

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 Dudley Education Action Zone for the period ended 30 November 2004, together with the Comptroller and Auditor General's Certificate and Report thereon. (In continuation of House of Commons Paper No. 1109 of 2003-2004)

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

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# Dudley Education Action Zone Account 1 April 2004 to 30 November 2004

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 24 JANUARY 2005

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## Legal and Administrative Information

### Trustees

A Sparke*	Chair of Action Forum - Chief Executive, Dudley MBC
J Freeman*	Vice-Chair of Action Forum - Director of Education and Lifelong Learning, Dudley MBC
M Woodall*	Zone Director
L Rowlands Roberts	Headteacher representative - Netherton Park Family Centre
S Eales	Headteacher representative - Wollescote Primary
B Albert	Headteacher representative - Bromley-Pensnett Primary
M Millman*	Headteacher representative - Priory Primary
B Bainbridge*	Headteacher representative - The Pensnett School of Technology
S Taylor (to 1 October 2004)	Governors' representative
J Hodt	Inter-agency representative
Vacancy	Business partners representative
Vacancy	Parent representative

### Secretary

Project Administrator

### EAZ Office

Saltwells EDC,  
Bowling Green Road  
Netherton  
Dudley

### Auditor

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
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### Banker

HSBC Bank PLC  
226 High Street  
Dudley

### Solicitor

Dudley MBC Legal Services  
Council House  
Dudley

\* Members of the Finance sub-committee

# Report of the Trustees

The Trustees present their report and the audited financial statements for the period ended 30 November 2004.

## Constitution and principal activities

The Dudley Partnership for Achievement Forum is a corporate body and exempt charity established on 1 December 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 major stakeholder groups, e.g. the Local Authority, Local Education Authority, schools, parents, governors and participating business interests.

The principal activity of the Forum is to improve standards within the Schools that are part of its Education Action Zone (EAZ).

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, amongst other things, the main objectives of the EAZ, summarised below.

Dudley Partnership for Achievement (DPfA) came into being in 1999, when a group of Headteachers from schools in disadvantaged areas of Dudley came together to submit a bid for Education Action Zone (EAZ) status to the then DfEE (now DfES). The bid was based on the premise that parental engagement is the key to raising attainment in schools and breaking the cycle of disadvantage. By actively involving parents and carers as partners in their children's education, we seek to break down the barriers that have for so long prevented many children from achieving their full potential.

The aim of the Dudley Partnership for Achievement (DPfA) is to create a learning community that will support and promote learning – "working with the community to make a difference". Throughout the Zone, an audit of barriers to learning will be undertaken by all participating schools and, whilst accepting that each school will have different starting points, the following key improvement strategies will be common to all

- the appointment of 21 Learning Link Workers, organised in clusters across the Zone, to engage with families to encourage and support family learning;
- the appointment of Pupil Achievement Workers in 21 schools to improve pupil performance;
- through the above, to recruit and organise parent/adult volunteers to support and sustain improvement and to encourage adult learning;
- create over 200 Learning Link Groups throughout the life of the Zone, (approximately 10 per school), sustained and supported by the Learning Link Workers;
- take learning into the home with special "Front Room Meetings";
- establish a Core Team of professional workers to support the school-based staff and outreach staff;
- network all relevant Childcare and Out of School Learning Activities to support children/young people and parents and carers in the Zone;
- compile a database of *Adults other than Teachers* to identify volunteers and professional workers available for support in schools;
- conduct an ethnographic and educational research programme in partnership with higher education institutions to monitor, evaluate and disseminate all improvement strategies; and
- to establish the Dudley Partnership Education Action Zone Internet pages that will disseminate all good practice, findings and recommendations.

The establishment of an Education Action Zone is the key strategy to bring about the 'systematic and repeated involvement of parents and carers to raise their children's attainment and achievement across a broad range of activities'.

## 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 is completed on 30 November 2004 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 Zone's activities on 30 November 2004 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 or the nominated successor body to the Zone, Dudley LEA, 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 Dudley Partnership for Achievement (DPfA) EAZ .

The operational management structure of the EAZ consists of a Project Director, a Deputy Director and an Assistant Director. These three posts constitute the EAZ Senior Management Team, which reports to the Forum. The aim of the management structure 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. Unless otherwise indicated, Trustees served throughout the financial year.

