cash inflow/outflow from operating activities	26	(91)	(178)

Notes to the Financial Statements 31 December 2003

1 Accounting policies

Format of accounts

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP 2000), 'Accounting and Reporting by Charities' published in October 2000 and the Charities Act 1993. A summary of the principal accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared under the historic cost convention, with the exception of listed fixed asset investments which are included at market value. The East Basildon Education Action Zone Forum was established under the School Standards and Framework Act and had a three year lifespan. The Secretary of State extended the life of the Forum by a further two years. These financial statements have been prepared on the basis that the Forum's activities were ceasing.

Recognition of income

The annual EAZ grant from the DfES, which is intended to meet recurrent costs and, where specified, to purchase fixed assets, was credited direct to the income and expenditure account as restricted income. Sponsorship monies were credited direct to the income and expenditure account as unrestricted income, as the Forum had discretion in how to apply such contributions to meet its objectives.

Contributions in Kind

In accordance with the Accounts Direction provided by the Department for Education and Skills an income value was attributed to Contributions in Kind from business. These contributions were brought into the accounts at a reasonable estimate of their value to the Forum in the period in which they were receivable. As all gifts in Kind represent expenditure which the Forum would have had to incur, a notional expenditure charge is recorded equal to the value of the Contribution in Kind to the Forum.

Grants receivable

Where other grants have been received, these are credited to the income and expenditure account as restricted income.

Amortisation transfer

Amortisation transfers relate to depreciation on assets acquired using funding provided by government grants. Additional depreciation has been charged on assets acquired using other funds.

Investment income and interest receivable

Investment income and interest receivable are included in the financial statements on an accruals basis, and are stated inclusive of related tax credits.

Management and administration

Management and administration costs include expenditure on the administration of the charity and compliance with constitutional and statutory requirements, and an appropriate apportionment of indirect costs.

Allocation of cost between direct provision of education and other expenditure

In accordance with the charities SORP expenditure has been analysed between charitable and other expenditure. The only activity undertaken by the EAZ is the operation of East Basildon EAZ. Items of expenditure which involve more than one cost category have been apportioned on a reasonable, justifiable and consistent basis for the cost category concerned, these include

Cost category	Basis of apportionment
Staff costs	Time spent

Tangible fixed assets

Tangible fixed assets, which cost more than £2,500, acquired since the Forum was established are included in the accounts at cost.

Where tangible fixed assets have been acquired with the aid of 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. Such fixed assets are shown within a restricted fund, as the undepreciated balance on that fund is not available to the Forum to spend.

Depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used for other assets are

Furniture and equipment	25%
Computer equipment and software	33%

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account as incurred.

Resources expended

Items are included as direct charitable expenditure where, in the view of the Forum, the activities relate to staff costs incurred when in direct contact with pupils.

Investments

Fixed asset investments are included at their market value.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

Stocks

Unused stores are valued at the lower of cost or net realisable value.

Taxation

The Forum is an exempt charity and as such is exempt from Income and Corporation taxes under the provisions of the Income and Corporation Taxes Act 1988. The cost of Value Added Tax incurred by the Forum has been included in the Income and Expenditure Account.

Pensions

The full cost of the Forum's pension contributions on behalf of its employees is recognised in the year those contributions are made.

2 DfES EAZ grant

	2003-2004 £000	2002-2003 £000
DfES grant received in period	854	830
Carry over from previous period	(17)	25
<i>Less</i>		
DfES debtor	0	0
Amount used to purchase fixed assets	0	0
Total grant available to spend	837	855
Spent in the period	837	946
Underspent grant/[Funded from General Fund]	0	(91)
Maximum permitted carry over level	N/A	0
Excess grant to surrender	0	0

The Zone operates under the match funding regime. Core funding from the DfES is now £550,000 per annum. The Zone is expected to raise sponsorship from private sector sources, and further grant, to a maximum of £250,000 per annum has been made available to match any such sponsorship.

