



LocatED Property Limited

Annual report and accounts

for the year ended 31 March 2019

Company Number 10385637

HC 9

LocatED Property Limited

Annual report and accounts for the year ended 31 March 2019

A non-departmental public body

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CONTENTS

1. Strategic Report	1
2. Directors' Report	11
3. Statement of the Directors' and the Accounting Officer's Responsibilities.....	16
4. Governance Statement.....	18
5. Remuneration and Staff Report	28
6. Parliamentary Accountability Report	34
7. Financial Statements	39
Notes to the accounts	43

1. STRATEGIC REPORT

Chairman's statement

Michael Strong, Board Chairman



I believe we will look back on 2018-19 as a pivotal year in LocatED's history, affirming its position as the Government's go-to education property specialists.

I would like to record my thanks to LocatED's employees, Executive Team and Non-Executive Directors for their professionalism, tenacity and single-minded focus this past year, which has delivered LocatED's best ever results.

As Chairman, my duty is to govern the Board to effectively implement LocatED's strategy. I represent the interest of the company's sole shareholder, the Secretary of State for Education, and ultimately ensure that LocatED plays its part in the Government's provision of quality schools for future generations of children.

In 2018-19 LocatED continued to evolve its core acquisitions programme, expertly completing 57 site acquisition commissions for the Department for Education (the Department) for new schools. Efforts to build on efficiencies achieved last year have seen the team continue to deliver at pace, whilst improving value for money on site acquisitions. This has resulted in substantial savings for taxpayers.

As former Executive Chairman of Europe, the Middle East and Africa at the world's largest commercial real estate business, I'd like to give some context from the property sector for this achievement. In the past two years the scale of LocatED's programme has rivalled the acquisition of land by many of the top private house builders in the UK. It has been an impressive feat to improve on value for money each year whilst competing in the commercial real estate market with these big players; especially for a company in its first two years of business. Moreover, with a small team of 52 employees.

Alongside this vital core work, I am proud that LocatED has also spear-headed innovative solutions, such as the Surplus Land Pilot, that aim to help government address key condition challenges facing the school estate, and more broadly, to respond to the cross-government call to release surplus public land for housing.

I look forward to the coming year to see these initiatives progress and for LocatED to work with the Department to explore how it can further develop its services to support the provision of education and other social infrastructure.

Chief Executive's perspective on performance

Lara Newman, Chief Executive



I am proud of the scale, diversity and impact of the work that LocatED has delivered in 2018-19. Throughout this period, it has been a responsive and specialist partner to the Department, and increasingly, to the wider education sector and other government departments.

LocatED's primary commission from the Secretary of State for Education is to secure sites for new schools at the best market price. In 2018-19 it completed 57 acquisition commissions for the

government's free schools programme. I am proud that the team successfully beat its target to buy sites under market value, resulting in demonstrable savings for government. This will create approximately 30,000 new school places for future generations of children.

In this period, our specialist Development Team has also been managing the delivery of six new school developments on behalf of the Department, with complex commercial components to each scheme. Four of these are school-led mixed use schemes that have been strategically planned and designed to combine both education and residential uses on the sites. This pioneering approach has made it viable to deliver the new schools in the dense urban areas that they are needed, where the cost of land would otherwise have been prohibitively high.

When development is complete, capital will be generated from the sale of the residential dwellings in the schemes, which will subsidise the cost of delivering the new schools. This ensures that the communities living in these areas will receive the quality school places they need for their children, and the local area benefits from additional housing. LocatED will use the learning and insight from these schemes as they develop, to help inform the cross-government approach to place-making, putting education at its heart.

Another marked success in 2018-19 has been the performance of LocatED's Asset Management Team, which saved £4m for the Department for Education on the Secretary of State's portfolio of 88 properties at year end, held as vacant sites for the Department. Efficiencies have been made on holding costs by proactively managing the properties to save on security and energy and by identifying properties for enhanced value, income generation opportunities and redevelopment. Some key initiatives have included: property guardianship, flexible car parking hire, leasing for film and TV shoots and community hire for local groups and businesses.

LocatED also disposed of three sites owned by the Secretary of State in this period which had been identified as surplus to requirements.

Alongside fulfilling its core remit, LocatED has also diversified the ways in which it can strategically support the provision of education in an efficient and fit-for-purpose estate. Since the company's inception, it has been important to me that the property expertise, experience and can-do attitude cultivated here, should benefit as many schools as possible. In this second full year of operation I am pleased to say that LocatED has taken significant steps to realise this ambition.

LocatED completed 176 advisory commissions in 2018-19, up 214% from the previous year. The team gave property advice on a wide range of issues to the Department, education providers, local authorities, colleges and other government departments. This reflects the fact that the education estate is a mixed economy of complex land ownership.

I feel strongly that ongoing efforts to improve the condition and management of the estate must be joined up. This requires collaboration from both central and local government, and crucially, the specialist commercial property insight at LocatED. I am committed to growing LocatED's advisory service in the coming years to benefit as many schools as possible, and will work closely with the Department to develop this.

Furthermore, excellent progress has been made this year to setup and launch LocatED's Surplus Land Pilot, in partnership with the Department's Central Capital Unit. The small-scale pilot, still in its early stages, will explore how to support school trusts and local authorities to reconfigure a selection of school properties with surplus land and condition need. The aim is to unlock funds to support additional capital investment in school buildings and, in turn, release land for homes; answering the cross-government call for public land for housing.

I am delighted that we have gained support for the pilot from the Ministry of Housing, Communities and Local Government and commitment to collaborate in the coming years with Homes England, the Greater London Authority and local authorities across England on its delivery.

The pilot is focussed on areas of England with high or very high housing need, with the potential to include affordable and teacher housing. I am pleased to say that we will also ensure that all projects include improvements to sports facilities for the schools.

This pilot represents true collaboration across government; LocatED's ambition is that this becomes the new normal. If successful, the pilot could be scaled up to benefit both schools and the housing market, whilst substantially saving future capital expenditure for the Department on school condition improvements.

I look forward to leading LocatED in to 2019-20, building its reputation as the go-to education property experts for government, providing quality schools for future generations of children.

Statement of purpose and activities

LocatED has a Framework Document that has been agreed with the Department and sets out the broad framework within which LocatED operates. Each year the Department sets out the priorities for LocatED, including:

- Scope of work that the Department requires LocatED to carry out under each of these priorities; and
- The Department's commissioning expectations.