## Developments, activities and achievements

During the period the Zone has achieved the following, as reported to the Action Forum in June 2004 and October 2004

### *June 2004*

- our final round of parents' celebration events are being held during June and early July and we are delighted that over 600 invitations have been sent out to parents who have completed courses or provided practical support to the children's school. We can think of no more practical demonstration of the impact of the parental engagement work of the Zone, which was, after all, its founding principle;
- the Excellence Cluster Transformation Plan has now been submitted to the DfES. Informal feedback received has been positive. Thanks to all the schools who responded to our nagging and came up with inputs within the required timescale. Having completed a 214 page plan, including appendices, we were a little surprised when we were then asked for an 8 eight page summary!
- the cycle of training in Accelerated Learning and Emotional Intelligence is coming to an end and has been hugely successful in changing the ethos within our schools. The Deputy Director has facilitated a day's training on Accelerated Learning with the Home and Hospital Service, which was well-received and will be incorporated into the Services planning and delivery. This is particularly pleasing when you consider that this service works with some of our most vulnerable children;
- the effectiveness of training is determined by the impact on those it reaches and we are pleased to say that our training is being taken up by some of our most hard to reach families. That a family whose difficulties had resulted in children being taken into public care felt secure enough to access family Emotional Intelligence training clearly demonstrates that this is testament to the skill and expertise developed by our Learning Link Workers during the life of the Zone;
- a further example of Zone work becoming part of mainstream activity is the joint work of the EAZ, Health Promoting Schools' Service and the authority Behaviour Consultant in the field of peer mediation;

- although as reported in March 2004, the Pacesetter Family Learning project has been completed successfully, it is pleasing that the laptops and other equipment purchased in order to run the course will be housed at Netherpton Park Children's Centre for use in their new training room and will be available for schools to borrow. In this way it will continue to be used for the purpose for which it was purchased;
- links with CEDD continue to strengthen as witnessed by the joint working of the Assistant Director with the Lifelong Learning Team. They are currently working together on a bid to gain funding for 'Skills for Life';
- we are sad to report that Karen Mills has gained a new position with The Staffordshire. Her skill, expertise and friendly manner will be much missed;
- we have been very fortunate to gain the services of Shelley Jennings as Project Administrator. She has settled in very well and we are sure will prove a real asset as we approach Transformation;
- we are looking forward to our Russian partners' next visit which is due to take place from the 26 June – 2 July. A full week's programme has been arranged for what will be the final visit for this project. Discussions will be held during the visit for the development of a new project; and
- the Aim Higher programme, which up until now has run in the two EAZ secondary schools, is becoming part of the larger borough 14–19 agenda.

#### *October 2004*

- the huge number of volunteer helpers in EAZ schools is now considered the norm. Looking back to the early days of the Zone, the increase in community involvement within our schools has grown exponentially and is a real testament to the success of learning link workers developing sustainable relationships with parents and the wider school community. The model developed within the Zone is being replicated both within Dudley, nationally and internationally and lies at the heart of Government policy articulated in the Green Paper 'Every Child Matters';
- link workers have been at the forefront of the Family Learning Agenda and the seeds of the local authority initiatives were sown and nurtured by the EAZ. Every one of our schools can provide case studies of families who have re-engaged with the learning process through the wide range of courses on offer;
- it is sometimes easy to overlook that, alongside the learning link worker strand, raising achievement facilitators have developed innovative ways of supporting vulnerable learners within schools. These have informed the Remodelling of the Workforce agenda and contributed significantly to Dudley achieving Beacon Status;
- the EAZ has always placed great importance on CPD. It is proud of the high quality training offered to all EAZ funded staff and the fact that staff from non EAZ schools have had opportunities to participate. Evaluations from training courses indicate the real impact on Learning and Teaching, particularly in the field of Social and Emotional Development;
- the combination of Accelerated Learning and Emotional Intelligence has facilitated a radical reappraisal of practice and, where it has been adopted as a whole school approach, has impacted significantly on both the Learning and Teaching and the ethos of the school. Many schools have started to share this strategy with parents with dramatic effect;
- a wide range of both business and inter-agency partners has engaged with schools throughout the life of the Zone, a strategy which is now central to the Green Paper. Throughout its life the Zone has exceeded its sponsorship targets, raising over £2 million from business and in-Kind contributions; and
- when reviewing the achievements of DPfA it is important to return to its founding principles that inner city communities are not a problem to be solved but a resource to be developed. For this to happen it was always understood that a generational change was needed as short term fixes have been tried repeatedly to limited effect. We believe that this change has made a real start and we move forward into the Excellence Cluster confident that the progress made will be built upon.