3 Other DfES grants

	2003-2004 £000	2002-2003 £000
Excellence challenge	34	42
Schools in challenging circumstances	0	30
Vocational horizons	10	14
Gifted and talented	9	9
	53	95

4 Other government grants

	2003-2004 £000	2002-2003 £000
Entrust	196	0

5 Business contributions

	Cash	In Kind	Total	Total
	£000	£000	2003-2004	2002-2003
			£000	£000
Private sector contributions				
Visteon	0	0	0	3
Cleanaway Pitsea Marshes Trust	21	0	21	194
YHA	0	0	0	1
Evening Echo	0	93	93	50
McDonalds	0	0	0	1
Holmes Pearman	0	0	0	1
ABK	0	11	11	19
Jap Sound Hire	0	0	0	4
Sainsbury	0	0	0	1
	<u>21</u>	<u>104</u>	<u>125</u>	<u>274</u>
Public sector contributions				
Basildon District Council	0	4	4	17
Essex County Council	0	15	15	27
Other public sector bodies	0	0	0	16
	<u>0</u>	<u>19</u>	<u>19</u>	<u>60</u>
	<u>21</u>	<u>123</u>	<u>144</u>	<u>334</u>

6 Other income

	2003-2004	2002-2003
	£000	£000
Sundry income	1	1
Interest receivable	1	1
	<u>2</u>	<u>2</u>

7 Total resources expended

	Staff costs	Other costs	Total	Total
	£000	£000	2003-2004	2002-2003
			£000	£000
Direct provision of education	0	45	45	91
Education support costs	47	145	192	471
Grants payable*	0	859	859	716
Management and administration	30	90	120	115
Costs of generating funds	0	5	5	7
Costs of termination of operations	0	11	11	0
	<u>77</u>	<u>1,155</u>	<u>1,232</u>	<u>1,400</u>
Of which				
DfES grant expenditure	77	760	837	830
Other DfES grant expenditure	0	53	53	95
Other government grant expenditure	0	196	196	0
Other expenditure	0	130	130	420
Costs of generating funds	0	5	5	7
Depreciation	0	0	0	48
Costs of termination of operations	0	11	11	0
	<u>77</u>	<u>1,155</u>	<u>1,232</u>	<u>1,400</u>

* Included in the above, significant grants paid out to individual schools are as follows

	£000
Barfield Primary School	46
Barstable School	107
Briscoe Primary School	41
Chalvedon School	45
Cherry Tree Primary	34
Elmbrook (Pioneer School)	7
Eversley Primary School	32
Fairhouse Infant School	13
Fairhouse Junior School	22
Felmore Primary School	60
Ghyllgrove Infant School	11
Ghyllgrove Junior School	23
Greenstead Infant School	21
Greenstead Junior School	43
Moat House (Pioneer School)	3
Northlands Infant School	17
Northlands Junior School	29
Pitsea Infant School (Len Wastell School)	15
Pitsea Junior School	41
Ryedene Primary School	55
St Margaret's Primary School	36
St Teresa's Primary School	14
Vange Primary school	17
Whitmore Infant School	24
Whitmore Junior School	26
Willows Primary School	77
	<u>859</u>

8 General expenditure

	2003-2004	2002-2003
	£000	£000
Included in expenditure in the income and expenditure accounts and in other costs above are		
Educational supplies and services	971	732
Occupancy costs	9	12
Supplies and services	147	59
Operating lease rentals	6	8
Auditor's remuneration	6	5
Costs of generating funds	5	7
Costs of termination of operations	11	0
	<u>1,155</u>	<u>823</u>

9 Costs of termination of operations

	2003-2004	2002-2003
	£000	£000
Costs of post Zone services provided by successor body	3	0
Amount transferred to successor body to meet residual Zone liabilities	225	0
Transformation consultancy	8	0
	<u>236</u>	<u>0</u>

The difference of £225,000 between note 9 and Income and Expenditure and the Statements of Financial Activities is due to transfers arising from normal activities.

10 Staff costs

The average number of persons (including senior postholders) employed by the EAZ during the period expressed as full time equivalents was

	2003-2004	2002-2003
Management*	0	1
Administration	2	3
Projects	1	3
Total employees	<u>3</u>	<u>7</u>

* A Zone Head Teacher was seconded to the position of Project Director for the closure of the Zone and the set up of the Excellence Cluster.

	2003-2004	2001-2002
	£000	£000
Staff costs for the above persons		
Wages and salaries	65	191
Social security costs	6	15
Other pension costs (see note 19)	2	16
Costs associated with Zone closure	4	0
Total staff costs	<u>77</u>	<u>222</u>

Costs associated with Zone closure comprised retention payments of £2,000 and redundancy costs of £2,000.

No employee earned more than £50,000 during 2003-2004. The total emoluments of this employee were in the following range

	2003-2004	2002-2003
£50,001 - £60,000	0	1

11 Emoluments of Trustees

No emoluments were paid to the Trustees during the period (2002-2003 £Nil).