All of this is detailed in an Annual Letter from the Minister who is responsible for LocatED to the Chair of LocatED's Board, setting out the objectives, funding and performance required each year. In 2018-19 LocatED was specifically responsible for achieving the following overall aims, which are set out in its Framework Document:

- Securing sites for free schools at the best market price ('Securing Sites');
- Managing sites held for free schools ('Managing Sites');
- Providing advice to the Department and other bodies involved in education provision on property and site issues ('Advice'); and
- Entering into more complex mixed use developments in support of the delivery of new schools ('Mixed Use').

Founding legislation and status of LocatED, its duties and powers

LocatED is established by incorporation under the Companies Act 2006 and is registered in England and Wales. It is a company limited by shares and is wholly owned by the Secretary of State for Education (the Secretary of State), for whom it is remitted to undertake work. LocatED is funded from the public purse by grant-in-aid from the Department and is a non-departmental public body (NDPB).

LocatED's Chair and Non-Executive Directors are appointed by the Secretary of State. LocatED's duties and powers are specified in its Articles of Association (the Articles) and other governance documents, in particular the Framework Document entered into by the Department and LocatED.

The Department is responsible for decisions relating to LocatED's funding and control in relation to the provision of its services. LocatED's priorities and performance measures are set in light of the Secretary of State's powers to acquire land and invest in education.

LocatED must maintain proper accounts and prepare a set of annual accounts. The directors are required to comply with duties concerning annual accounts under the Companies Act 2006.

Classification

LocatED has been classified to the central government sector. In practice this means that the annual accounts of LocatED are consolidated into the Department's accounts.

For policy/administrative purposes LocatED is classified as an NDPB.

Performance analysis

In 2018-19 LocatED's Key Performance Indicators (KPIs) were rated as either exceptional, good or acceptable by the Department, depending on the final achievement measured.

- **KPI1A – sites secured in good time**; average time taken to acquire sites from commission to exchange. This indicator measures the average time between the date an acquisition is commissioned and the date contracts are exchanged to meet that commission (or an equivalent position is reached in securing a site) in months. The average time in 2018-19 was 13.67 months, which was rated exceptional.
- **KPI1B – sites secured in good time**; percentage of active acquisition commissions fulfilled. This indicator measures the number of acquisition requirements successfully fulfilled over the course of the year as a percentage of all commissions active in the year. The result in 2018-19 was rated acceptable.
- **KPI2 – good value schools per pupil**; percentage of sites acquired with costs lower than relevant historic averages. This indicator measures the number of acquisitions (measured at exchange) where the total capital cost of delivering a school (acquisition cost and anticipated development cost) per pupil is equal to or lower than the historic median per pupil cost for a school, or the relevant type in the relevant location (inflation adjusted), as a percentage of the total number of acquisitions. LocatED narrowly missed the acceptable rating in 2018-19.
- **KPI3 – good value acquisitions**; total cost of acquiring sites as a percentage of the summed Red Book Valuation of sites acquired. This indicator measures the total acquisition cost of all commercial purchases as a percentage of the total of all the Red Book Valuations for the sites acquired. The result in 2018-19 was rated exceptional.
- **KPI4 – good engagement**; engagement score from surveys of colleagues and project contacts in the Department. This indicator measures the extent to which those surveyed agree that LocatED is working effectively with partners to deliver schools and providing accurate and timely information. The result in 2018-19 was rated exceptional.
- **KPI5 – timely advice**; percentage of property advice requirements completed on time. This indicator measures the percentage of specific advice commissions that LocatED completes within the required timescales. The result in 2018-19 was rated exceptional.

- **KPI6 – savings on site management;** savings made and income gained through site management initiatives as a percentage of the initial site management budget. This indicator measures the amount saved by the Department through LocatED’s work to improve the efficiency of site management. The result in 2018-19 was rated exceptional.

Forward Look

In 2019-20 LocatED will expand its work and expects to achieve the following on behalf of the Department:

- Continue to secure sites for free schools;
- Manage more than 80 sites held for free schools. The overwhelming majority are sites purchased for free schools and held prior to handover to free school trusts or contractors;
- Provide advice to the Department and other bodies involved in education;
- Continue to enter into more complex, mixed use developments in support of the efficient delivery of new schools; and
- Dispose of sites that are no longer required by the Department.

Programme assurance

In 2018-19, LocatED’s Chief Executive, as Accounting Officer, had responsibility for maintaining a sound system of governance, internal controls and risk management to support the achievement of LocatED’s policies, aims and objectives, whilst safeguarding public funds and departmental assets. This is in accordance with the responsibilities in HM Treasury’s (HMT) *Corporate governance in central government departments: code of good practice*.

Principal risks

These are described in the Governance Statement.

Complaints to the Parliamentary Ombudsman

The Parliamentary and Health Service Ombudsman (the Ombudsman) can investigate complaints against the administrative actions of a wide range of government departments and other public bodies; or the actions of organisations acting on their behalf.

In 2018-19 no complaints relating to LocatED were received or accepted by the Ombudsman for investigation.

Corporate Social Responsibility (CSR) including the environment

The LocatED team is proud to play its part in the delivery of new, world-class schools and in creating thousands of good school places for future generations of children. It is also committed to supporting improvements and efficiencies in the wider school estate.

To deliver this responsibly, LocatED has embedded ethical and sustainable business practices and takes account of the social, economic and environmental impact of its activity. It leads its employees to adopt a community-focussed approach and encourages their development and active participation in CSR initiatives and voluntary opportunities.

2018-19 was the second year of delivery in LocatED's three-year CSR strategy. The strategy has three priority strands of activity that aim to meet the company's responsibility to its stakeholders across community, people and the environment. The progress made in each area in 2018-19 is detailed below.

Community

To meet its responsibility to its clients, suppliers, neighbours and to the wider communities it serves, LocatED has delivered the following initiatives:

■ Volunteering

In 2018-19, 29% of employees took part in LocatED's volunteering scheme that offers one day per year to undertake voluntary work of their choice. Employees volunteered in schools; at careers events; for a charity supporting young people not in education, employment or training (NEETs); providing music to residents in care homes; and volunteering at a nature reserve.

■ Work experience and job-shadowing placements

To encourage young people to join the property profession LocatED offers work experience to students and job-shadowing placements with partner organisations. In 2018-19 the team supported two young people to complete job-shadowing placements and five students to complete work experience within the acquisitions and development functions.

■ After-school clubs

LocatED partnered with Kilburn Grange School to offer children access to after-school clubs. Nine volunteers managed this initiative to provide local parents with free after-school care in the autumn term by running 'Latin and Ballroom' dancing and 'Board Games' clubs to provide pupils with an opportunity to have fun whilst developing new skills.