## 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 2004-2005 and the associated expenditure are shown as restricted funds in the Statement of Financial Activities.

During 2004-2005 the EAZ did not receive any donations from commercial sponsors. Sufficient sponsorship has been received in previous years to meet DfES match-funding targets. However, £144,000 was received in donations of time by private individuals, which is eligible for match-funding.

The Council also provided £10,000 of sponsorship in Kind, relating to the provision of accommodation and financial, legal, personnel support. This is not eligible for DfES match-funding.

Expenditure for the period was covered by grants from the DfES and other income and the excess of incoming resources over resources expended was nil.

Funding of £36,000 was received for Excellence Challenge projects. This was applied to activities at Hillcrest School and Community College and Pensnett School of Technology, including lunchtime and homework clubs.

At 30 November 2004 the net book value of fixed assets was nil and there were no movements in tangible fixed assets.

## Fund review

When the EAZ ceased to operate on 30 November 2004 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 £11,000 was transferred to Dudley LEA, which has been nominated as the successor body committed to overseeing any outstanding matters. To achieve its Action Plan objectives the EAZ remained dependent on the provision of grants from both the DfES and commercial sponsors.

## Connected organisations

The EAZ worked closely with its partnership schools (Blowers Green; Brockmoor; Bromley-Pensnett; Caslon; Hawbush; Highgate; Hillcrest School and Community College; Hob Green; Jesson's; Kate's Hill; Netherton Park Family Centre; Northfield Road; Pensnett School of Technology; Priory; Rufford; Sledmere; St Edmund and St John; St Mark's; Sutton School; Wollescote; Wren's Nest) to achieve the Forum's objectives.

The Forum's five key objectives were

- 1 To engage parents and carers in the teaching and learning processes;
- 2 To break down the barriers that presently exist between our pupils, schools and homes;
- 3 To ensure that interagency action is co-ordinated towards the raising of pupils' attainment and achievement;
- 4 To ensure that family and lifelong learning is given a high priority within the Zone, including the provision of out of school learning activities; and
- 5 To ensure that raising of parental self-esteem is given a high priority within the Zone.



Over the life of the Zone, principal business sponsors of the Forum have included Express and Star, Chelsfield (Merry Hill Centre), WH Smith, Marks and Spencer, Business Managers' Group, Business Retailers' Group, Provident Personal Credit, RM PLC, Crayola, Prospects Careers, McDonalds and NCH Action for Children. They have assisted the Forum in achieving its objectives.

The Forum has also contracted with Dudley MBC to provide accounting, payroll, exchequer, legal and personnel services, and accommodation.

### Disabled persons

The policy of the Forum is to support the employment of disabled persons both in recruitment and by the 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 30 November 2004. At this date it transformed into the Dudley Excellence Cluster. Expenditure for the period ended 30 November 2004 included no redundancy or early retirement benefit costs.

### Reserves policy

The Forum cannot 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. Where the Forum has earned unrestricted income, it is the Forum's policy to apply these reserves to cover the cost of training programmes.

### 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 is exposed. The Trustees monitor progress against the strategic objectives set out in the plan at each termly meeting and a comprehensive review of the plan is carried out annually. As part of this process, the Trustees have implemented a risk management strategy, which comprises

- an annual review of the risks which the charity may face;
- 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 30 November 2004 and up to the date of approval of the annual report and accounts and accords with Treasury guidance.

As the Forum ceased on 30 November 2004 the system of internal control reflected the requirement to identify, evaluate and mitigate the principal risks associated with closure, including

- loss of key staff;
- handling residual Zone activities;
- completion of the final accounts;
- arrangements for storage of records;
- pension liabilities;
- treatment of assets;
- budgetary control in the months prior to closure; and
- completion of transactions prior to closure.