Interests in transactions

There were no known interests in transactions.

12 Trustees and officers' insurance

In accordance with normal commercial practice the Forum has purchased insurance to protect governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on Forum business.

The insurance provides cover up to £1,000,000 on any one claim and the cost for 2003-2004 was £1,000 (2002-2003 £1,000).

13 Tangible fixed assets

	Computer equipment and software £000	2003-2004 Total £000	2002-2003 Total £000
Cost			
Acquired since incorporation			
At 1 April 2003	101	101	101
Capital expenditure	0	0	0
Disposals	0	0	0
At 31 December 2003	<u>101</u>	<u>101</u>	<u>101</u>
Depreciation			
At 1 April 2003	101	101	53
Charged in period	0	0	48
Disposals	0	0	0
At 31 December 2003	<u>101</u>	<u>101</u>	<u>101</u>
Net book value			
At 31 December 2003	<u>0</u>	<u>0</u>	<u>0</u>

14 Investments

The Zone has no investments (2002-2003 £Nil).

15 Stocks

The Zone has no stocks (2002-2003 £Nil).

16 Debtors

	31 December 2003 £000	31 March 2003 £000
Prepayments	0	0
Sundry debtors	0	0
	<u>0</u>	<u>0</u>

17 Creditors: amounts falling due within one year

	31 December 2003 £000	31 March 2003 £000
Taxation and social security	0	3
Sundry creditors	0	0
Accruals	0	62
Trade creditors	0	43
	<u>0</u>	<u>108</u>

18 Deferred income

	Government capital grant	Private sector sponsorship	Total 31 December 2003 £000	Total 31 March 2003 £000
At 1 April 2003	0	0	0	48
Income during the period	0	0	0	0
Transfer to income and expenditure account	0	0	0	(48)
At 31 December 2003	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

19 Pensions and similar obligations

	2003-2004 £000	2002-2003 £000
Other pension costs comprise		
Defined benefit scheme - regular cost	2	16

The Forum utilises the Pension Scheme of the Essex County Council for its staff. This Pension Scheme is the Local Government Pension Scheme (LGPS). Employer contributions are 165 per cent of employee contributions.

Employees can if they wish pay additional pension contributions, either to purchase additional years of membership, or pay Additional Voluntary Contributions (AVCs).

The scheme is a defined benefits scheme and employer contributions are based upon the 1998 actuarial valuation of £1,361.1 million (completed by an independent actuary) which determined the contribution rates from 1 April 1999.

The last actuarial review was 31 March 2001 and recommended an increase of 35 per cent employer contributions to amortise the past deficiency over a period of 13 years increasing employers' contributions to 171 per cent from 2002.

The contribution rates have been calculated using the projected unit actuarial method and the main actuarial assumptions were as follows

- i 2.5 per cent pa - rate of price increases;
- ii 4.25 per cent pa - rate of general salary increases;
- iii 2.5 per cent pa - rate of future pension increases;
- iv 4.0 per cent pa - rate of increase in dividend income;
- v 5.9 per cent - discount rate for periods after retirement; and
- vi 6.75 per cent - discount rate for periods before retirement.

The market value of the Fund's assets was £1,857.7 million and the market value of the liabilities was £2,097.3 million. The past service deficiency was £239.6 million. The proportion of the Fund held in the major asset classes, along with the expected returns is shown below.

Fund assets	Proportion per cent	Return pa per cent
Equities	70.3	7.25
Fixed gilts (UK)	1.4	4.9
Corporate and overseas bonds	14.2	5.9
Property	8.6	5.9
Cash	5.5	4.9

20 Restricted funds

The income funds of the EAZ comprise the following balances of grants to be applied for specific purposes

	Balance at 1 April 2003	Incoming resources	Expenditure gains, losses and transfers	Balance at 31 December 2003	Balance at 31 March 2003
	£000	£000	£000	£000	£000
DfES recurrent grant	(17)	854	(837)	0	(17)
Other	<u>0</u>	<u>249</u>	<u>(249)</u>	<u>0</u>	<u>0</u>
	<u>(17)</u>	<u>1,103</u>	<u>(1,086)</u>	<u>0</u>	<u>(17)</u>

DfES EAZ grant must be used for the normal running costs of the EAZ including salaries and related costs, overheads, repairs and maintenance and insurance. The EAZ is allowed to carry forward up to 10 per cent of the grant for programme expenditure and 2 per cent of grant for administrative expenditure.