■ Supporting Multi-Academy Trusts to succeed

LocatED has supported the Academy Ambassadors not-for-profit programme to encourage business leaders to volunteer their skills and experience to help trusts and their pupils succeed. Three LocatED employees held voluntary positions on MAT boards and in school governing bodies in 2018-19, and the team has helped facilitate on-boarding and training events for new members of boards.

- **Property guardianship**

LocatED considers guardian schemes on all vacant properties that it manages for the Department; this makes affordable living space available to the rental market and is one example of a range of cost-saving initiatives used to reduce holding and management costs. Guardians benefit from below market price rent and flexible terms and vacate the properties prior to redevelopment starting for the new schools. LocatED had two live guardian schemes in operation in Kingston and Manchester in 2018-19.

- **Community use of vacant sites**

Where it is viable to do so, LocatED endeavours to grant community access to vacant sites in its portfolio for local groups, clubs and events. In 2018-19 it gave cost-price licence rates on a site to a local authority to enable it to run a small business networking event and to the police for search and rescue training. It also issued free licences for community sports club use and car parking.

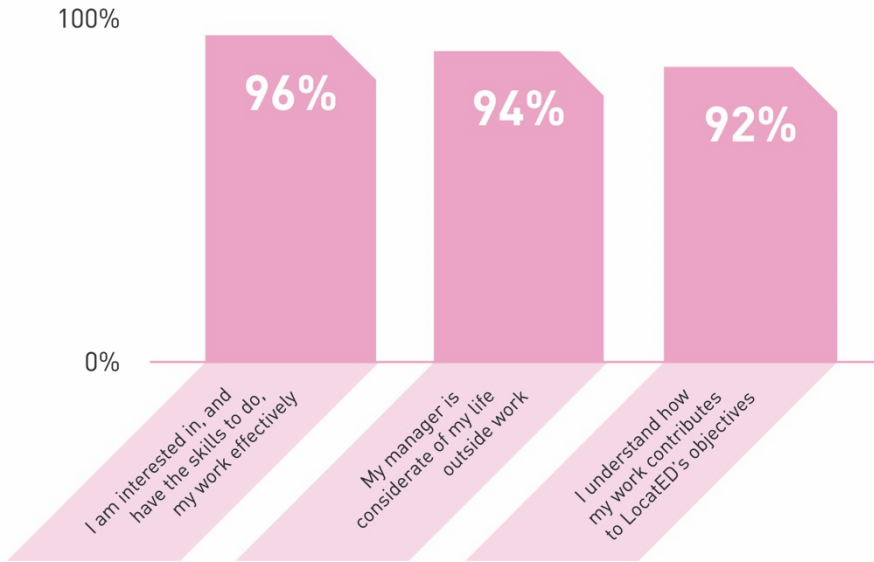
In 2019-20 LocatED is committed to developing and growing these initiatives to support the community. It aims to increase adoption of its voluntary programme and to offer a broader range of work experience opportunities for young people at LocatED to promote accessible routes into the property profession and business support services.

People

LocatED has and will continue to prioritise the wellbeing of LocatED employees by:

- Providing a supportive, safe and vibrant environment to work in;
- Promoting equality of opportunity and real diversity;
- Offering a fair and competitive total value proposition;
- Enabling clear paths of personal and professional growth;
- Providing opportunities to make an impact and to see that impact; and
- Encouraging a happy work/life balance and a true meritocracy.

In 2018-19 LocatED demonstrated progress towards these goals, with the following percentage of employees reporting in the annual staff survey their agreement with the statements:



LocatED’s people team successfully promoted a comprehensive learning and development programme throughout 2018-19 for employees that included:

- 46 company-wide lunchtime seminars with speakers from across the public and private sectors;
- 119 individual training and development activities and access to Whitehall and Industry Group events and courses;
- Employee visits to school sites and operational schools to see the scope and impact of LocatED’s work.

Environment

LocatED reduces its impact on the environment by cutting waste through office-based initiatives such as:

- Recycling material waste and cutting material usage;
- Energy-efficient premises;
- Sustainable travel plans and use of intelligent IT to limit travel and promote home working;
- Electricity/energy-saving practices;
- Educating staff and promoting environmental initiatives in the workplace. In 2018-19 LocatED worked with the Regent Street Association sustainability team to promote training, events and talks to employees.

Through the close management of the Secretary of State's portfolio of school sites, LocatED has minimised the impact of the vacant assets on the environment by:

- Ensuring low-energy use on sites where there is no immediate requirement for sites to be 'active';
- Achieving 100% statutory compliance on all sites in the portfolio;
- Proactively managing third-party suppliers, agents and partners to ensure adherence to agreed service levels and environmental policy.

The team is committed to continue implementing and enhancing initiatives to drive efficiencies and lessen LocatED's environmental impact by March 2020.

Health and safety

LocatED recognises its obligations under the Health and Safety at Work Act of 1974, which imposes a statutory duty on employers to ensure, in so far as is reasonably practical, the health and safety of their employees whilst at work. LocatED is committed to providing a healthy and safe working environment for all its employees and third parties who work in, or visit, its premises; it has a Health and Safety Policy in place to support this.

The report was approved by the Board and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
8 January 2020

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA









2. DIRECTORS' REPORT

Principal activities of the company over the course of the year

LocatED was incorporated on 20 September 2016. It is registered in England and Wales and it is a property company launched to improve the capacity and capability available to the Department to acquire and manage sites to deliver free schools. The company does not enter into any research or development activities.

The Directors of LocatED

The current directors and Board members of LocatED are:

 <p>Lara Newman MBE</p>	 <p>Michael Strong</p>	 <p>Caroline Tolhurst</p>	 <p>Jayne Maclennan</p>
Chief Executive	Board Chairman	Non-executive Board Member	Non-executive Board Member
 <p>Julian Rudd-Jones</p>	 <p>Phil Ellis</p>	 <p>Alyson Gerner</p>	 <p>Michael Wu</p>
Non-executive Board Member	Non-executive Board Member	Finance Director	Legal Counsel

Directors of the Board	Appointment to the Board	Resignation from the Board
Lara Newman	16 March 2017	n/a
Michael Wu	22 February 2017	n/a
Alyson Gerner	22 February 2017	n/a
Michael Strong	3 February 2017	n/a
Caroline Tolhurst	3 February 2017	n/a
Jayne Maclennan	3 February 2017	n/a
Phil Ellis	3 February 2017	n/a
Julian Rudd-Jones	3 February 2017	n/a

The non-executive Board members have fixed term contracts that expire on 31 March 2020.