### b Review of controls

As Trustees, we also have responsibility for reviewing the effectiveness of the system of internal control. In 2001-2002 the Forum established the following processes

- the Forum has identified its objectives and key risks. It has carried out a detailed review of its activities and produced a comprehensive strategic plan setting out the major opportunities available to it and the risks to which it is exposed;
- it has established systems and procedures to mitigate the risks identified in the plan. This includes systems to ensure compliance with specific regulations or procedures laid down by central government departments;
- it has implemented procedures designed to minimise any potential impact on the charity should any of those risks materialise;
- it has developed procedures for monitoring progress against the strategic objectives set out in the plan at regular termly meetings;

- it has undertaken a comprehensive annual review of the plan, including a review of the risks which the Forum may face; and
- it has considered the allocation of risk ownership, including the role of the Forum, sub-committees and Project Director.

No significant problems have been identified and disclosed in the annual report and accounts.

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 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 attached to the Financial Memorandum. 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 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 final report of the Trustees was approved and signed on 16 December 2004 on behalf of the Trustees by

*Andrew Sparke*  
Chair of Action Forum

# The 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 19.

## 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 I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

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 pages 8 and 9 reflects the Forum's compliance with HM Treasury's guidance 'Corporate governance: statement on the system of internal 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. I am not required to consider, nor have I considered whether the Forum's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Zone's corporate governance procedures or its risk and control procedures.

## 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 Dudley Education Action Zone (Dissolution) Order 2004, the Zone ceased to exist with effect from 30 November 2004. 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 Dudley EAZ at 30 November 2004 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 January 2005

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## Statement of Financial Activities for the period ended 30 November 2004

	Notes	Unrestricted funds £000	DfES £000	Restricted funds Other £000	Fixed assets £000	Total 2004-2005 £000	Total 2003-2004 £000
<b>Incoming resources</b>							
DfES grants receivable	2, 3	0	728	41	0	<b>769</b>	865
Other government grants receivable	4	0	0	0	0	<b>0</b>	7
Private sector contributions	5	0	0	0	0	<b>0</b>	119
Public sector contributions	5	10	0	0	0	<b>10</b>	10
Other income	6	3	0	0	0	<b>3</b>	23
<b>Total incoming resources</b>		<b>13</b>	<b>728</b>	<b>41</b>	<b>0</b>	<b>782</b>	1,024
<b>Resources expended</b>							
Costs of generating funds (e.g. fundraising, publicity)	7	0	7	0	0	<b>7</b>	10
<b>Net incoming resources for charitable application</b>		<b>13</b>	<b>721</b>	<b>41</b>	<b>0</b>	<b>775</b>	1,014
<b>Charitable expenditure</b>							
<i>Costs in furtherance of charitable objectives</i>							
Provision of education	7	0	73	18	0	<b>91</b>	133
Education support costs	7	3	624	35	0	<b>662</b>	796
Management and administration	7	10	39	0	0	<b>49</b>	63
<b>Total charitable expenditure</b>		<b>13</b>	<b>736</b>	<b>53</b>	<b>0</b>	<b>802</b>	992
Costs of termination of operations	9	0	17	0	0	<b>17</b>	0
<b>Total resources expended</b>		<b>13</b>	<b>760</b>	<b>53</b>	<b>0</b>	<b>826</b>	1,002
<b>Net incoming/(outgoing) resources before transfers</b>		<b>0</b>	<b>(32)</b>	<b>(12)</b>	<b>0</b>	<b>(44)</b>	22
Transfers between funds		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	0
<b>Net movement in funds</b>		<b>0</b>	<b>(32)</b>	<b>(12)</b>	<b>0</b>	<b>(44)</b>	22
Fund balances brought forward							
At 1 April 2004		0	32	12	0	<b>44</b>	22
Fund balances carried forward		0	(32)	(12)	0	<b>(44)</b>	22
<b>At 30 November 2004</b>	16, 17	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	44

The Statement of Financial Activities analyses all the capital and income resources and expenditures of the EAZ during the period and reconciles the movement in funds.

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

Further analysis of the income and expenditure for the period is shown on page 14 and the overall financial position at the year end is summarised in the balance sheet on page 15.