21 Unrestricted funds

	2003-2004	2002-2003
	£000	£000
Brought forward at 1 April 2003	0	0
Excess of income over expenditure	<u>0</u>	<u>0</u>
Carried forward at 31 December 2003	<u>0</u>	<u>0</u>

22 Analysis of net assets between funds

Fund balances at 31 December 2003 are represented by

	Unrestricted funds	Restricted funds	Total	Total
	£000	£000	2003-2004	2002-2003
			£000	
Current assets	0	225	225	91
Current liabilities	<u>0</u>	<u>(225)</u>	<u>(225)</u>	<u>(108)</u>
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(17)</u>

23 Capital commitments

The Zone has no capital commitments (2002-2003 £Nil).

24 Lease commitments

	31 December	31 March
	2003	2003
	£000	£000
Operating leases		
The payments which the Forum is committed to make in the next period in operating leases		
Within one period	0	2
One to five periods	0	2

25 Contingent liabilities

In the event, during the period of the Funding Agreement, of the sale or disposal by other means, of any asset for which a DfES grant was received, the Forum shall if it does not re-invest the proceeds, repay to the Secretary of State for Education and Skills the same proportion of the proceeds of the sale or disposal as equates with the proportion of the original cost met by the Secretary of State.

Upon termination of the Funding Agreement, whether as a result of the Secretary of State or the Forum serving notice, the Forum may repay to the Secretary of State sums determined by reference to

- a The value at that time of the EAZ's assets held for the purpose of the Forum; and
- b The extent to which expenditure incurred in providing those assets was met by payments by the Secretary of State under the Funding Agreement.

As at 31 December 2003 there are no contingent liabilities.

26 Reconciliation of net incoming activities to net cash inflow from operating activities

	2003-2004	2002-2003
	£000	£000
Net incoming resources	17	(91)
Depreciation	0	48
Deferred grant released to income	0	(48)
Decrease (increase) in debtors	0	13
Increase/(decrease) in creditors	(108)	(100)
Net cash inflow from operating activities	<u>(91)</u>	<u>(178)</u>

Accounts Direction given by the Secretary of State for Education and Skills, with the approval of the Treasury, in accordance with the School Standards and Framework Act

- 1 The Education Action Zone shall prepare accounts for the financial year ended 31 March 2000 and subsequent financial years comprising
 - a a Trustees' Report;
 - b a statement of financial activity and an income and expenditure account;
 - c a balance sheet;
 - d a cash flow statement; and
 - e a statement of total recognised gains and losses;including such notes as may be necessary for the purposes referred to in the following paragraphs.
- 2 The accounts shall give a true and fair view of the income and expenditure and cash flows for the financial year, and the state of affairs as at the end of the financial year.
- 3 Subject to this requirement, the accounts shall be prepared in accordance with
 - a generally accepted accounting practice in the United Kingdom (UK GAAP), including the provisions of the Statement of Recommended Practice, Accounting by Charities. Forums shall not adopt Financial Reporting Standard, Small Entities;
 - b the disclosure and accounting requirements contained in 'The Fees and Charges Guide' (in particular those relating to the need for appropriate segmental information for services or forms of service provided) and in other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;insofar as these are appropriate to East Basildon Education Action Zone and are in force for the financial year for which the statement of accounts is to be prepared.
- 4 The statement of financial activity, income and expenditure account and balance sheet shall be prepared under the historical cost convention. Assets and liabilities shall be included in the balance sheet at the following amounts
 - a fixed assets at cost (or valuation) less an appropriate provision for depreciation;
 - b fixed asset investments at market value;
 - c current assets (other than investments) at the lower of cost and net realisable value; and
 - d liabilities at their settlement value.
- 5 The value of contributions from business, both assets and services, should be brought into account at a reasonable estimate of their value to the Forum, i.e. they should be valued at what it would have cost the Forum to have purchased the required asset or service itself.
- 6 This direction shall be reproduced as an appendix to the accounts.

Signed by authority of the Secretary of State for Education and Skills

Barnaby Shaw
Head of Standards Division
Department for Education and Skills

26 February 2002

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Tel: 020 7798 7400

Email: enquiries@nao.gsi.gov.uk

DG Ref: C63321 4139WC

Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline

Lo-call 0845 7 023474

E-mail book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers

ISBN 0-10-328347-1



9 780103 283470