Business review

A review of LocatED's performance is included in the Strategic Report along with details of the KPIs that applied from 1 April 2018 to 31 March 2019.

Future developments of the business

This information is included in the Chief Executive's perspective on performance section of the Strategic Report.

Directors' conflicts

The Companies Act 2006 provides that directors must avoid a situation where they have, or can have, a direct or indirect interest that conflicts, or may possibly conflict, with a company's interests. Any interests must be brought to the attention of the Board and then dealt with in accordance with the Board's conflict of interest policy. A register of directors' interests is maintained and made available for inspection at all Board meetings where Board decisions are made.

Directors' indemnity

The Department, rather than LocatED, provides the Non-Executive Directors and Executive Directors with third-party liability cover (subject to terms and conditions) through the Non-Executive Directors' letters of appointment and Risk Protection Arrangements for LocatED.

Directors' remuneration

The directors' remuneration is shown in the Remuneration and Staff Report.

Political and charitable donations

No political or charitable donations were made during the year ended 31 March 2019 (2017-18: £nil).

Financial risk, market risk, liquidity risk and cash flow risk

There was no significant credit risk to LocatED during 2018-19. LocatED does not own the property that was acquired, so there is no market risk. Regarding liquidity and cash flow, cash was provided to meet LocatED's cash needs and the Department provided LocatED with a Keep Well agreement, the details of which are in the 'Going Concern' paragraph within this report.

Principal risks facing LocatED

These are described in the Governance Statement.

Dividends

The company has not paid any dividends during the period and no dividends are proposed by the directors.

Share capital

The company issued one £1 Ordinary share for a consideration of £1 on 20 September 2016. The sole shareholder is the Secretary of State for Education. Following the issue of the share, the issued share capital of the company is £1.

Governance, internal controls and risk management

The Board accepts and acknowledges that it is both accountable and responsible for ensuring that the company has in place appropriate and effective systems, procedures, policies and processes for internal controls.

The Board believes that there have been appropriate internal controls and risk management in place throughout the period to 31 March 2019.

A full report on governance and risk management can be found in the Governance Statement.

Equality and diversity

LocatED is committed to the principle of equal opportunities in employment and is opposed to any form of less favourable treatment or financial reward through direct or indirect discrimination, harassment, victimisation to employees or job applicants on the grounds of race, religious beliefs, political opinions, colour, ethnic origin, nationality, marital or parental status, gender, age, sexual orientation or disability.

LocatED is committed to the promotion and implementation of a culture of diversity, both internally and externally, and expects its staff to accept the duty it imposes upon itself not to discriminate, either in employment practices or in the provision of facilities and services, by reference to race, colour, ethnic or national origin, religion, creed, gender, sexual orientation, disability, appearance, age or marital status.

Social and community issues

These are described in the Strategic Report, Corporate and Social Responsibility section.

Pension

All employees have access to a pension scheme, which is described in the Remuneration and Staff Report.

Financial commentary

All of LocatED's expenditure was funded from grant-in-aid from the Department. The Department does not provide cash to LocatED to cover outstanding liabilities; however, the Department will provide cash to cover these when they are paid. This amount is currently shown as the balance in the Statement of Changes in Taxpayers' Equity.

In the year to 31 March 2019 LocatED was given a budget of £11.9 million to cover its operating costs this included £6.1 million for project related pre-acquisition costs for sites, mixed use developments and disposals. The increase from the 17-18 budget was primarily due to vacancy filling and an additional budget for mixed use schemes.

LocatED completed 57 site acquisition commissions in the year and managed 88 properties held for free schools but not yet in use; however, it did this on behalf of the Department and so all costs were paid directly by the Department.

In 2018-19 LocatED began to operate solely from its own bank account and the DfE transferred cash into that bank account to enable LocatED to meet its payment obligations. This means that in 18-19 for the first time LocatED had a cash balance in its bank account on the 31 March 2019. Also where the cash in LocatED's bank accounts was insufficient for it to meet its obligations the Department provided it with a cash loan. This occurred in February 2019 and the loan was paid in April 2019, this amount is shown in Section 6, Financial Statements, Note 5, Other Payables.

In 2019-20 LocatED will continue to get all of its funding from grant-in-aid provided by the Department.

Relationships essential to the business of the company

LocatED's operating model uses a range of shared services provided by the Department: Financial Accounting, Financial Management, Payments and Treasury Management, Information Technology and Property Management Services (in relation to LocatED's office premises). These arrangements have been in place since November 2016.

Auditor and remuneration paid to auditor for non-audit work

LocatED has appointed the Comptroller and Auditor General as its external auditor. The National Audit Office (NAO) carries out the audit for and on behalf of the Comptroller and Auditor General. The remuneration paid to its external auditor for work during this financial year was £42,000. No non-audit work was undertaken by the auditors.

Events after the reporting period

These are described in the Notes to the accounts.

Company registration

LocatED is a company registered in England and Wales. Its registered address is 6th Floor, Roxburghe House, 273-287 Regent Street, London, W1B 2HA.

Going concern

These accounts have been prepared on a going-concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The directors have reviewed the forward plans of the Department. Funding from the Department, taking into account the amount required to meet LocatED's liabilities falling due in the year, has already been included in the Department's Estimate for the year. Parliament has approved the Estimate and there is no reason to believe that the Department's sponsorship and future Parliamentary approval will not be forthcoming.

In November 2019 HM Treasury approved the business case for LocatED to continue for a further three years, up to 31 March 2023.

In addition, the Department has provided LocatED with a Keep Well agreement signed on behalf of the Secretary of State. This guarantees that if LocatED at any time determines that it will not have available to it sufficient cash or other liquid assets to meet its payment obligations in connection with its business activity, then it will promptly notify the Secretary of State (via the Department's Accounting Officer) of the shortfall and the Secretary of State will make available to LocatED, as soon as is reasonably practicable, funds sufficient to enable it to meet such payment obligations in full. LocatED will use the funds made available to it by the Secretary of State solely for the discharge when due of such payment obligations. The funds will be provided to LocatED in the form of a Grant-in-Aid.

The directors therefore consider that it is appropriate for the accounts to be prepared on a going-concern basis.