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

## Income and Expenditure Account for the period ended 30 November 2004

	Notes	2004-2005 £000	2003-2004 £000
<b>Income</b>			
DfES EAZ recurrent grant	2	<b>728</b>	800
Other DfES grants	3	<b>41</b>	65
Other government grants	4	<b>0</b>	7
Private sector contributions	5	<b>0</b>	119
Public sector contributions	5	<b>10</b>	10
Other income	6	<b>3</b>	23
<b>Total income</b>		<b>782</b>	1,024
<b>Charitable expenditure</b>			
DfES EAZ recurrent grant expenditure	7	<b>736</b>	768
Other DfES grant expenditure	7	<b>53</b>	65
Other government grant expenditure	7	<b>0</b>	5
Other expenditure	7	<b>13</b>	154
<b>Total charitable expenditure</b>		<b>802</b>	992
Costs of generating funds	7	<b>7</b>	10
Costs of termination of operations	9	<b>17</b>	0
<b>Total resources expended</b>		<b>826</b>	1,002
<b>Excess of income over expenditure</b>		<b>(44)</b>	22
<b>Net transfers to/from funds</b>			
DfES EAZ fund	16	<b>(32)</b>	32
Other restricted funds	16	<b>(12)</b>	2
Unrestricted funds	17	<b>0</b>	(12)
<b>Net movement in funds</b>		<b>(44)</b>	22

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 movements during the year on all funds of the Forum.

All items dealt with in arriving at the excess of expenditure over income for the period 1 April to 30 November 2004 relate to discontinued operations.

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.

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



## Balance Sheet as at 30 November 2004

	Notes	<b>30 November 2004 £000</b>	31 March 2004 £000
<b>Current assets</b>			
Debtors	13	<b>0</b>	1
Cash at bank and in hand		<b>0</b>	118
		<b>0</b>	119
<b>Creditors: amounts falling due within one period</b>			
	14	<b>0</b>	75
		<b>0</b>	44
<b>Net assets</b>			
		<b>0</b>	44
<b>Funds</b>			
Restricted funds	16	<b>0</b>	44
Unrestricted funds	17	<b>0</b>	0
		<b>0</b>	44

The financial statements were approved by the Forum and signed on its behalf on 16 December 2004 by

*Andrew Sparke*  
Chair of Action Forum

## Cash Flow Statement for the period ended 30 November 2004

	Notes	2004-2005 £000	2003-2004 £000
<b>Operating activities</b>			
<i>Receipts</i>			
Recurrent and other EAZ grant received from DfES	2, 3	<b>769</b>	865
Receipts from central or local government	4	<b>0</b>	7
Private sector sponsorship	5	<b>0</b>	0
Other receipts	6	<b>4</b>	25
		<b>773</b>	897
<i>Payments</i>			
Staff costs	7	<b>622</b>	784
Other cash payments	7	<b>269</b>	173
<b>Net cash inflow from operating activities</b>	21	<b>(118)</b>	(60)
<b>Increase/(decrease) in cash in the period</b>		<b>(118)</b>	(60)

# Notes to the Financial Statements

## 1 Accounting policies

### *Format of accounts*

The accounts 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 Dudley Forum was established under the School Standards and Framework Act initially with a three year lifespan. The Secretary of State agreed to extend the life of the Forum by a further two years.

The Forum came to the end of its statutory five year life on 30 November 2004. The Trustees therefore consider it inappropriate to prepare the financial statements on a going concern basis and have reflected this in drawing up the accounts.

### *Recognition of income*

The annual EAZ grant from the DfES, which is intended to meet recurrent costs, and, where specified, to purchase fixed assets, is credited direct to the income and expenditure account as restricted income. Sponsorship monies are credited direct to the income and expenditure account as unrestricted income, as the Forum has 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 is attributed to Contributions in Kind from business. These contributions are brought into the accounts at a reasonable estimate of their value to the Forum. 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.

In accordance with the revised accounts guidance, contributions in Kind from private individuals, which are eligible for match-funding, are not included in the Statement of Financial Activities or the Income and Expenditure Account. They are included in note 5 to the accounts.