Lara Newman

Chief Executive and Accounting Officer
8 January 2020

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

3. STATEMENT OF THE DIRECTORS' AND THE ACCOUNTING OFFICER'S RESPONSIBILITIES

The directors and the Accounting Officer are responsible for preparing the Annual Report and Accounts in accordance with the applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

In preparing the accounts, LocatED is required to comply with the requirements of the Companies Act 2006 and the Financial Reporting Manual (FRoM) and in particular to:

- Properly select and apply accounting policies;
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- Make an assessment of the company's ability to continue as a going concern.

The directors and Accounting Officer are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company.

The Permanent Secretary and Principal Accounting Officer for the Department designated Lara Newman as Accounting Officer of LocatED in April 2017. The responsibilities of an Accounting Officer include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding LocatED's assets as set out in *Managing Public Money* published by HM Treasury.

Each of the current directors and the Accounting Officer confirms that, to the best of their knowledge:

- The financial statements give a true and fair view of the assets, liabilities, financial position of the company; and

- The Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company, together with a description of its risks and uncertainties.

In addition, having taken all the matters considered by the Board and brought to the attention of the Board during the year into account, the directors and Accounting Officer are satisfied that the annual report and accounts, taken as a whole, are fair, balanced and understandable.

Directors' declaration

The directors who held office at the date of approval of this Directors' Report confirm that, as far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The report was approved by the Board on and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
8 January 2020

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

4. GOVERNANCE STATEMENT

The purpose of the Governance Statement

The statement explains how the Chief Executive and directors of LocatED have put in place arrangements for good corporate governance and reviews of the effectiveness of these arrangements to ensure compliance with HMT's *Corporate governance in central government departments: code of good practice*, where relevant to LocatED.

Scope of responsibility

LocatED is an NDPB established to assist the Department in implementing its policies and achieving its aims and objectives in relation to free schools. This is further explained in the Strategic Report.

Regarding recruitment, LocatED was given delegated authority to offer appointments at the numbers and salary ranges set out in the staff and pay framework that was agreed with HMT, except where the potential remuneration was in excess of £100,000, in which case the approval of the Department was also required. The Secretary of State approved all pay awards including bonus payments.

A system of internal control has been in place to govern spending in LocatED for the financial period ending 31 March 2019 and up to the date of approval of the Annual Report and Accounts.

The organisation's governance framework

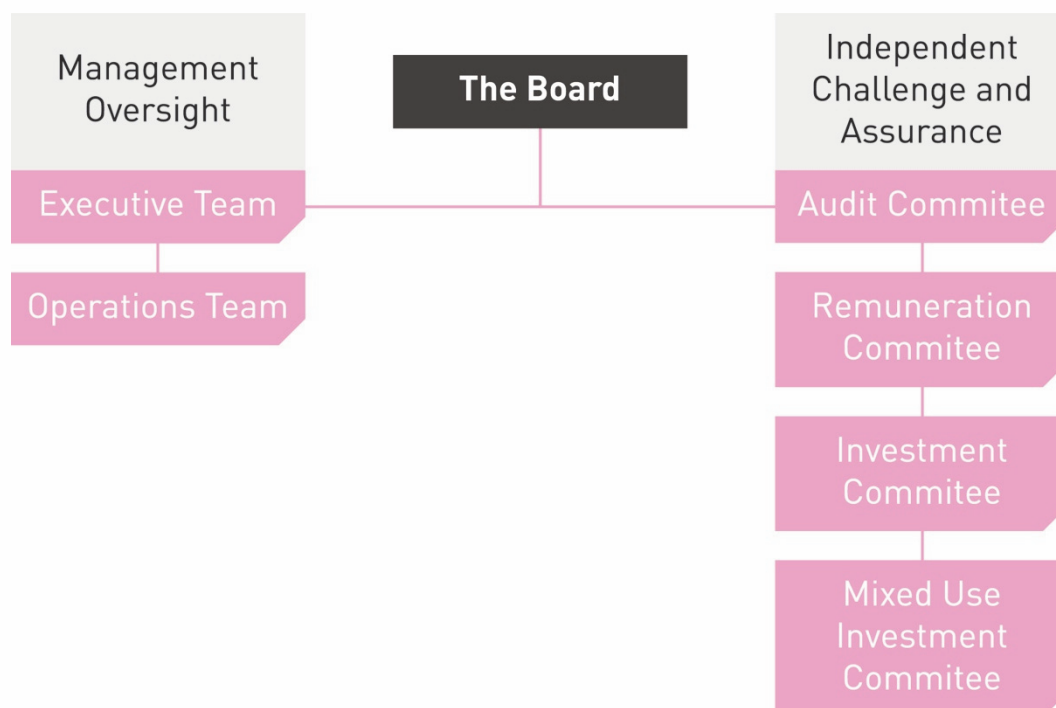
As sole shareholder, the Secretary of State resolved to adopt the Articles on 4 January 2017; these were subsequently approved by the LocatED Board on 22 February 2017 subject to amendment. The Secretary of State subsequently adopted the amended Articles on 7 March 2017.

LocatED's other governance documents consist of:

- The Framework Document dated 26 April 2017 and updated 13 September 2018, which specifies the broad corporate framework within which LocatED must operate. It sets out the roles and responsibilities of the Board, Chair and the Accounting Officer as well as LocatED's objectives. This document is underpinned by HMT's *Managing Public Money* and other government-wide corporate governance requirements and recommendations;
- The annual letter dated 25 July 2018, which is referenced in the Framework Document. This sets out LocatED's detailed objectives, its funding for this financial year and KPIs against which it will be judged;
- The letter dated 8 May 2017 from the Department's Accounting Officer appointing the Chief Executive as Accounting Officer;

- The letter dated September 2018 from the Permanent Secretary of the Department confirming LocatED’s budget allocation for the financial year 2018-19;
- The Keep Well agreement between the Secretary of State and LocatED, pursuant to which the Secretary of State guarantees certain liabilities and obligations required to support LocatED as a going concern.

The Board and committees



The Board

As at 1 April 2018 the Board consisted of the Chair, four other Non-Executive Directors, the Chief Executive and two Executive Directors. The Shareholder’s Representative is invited to attend the Board, Audit and Remuneration Committee meetings and receives all the relevant papers. The Board currently meets on a monthly basis for ten out of 12 months and each member, as well as the Shareholder’s Representative, is provided in advance with all the relevant information relating to the matters to be discussed.