### *Grants receivable*

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

### *Amortisation transfer*

The amortisation transfer relates to depreciation on assets acquired using funding provided by government grants. Additional depreciation is 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 Dudley Partnership for Achievement 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

<b>Cost Category</b>	<b>Basis of apportionment</b>
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.

*Funds structure*

Funds have been designated for restricted and unrestricted purposes. Fund balances existing immediately prior to the Zone's closure were transferred to Dudley LEA to meet outstanding liabilities or returned to the DfES as directed by the Secretary of State for Education and Skills.

*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*

Employees of the Zone belong to two pension schemes. The Local Government Pension Scheme is a defined benefit scheme with employer's contributions in 2004-2005 of 12.9% of salary. The Teachers' Pension Scheme is a defined benefit scheme with employer's contributions in 2004-2005 of 13.5% of salary. Contributions to both schemes are actuarially valued.

**2 DfES EAZ grant**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
DfES grant received in period	<b>728</b>	800
Carry over from previous period	<b>32</b>	0
Total grant available to spend	<b>760</b>	800
Spent in the period	<b>760</b>	778
Underspent grant/[funded from general fund]	<b>0</b>	22
Maximum permitted carry over level	<b>0</b>	74
Excess grant to surrender	<b>0</b>	0

The Trustees have not calculated a maximum permitted carry forward level as the Zone is no longer a going concern.

**3 Other DfES grants**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Excellence challenge	<b>36</b>	54
Easter school	<b>0</b>	2
Gifted and talented summer schools	<b>5</b>	9
	<b>41</b>	65

**4 Other government grants**

	<b>2004-2005 £000</b>	2003-2004 £000
Basic Skills Agency	<u>0</u>	<u>7</u>
	<b>0</b>	<b>7</b>

**5 Business contributions**

	Cash	In Kind	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
<b>Private sector contributions included in SOFA and Income and Expenditure Account</b>				
Chelsfield/Merry Hill Centre	0	0	<b>0</b>	7
NCH Action for Children	0	0	<b>0</b>	84
WH Smith	0	0	<b>0</b>	4
Express and Star	0	0	<b>0</b>	8
Marks and Spencer	0	0	<b>0</b>	1
Provident Personal Credit	0	0	<b>0</b>	2
Business Retailers Group	0	0	<b>0</b>	8
Business Managers Group	0	0	<b>0</b>	4
Other	<u>0</u>	<u>0</u>	<b>0</b>	<u>1</u>
	0	0	<b>0</b>	119
<b>Private sector match-funded contributions not included in SOFA and Income and Expenditure Account</b>				
Classroom Volunteers	0	144	<b>144</b>	350
<b>Public sector contributions</b>				
Public sector bodies	<u>0</u>	<u>10</u>	<b>10</b>	<u>10</u>
<b>Total contributions</b>	<u>0</u>	<u>154</u>	<b>154</b>	<u>479</u>

**6 Other income**

	<b>2004-2005 £000</b>	2003-2004 £000
Sundry income	<u>3</u>	<u>23</u>
	<b>3</b>	<b>23</b>

**7 Total resources expended**

	Staff	Other	<b>Total</b>	Total
	£000	£000	<b>2004-2005</b>	2003-2004
			<b>£000</b>	£000
Direct provision of education	91	0	<b>91</b>	133
Education support costs	503	159	<b>662</b>	796
Management and administration	23	26	<b>49</b>	63
Costs of generating funds	5	2	<b>7</b>	10
Costs of termination of operations	0	17	<b>17</b>	0
	<u>622</u>	<u>204</u>	<b><u>826</u></b>	<u>1,002</u>
<b>Of which</b>				
DfES grant expenditure	572	164	<b>736</b>	768
Other DfES grant expenditure	45	8	<b>53</b>	65
Other government grant expenditure	0	0	<b>0</b>	5
Other expenditure	0	13	<b>13</b>	154
Costs of generating funds	5	2	<b>7</b>	10
Costs of termination of operations	0	17	<b>17</b>	0
	<u>622</u>	<u>204</u>	<b><u>826</u></b>	<u>1,002</u>

**8 General expenditure**

Included in expenditure in the income and expenditure accounts and in other costs above are

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Educational supplies and services	<b>0</b>	0
Occupancy costs	<b>0</b>	0
Supplies and services	<b>195</b>	180
Operating lease rentals *	<b>0</b>	0
Auditors remuneration	<b>7</b>	6
Miscellaneous	<b>2</b>	4
	<b><u>204</u></b>	<u>190</u>

\* £183 spent on photocopier operating lease payments.