Function

Establishing and taking forward the strategic aims and objectives of LocatED consistent with its overall strategic direction and within the policy and resources framework determined by the Secretary of State. It provides leadership, strategic direction and specialist expertise as well as independent scrutiny to ensure that effective arrangements are in place for assurance on risk management, governance and internal controls. It provides independent perspective and assurance on capability, and independent support, guidance and challenge on the

progress and implementation of the business plan. It scrutinises the performance of the organisation in meeting agreed goals and objectives and monitors the reporting of performance, including financial targets.

The Board met ten times in 2018-19.

Member	Role	Meetings attended
Michael Strong	Chair and Non-Executive Director	10
Caroline Tolhurst	Non-Executive Director	10
Jayne Maclennan	Non-Executive Director	10
Phil Ellis	Non-Executive Director	10
Julian Rudd-Jones	Non-Executive Director	9
Lara Newman	Chief Executive Officer	9
Alyson Gerner	Finance Director, Executive Director	9
Michael Wu	Legal Counsel and Company Secretary, Executive Director	10
Shareholder's Representative or deputy	Director of Capital	9

The Board's annual review of its own processes and practices

Ongoing training is provided to the Board members relating to their obligations as directors of LocatED. The Board received a presentation on HMT's *Managing Public Money* from the Department's Corporate Governance team and presentations on a wide range of subjects relevant to the business are provided before Board meetings and are regularly attended by all Board members. The Board undertook a self-assessment exercise in January 2019, the results of which were reviewed by the Board in May 2019.

On 14 March 2019 the Board confirmed that in 2018-19 the Board and committees had received papers in advance and in a format that provides them with the information that they require.

The Shareholder's Representative attends the Board and gives a summary of any new developments within the Department.

Highlights of the Board and committee reports

During 2018-19 the Board met ten times and took forward the strategic aims and objectives of LocatED whilst ensuring effective arrangements remain in place to provide assurance on risk management and governance. The Board approved policies including a General Data

Protection Arrangements compliant data protection policy, undertook a strategic away day and created a new Mixed Use Investment Committee to assess and approve LocatED-led mixed use projects. It received training in respect of Managing Public Monies and members of the Board have participated fully in work with the Department assessing opportunities to widen LocatED's remit.

The work of the Board is supported by four Board committees:

Audit Committee (AC)

During 2018-19 the Audit Committee approved the Government Internal Audit Agency (GIAA) internal audit plan, the GIAA charter and the Risk Management Strategy.

Function

To advise the Board and provide assurance on processes for risk, controls, anti-fraud policies, whistleblowing arrangements, special investigations and governance, including the Governance Statement and the rest of the Annual Report and Accounts of LocatED. It also reviews planned activity and results from both internal and external audits and management reports. The Audit Committee Terms of Reference were adopted by the Board on 22 February 2017.

During 2018-19 the Audit Committee met three times. The membership and their attendance is listed below:

Members	Meetings attended
Caroline Tolhurst (Chair)	3
Jayne Maclennan	3
Phil Ellis	3

Other attendees by invitation are: LocatED Chief Executive, LocatED Finance Director, LocatED Legal Counsel, representatives from the NAO, representatives from GIAA and the Shareholder's Representative.

Investment Committee (IC)

During 2018-19 the Investment Committee assessed and approved 50 acquisitions and four disposals.

Function

To approve all acquisitions, disposals and any other transactional decisions escalated to it by LocatED's Accounting Officer. Minor amendments to the Investment Committee Terms of Reference were agreed by the Board.

During 2018-19 the Investment Committee met 24 times. The membership and their attendance is listed below:

Members	Meetings attended
Julian Rudd-Jones (Chair)	22
Lara Newman	21
Phil Ellis	20

Other attendees by invitation are: LocatED Finance Director, LocatED Legal Counsel, Acquisitions Director, and Associate Director – Technical and Planning.

Mixed Use Investment Committee (MUIC)

Function

To approve mixed-use transactions and support the Board in discharging its responsibilities for ensuring that any proposed mixed-use activities meet the terms of the commissioning instructions from the Department and the terms of the delegated authorities and mixed-use project acquisition criteria agreed with the Department (collectively the 'Mixed Use Requirements').

During 2018-19 the Mixed Use Investment Committee met 13 times.

The membership and their attendance is listed below:

Members	Meetings attended
Julian Rudd-Jones (Chair)	10
Lara Newman	11
Phil Ellis	11
Paul Mustow, DfE or DfE Nominated Deputy	13

Other attendees by invitation are: LocatED Finance Director, Legal Counsel, Acquisitions Director, and Associate Director – Technical and Planning.

Remuneration Committee (RC)

Function

Operation of the pay framework outlined in the Framework Document, ensuring that the remuneration arrangements support strategic aims and enable the recruitment, motivation

and retention of staff. The Remuneration Committee Terms of Reference were adopted by the Board on 22 February 2017.

During 2018-19 the Remuneration Committee met twice. The membership and their attendance is listed below:

Members	Meetings attended
Michael Strong (Chair)	2
Jayne Maclennan	1
Caroline Tolhurst	2

Other attendees by invitation are: LocatED Chief Executive, Shareholder's Representative, LocatED Chief People Officer.

Risk management

Key issues and risks facing the entity

LocatED's principal risk categories are shown below.

Risk Category	Definition
Strategic	Risks that impinge on the effective and timely delivery of LocatED's strategic objectives.
Operational, performance & programme delivery	The risk that annual KPI and operating results may not meet departmental, management and stakeholder expectations, as a result of inadequate or failed internal processes, people and systems.
Financial	Risks that impinge the effective management of finances in accordance with financial regulation, legislation and standards and financial constraints.
Reputational & conduct risk	Risk arising from an adverse perception of LocatED and its activities by partners, stakeholders and the general public.
Regulatory, compliance & legal	The risk of a breach of laws, regulations, and/or codes of practice, or changes in regulation and/or law which might adversely impact LocatED's business.
Commercial	The risk of weakness in the management of commercial transactions, partnerships, supply chains and contractual requirements, resulting failure to meet business requirements and achieve value for money.

Risk Category	Definition
Political & economic	The risk that changes in the political and/or macro-economic environment might impact the achievement of business objectives.

Within these risk categories there are a number of unique risks to LocatED that it monitors and manages effective mitigation for. These risks result from the nature of its strategic objectives, corporate KPIs given assigned by the Department and exposure to the commercial property market.

Site acquisition risk

- LocatED does not complete the required site acquisition commissions from the Department to meet demand for the free schools programme.
- The sites that LocatED acquires are not appropriate for the commission.
- LocatED fails to achieve its Key Performance Indicators for value for money and timely delivery.

Site acquisition risk mitigation

The way in which LocatED manages its site acquisition risks are detailed below.

LocatED has recruited people that have the required commercial capability and expertise to find the right sites. These people are well engaged with the commercial property market and are experts in planning, construction, development and site acquisition.

In addition, LocatED has an established and effective Programme Management Function and an Investment Committee that provides oversight and independent challenge for all acquisitions, assessing the suitability of the sites, the risks associated with them and value for money.

LocatED reports its achievement against its KPIs to its Board each month, identifies any risk to their achievement and proposes corrective action, it also reports this to the Department every quarter.

Asset management risk

- LocatED manages sites on behalf of the Department; there is a risk that these sites do not comply with statutory legislation and health and safety.

Asset management risk mitigation

LocatED awarded a new facilities management contract in 2018-19 and put in place a detailed implementation plan to ensure smooth handover to the new contractor that included ensuring that all requirements were fully discharged.

Risk monitoring and escalation

In 2016-17 LocatED developed a risk management strategy that was agreed by LocatED's Audit Committee in March 2017 and reviewed in September 2017 and March 2018; it has now been fully implemented. Risks detailed in the risk register are monitored monthly by LocatED's Operational Management Team, LocatED's Board and by the Audit Committee each time it meets.

The Board and Audit Committee have risk management as a focus and scrutinise strategic risks, countermeasures, contingencies and advice to ensure LocatED is effectively managing the risks. There is also a joint risk register between LocatED and the Department and this is reviewed monthly at the LocatED Governance and Sponsorship meeting and at LocatED's Strategic Quarterly Performance Review.

Risks relating to acquisitions are detailed in the reports prepared for the Investment Committee and are used to inform decision-making.

LocatED has designed a robust system of governance, internal control and risk management to manage risk to an appropriate level rather than eliminate all risk of failure to achieve policies, aims and objectives. Therefore, it can only provide reasonable and not absolute assurances of effectiveness. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise the risks to the achievement of LocatED's delivery aims and objectives;
- Evaluate the likelihood of those risks being realised and the impact should they be realised; and
- Take reasonable steps to manage them efficiently, effectively and economically.

Sources of assurance

GIAA was appointed to provide LocatED with internal audit services from 1 April 2017. GIAA focuses on risk and prepares a risk-based audit plan.

GIAA carried out three audits in 2018-19: 1. Asset management expenditure; 2. DfE's client account and payment of bonuses; 3. Mixed use development schemes, site acquisitions and disposals.

In the case of 1 and 2 (asset management expenditure and DfE's client account plus bonus payments), the opinion given by GIAA was 'Moderate' which indicated that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control and, in the case of 3 (mixed use development schemes, site acquisitions and disposals), the opinion was 'Substantial', which indicated that the framework of governance, risk management and control is adequate and effective.

The GIAA's Head of Internal Audit has provided LocatED with her annual report, which incorporates her opinion on LocatED's system of governance, risk management and internal control. Her opinion has been informed by the internal audit work completed during the year, in line with the internal audit plan agreed by management and the Audit Committee. Of the four possible opinion ratings, the overall opinion rating given was Moderate. This indicates a relatively stable and improving assurance position and for which LocatED is commended. LocatED has accepted this assessment and has either implemented or is working to implement the suggested improvements.

Countering fraud, error and debt

In the period to 31 March 2019 no fraud was detected in relation to LocatED's transactions.

Knowledge, information assurance and protective security

LocatED has established and implemented an information asset process consistent with Department requirements and has established its own data protection policy with Board approval. It has also taken significant steps to ensure compliance with the General Data Protection Regulations (GDPR), strengthening its data protection policy, delivering training to staff, appointing a Data Protection Officer and ensuring that any contracts it enters into, are GDPR compliant.

LocatED still operates on the same technology platform as the Department and LocatED's Accounting Officer remains the Senior Information Responsible Owner (SIRO).

Report on personal information breaches

All NDPBs are required to report personal data-related incidents that have occurred during the financial year in accordance with the standard disclosure format issued by the Cabinet Office.

The Cabinet Office defines a 'personal data-related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data that a department, or its delivery partner, agrees the release or loss of which could cause harm or distress to individuals:

- Information that links one or more identifiable living person with information about them, the release of which would put the person or persons at significant risk of harm or distress;
- Any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

LocatED had no protected personal data-related incidents that it judged significant enough to report formally to the Information Commissioner's Office in 2018-19 and it had no protected personal data-related incidents reported in 2018-19 that were significant enough for the Department to record centrally. This was the same in 2017-18.

Conclusion

In the period to 31 March 2019 LocatED had developed a sound system of governance, risk management and internal control.

The report was approved by the Board on and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
8 January 2020

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

5. REMUNERATION AND STAFF REPORT

Chief Executive and Board members' remuneration policy

The Chief Executive and all staff are paid in accordance with the Pay Framework provided by the Department and agreed with HMT that sets out the pay ranges and benefits for all members of staff. LocatED manages performance and non-consolidated performance awards for staff in accordance with the Framework Document and Pay Framework.

The Chief Executive holds appointment that is open ended. The Legal Counsel and Finance Director are on secondment from the Department and their appointments are fixed. The Chair and Non-Executive Directors covered by this report hold appointments until 31 March 2020. Early termination for Executive Directors (who are not secondees), other than for misconduct, would result in the individual receiving statutory compensation payments.

Remuneration (salary, bonuses and pensions) of directors of LocatED (subject to audit)

Director	Salary (1)	Bonus Payments	Pension Benefits	Total	Salary	Bonus Payments	Pension Benefits	Total
	2018-19	2018-19	2018-19	2018-19	2017-18	2017-18	2017-18	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Lara Newman Chief Executive	190 - 195	30 - 35	12	235 - 240	185 - 190	20 - 25	11	225 - 230
Michael Wu Legal Counsel	95 - 100	-	36	130 - 135	85 - 90	5 - 10	33	130 - 135
Alyson Gerner Finance Director	95 - 100	0 - 5	27	125 - 130	95 - 100	5 - 10	7	105 - 110
Michael Strong Chair and Non-Executive Director	20 - 25	-	-	20 - 25	20 - 25	-	-	20 - 25
Caroline Tolhurst Non-Executive Director	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
Jayne Maclennan Non-Executive Director	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
Phil Ellis Non-Executive Director	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15
Julian Rudd-Jones Non-Executive Director	10 - 15	-	-	10 - 15	10 - 15	-	-	10 - 15

Notes

Alyson Gerner and Michael Wu are on secondment from the Department for 3 years and 3 months and 3 years and 2 months respectively. Both secondments end on the 31 March 2020. £147k was paid to the Department in respect of the director's services of Michael Wu and £164k was paid to the Department in respect of the director's services of Alyson Gerner. These figures include salary, pension, employer social security costs and VAT.