**9 Costs of termination of operations**

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
Staff costs arising from Zone closure	<b>0</b>	0
Cost of Post-Zone services provided by nominated successor body	<b>6</b>	0
Amounts transferred to nominated successor body to meet residual Zone liabilities	<b>11</b>	0
Transformation consultancy	<b>0</b>	0
	<b><u>17</u></b>	<u>0</u>

## 10 Staff costs

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

	<b>2004-2005</b>	2003-2004
Management (and programme work)	<b>3.0</b>	3.0
Administration	<b>0.5</b>	1.5
<b>Total employees</b>	<b>3.5</b>	4.5

Other staff were employed by the schools in which they are based, and not directly by the Zone.

	<b>2004-2005</b>	2003-2004
	<b>£000</b>	£000
<b>Staff costs for the above persons</b>		
Wages and salaries	<b>102</b>	166
Social security costs	<b>9</b>	15
Other pension costs (see note 15)	<b>14</b>	22
<b>Total staff costs</b>	<b>125</b>	203

The total staff costs of £125,000 relate to staff employed by the EAZ. Other staff are employed by the school in which they are based, and not directly by the Zone. The cost of these staff is £497,000.

No employee earned more than £50,000 during 2004-2005. However, the Director of the Zone would have earned more than £50,000 in a full financial year.

	<b>2004-2005</b>	2003-2004
£50,001 - £60,000	<b>0</b>	1

## 11 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 £5,000,000 on any one claim and the cost for 2004-2005 was £244 plus Insurance Premium Tax at 5%.

The Forum also insures against any losses of money or goods resulting from fraud or dishonesty by Forum employees. The insurance provides cover up to £10,000,000 and the cost for 2004-2005 was £225 plus Insurance Premium Tax at 5%.

In 2004-2005 these insurances cost £469 plus Insurance Premium Tax.

The Forum also insures laptop computers against theft, loss or damage ('all risks').

In 2004-2005, the premium was £218 plus Insurance Premium Tax at 5%.

In 2003-2004 the premium had been £145 plus Insurance Premium Tax.



**12 Emoluments of trustees**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Emoluments of Trustees	<b>0</b>	0

The Trustees of the Forum did not receive any payment from the Forum other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Travel and subsistence expenses reimbursed in the period to 30 November 2004 totalled £nil.

Travel and subsistence expenses were paid to no Trustees during the period.

*Interests in transactions*

None.

**13 Debtors**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Sundry debtors	<b>0</b>	1
	<b>0</b>	1

**14 Creditors: Amounts falling due within one year**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
Sundry creditors	<b>0</b>	47
Accruals	<b>0</b>	28
	<b>0</b>	75

**15 Pensions and similar obligations**

	<b>2004-2005</b> <b>£000</b>	2003-2004 £000
<b>Other pension costs comprise</b>		
Defined benefit scheme - regular cost	<b>14</b>	22
Defined contribution scheme	<b>0</b>	0

The Zone's employees belong to two principal pension schemes, the West Midlands Local Government Pension Scheme and the Teachers' Pension Scheme for England and Wales. Both schemes are defined benefit schemes.

At 30 November 2004 Dudley Partnership for Achievement Education Action Zone directly employed a Project Director, a Deputy Director, an Assistant Director and a part-time Administrative Assistant. This relates to staff directly employed by the Zone. Other staff were employed directly by the schools in which they are based, and not directly by the Zone. However, these staff may belong to the same pension schemes as Zone employees.

The employer's contribution rate for the Dudley Partnership for Achievement for 2004-2005 was 12.9% for the West Midlands Local Government Pension Scheme and 13.5% for the Teachers' Pension Scheme. It has not been possible to identify the Partnership's share of the Schemes' underlying assets and liabilities.

#### *Teachers' Pension Scheme for England and Wales*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	13.50%
Zone's contribution in 2004-2005	£13,000
Zone's contribution in future years	None

The Teachers' Pension Scheme is an unfunded multi-employer scheme. Contributions are based on valuations made by the Government Actuary. The actuary's last report was in March 2003 using data primarily from the period April 1996 to March 2001.

#### *West Midlands Local Government Pension Scheme*

<b>Nature of scheme</b>	<b>Defined benefit</b>
Zone's contribution rate in 2004-2005	12.90%
Zone's contribution in 2004-2005	£1,000
Zone's contribution in future years	None

A full actuarial valuation of the West Midlands Local Government Pension Fund was last made as at 31 March 1998 by the Fund's Actuary, William M Mercer Limited. In accordance with the Local Government Pensions Scheme Regulations, the Actuary has determined employers' contribution rates to meet 100% of the Fund's existing and prospective liabilities.

The 1993 Amendment Regulations enabled increases in employers' contribution rates to be phased in over 620 valuation periods from 1 April 1993 to 31 March 1999, so that contributions would meet the 100% funding level not later than 1 April 1999. A further actuarial valuation was made as at 31 March 2001. Employers' contribution rates include provision for the funding of pensions increase costs. Contribution rates consist of a common rate, expressed as a percentage of employees' pensionable pay, payable by all employers together with a secondary rate, which is individually assessed for each employer to reflect circumstances peculiar to any one employer.

The results of the valuation as at 31 March 1998, and the main actuarial assumptions used, are set out below.

	<b>31 March 1998 Valuation</b>
Funding target as % of existing and prospective liabilities	100%
Common rate of employers' contributions (calculated using the projected unit method)	10.40%
<b>Employers' contribution rates at funding target</b>	
District Councils	11.8% to 14.8%
Other Bodies	5% to 30%
Market value of the Fund	£4.174m
Actuarial value of the Fund	£3.841m
Deficit related to past service	£231m
Actuarial value as % of accrued liabilities, allowing for future pay increases	94%
Valuation rate of interest	7%
Rate of general pay increases	4.50%
Price inflation	3%

**16 Restricted funds**

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

	Balance at 1 April 2004	Incoming resources	Expenditure gains, losses and transfers	<b>Balance at 30 November 2004</b>	Total 31 March 2004
	£000	£000	£000	<b>£000</b>	£000
DfES recurrent grant	32	728	760	<b>0</b>	32
Other	12	41	53	<b>0</b>	12
	<u>44</u>	<u>769</u>	<u>813</u>	<u><b>0</b></u>	<u>44</u>

DfES EAZ recurrent 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% of the grant for programme expenditure and 2% of grant for administrative expenditure.

**17 Unrestricted funds**

	<b>2004-2005 £000</b>	2003-2004 £000
Brought forward at 1 April 2004	<b>0</b>	12
Excess of income over expenditure	<b>0</b>	(12)
<b>Carried forward at 30 November 2004</b>	<u><b>0</b></u>	<u>0</u>

**18 Analysis of net assets between funds**

Fund balances at 30 November 2004 are represented by

	Unrestricted funds £000	Restricted funds £000	<b>Total 2004-2005 £000</b>	Total 2003-2004 £000
Current assets	0	0	<b>0</b>	119
Current liabilities	0	0	<b>0</b>	(75)
	<u>0</u>	<u>0</u>	<u><b>0</b></u>	<u>44</u>

**19 Lease commitments**

	<b>2004-2005 £000</b>	2003-2004 £000
<b>Operating leases</b>		
The payments which the Forum is committed to make in the next period for operating leases		
Within one period	<b>0*</b>	0
One to five periods	<b>0*</b>	0

\* £183 spent on photocopier operating lease payments in 2004-2005. In 2003-2004, £243 was spent under this head.

## 20 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 30 November 2004 there are no contingent liabilities.

## 21 Reconciliation of net incoming resources to net cash inflow from operating activities

	<b>30 November</b>	31 March
	<b>2004</b>	2004
	<b>£000</b>	£000
Net incoming resources	<b>(44)</b>	22
Decrease in debtors	<b>1</b>	2
(Decrease) in creditors	<b>(75)</b>	(84)
<b>Net cash inflow from operating activities</b>	<b>(118)</b>	(60)

# 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 Dudley 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 the authority of the Secretary of State for Education and Skills.

*Barnaby Shaw*  
Head of Standards Division  
Department for Education and Skills

26 February 2002

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