The Non-Executive Directors are not entitled to be part of LocatED's pension scheme or receive payments under the Performance Related Pay scheme.

- 'Salary' includes gross salary; recruitment and retention allowances, and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by LocatED and thus recorded in the accounts.

Fair pay disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The Hutton fair pay disclosure for LocatED is as follows:

Remuneration	2018-19	2017-18
Band of highest paid director's remuneration	£225,000 - £230,000	£210,000 - £215,000
Median	£65,750	£65,780
Range (£)	£27,925 - £227,339	£24,629 - £214,700
Remuneration ratio from highest salary to median	3.46	3.23

In 2018-19, remuneration ranged from £27,925 to £227,339. Remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The banded remuneration of the highest paid director in 2018-19 was £225,000 - £230,000. This was 3.46 times the median of the workforce which was £65,750.

There was a very slight movement in the median from £65,780 to £65,750 owing to a pay rise and recruiting people at different salaries during the year.

Pension benefits (subject to audit)

	Accrued pension and related lump sum at pension age as at 31 March 2019	Real increase in pension and related lump sum at pension age	CETV at 31 March 2019	CETV at 31 March 2018	Real increase in CETV	Employer contribution to pension account
	£000	£000	£000	£000	£000	£000
Alyson Gerner	40-45 plus a lump sum of 110 - 115	0-2.5 plus a lump sum of 0	842	741	12	-
Michael Wu	20-25 pension	0-2.5 pension	296	236	21	-
Lara Newman	45-50 pension	-	-	-	-	23

The Chief Executive, Lara Newman, is part of a defined contribution workplace pensions scheme through the National Employment Savings Trust (NEST). Alyson Gerner and Michael Wu are members of the defined benefit Civil Service Pension Scheme.

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A cash equivalent transfer value is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the principal pension scheme and also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. Cash equivalent transfer values are worked out in accordance with the Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Average staff numbers and staff costs (subject to audit)

The details of the staff costs are included in the Financial Statements, Note 2.

Category of staff	Average headcount in the period to 31 March 2019	Headcount as of 31 March 2019	Average headcount in the period to 31 March 2018
Permanent	49.5	47	45.9
Contractors/Agency	0.83	1	0.42
Secondees	4	6	2
Total	54.33	54	48.32

Performance Related Pay

LocatED awards performance-related pay as part of the performance management process. LocatED sees effective performance management as key to driving up individual and organisational performance and providing greater value for money to deliver high-quality public services. LocatED has a performance management process that is agreed with the Remuneration Committee and is in line with the Pay Framework and Framework Document. The performance-related pay amounts reported relate to performance in 2018-19.

Sickness absence

During the period, LocatED lost 27 days (44 days in the period to 31 March 2018) to sickness absence.

Compensation payments to past directors and payments for loss of office (subject to audit)

No compensation payments or payments for loss of office have been made to past directors of LocatED.

People management

LocatED staff are classified as being public sector and is employed on terms and conditions agreed by HMT. Recruitment of staff is within the parameters provided in the Pay Framework and Framework Document.

At the end of March 2019 LocatED's staff headcount figures, for permanent (UK) staff with an employment contract (including six people who are seconded to LocatED but on permanent contracts with the Department), were as follows:

Title	Male	Female	Total
CEO		1	1
Director/Head of Department	1	2	3
Associate Director	3	2	5
Senior Manager	8	1	9
Manager	15	7	22
Corporate Support	2	4	6
EA, PA & Assistant		3	3
Graduate	4		4
Total	33	20	53

Off-payroll engagements

As part of the Review of Tax Arrangements of Public Sector Employees published by the Chief Secretary to the Treasury on 23 March 2012, Departments were directed to publish information pertaining to the number of off-payroll engagements, at a cost of over £58,200, that were in place on, or after, 31 January 2012 and any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019.

There were no off-payroll engagements of Board members, and/or senior officials with significant financial responsibility in the period to 31 March 2019.

There were no arrangements that existed as of 31 March 2019 for more than £220 per day and that lasted longer than 6 months.

There were no new off-payroll engagements or those that reached six months in duration between 1 April 2018 and 31 March 2019 for more than £220 per day that lasted for longer than 6 months.

Staff exit packages (subject to audit)

There were no staff exit packages in 2018-19 (2017-18: nil).

Pension schemes

LocatED offers a pension scheme for its employees through the National Employment Savings Trust (NEST), a defined contribution workplace pension scheme in the United Kingdom. Employee contributions are salary-related and range between 3% and 6% of earnings. The employer matches that contribution up to a total of 6% of basic pay.

For 2018-19, LocatED made employer's contributions of £139k.

Staff relations and communications

LocatED's people plan outlines the workforce vision and the people priorities that will support it in delivering its objectives until 2020. LocatED's Executive Management Team agreed the plan and oversees progress. LocatED's priorities include developing staff to improve both core and specialist skills, promoting a positive culture and supporting line managers.

LocatED has regular performance reviews to identify training needs and create individual training programmes that support professional qualifications. It monitors its progress in reducing skills gaps by regular reviews and analysing the effectiveness of completed training. LocatED also uses questionnaires to monitor satisfaction and wellbeing levels of its staff.

The report was approved by the Board on and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
8 January 2020

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

6. PARLIAMENTARY ACCOUNTABILITY REPORT

Losses (subject to audit) – there were no losses in 2018-19 (2017-18: nil).

Special payments, including severance payments (subject to audit) – there were no payments in 2018-19 (2017-18: nil).

Gifts (subject to audit) – there were no gifts made in 2018-19 (2017-18: nil).

Fees or charges that required notification to Parliament (subject to audit) – there were no fees or charges in 2018-19 that required notification to Parliament in 2018-19 (2017-18: nil).

Independent Auditor's report to the Shareholder of LocatED Property Limited

Opinion on financial statements

I have audited the financial statements of Located Property Ltd for the year ended 31 March 2019 which comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the International Financial Reporting Standards. I have also audited the information in the Remuneration and Staff Report that is described as having been audited.

In my opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of the net expenditure for the year then ended; and
- have been properly prepared in accordance with the International Financial Reporting Standards as adopted by European Union; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of Located Property Ltd in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Located Property Ltd's

ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' and Accounting Officer's Responsibilities Statement, the directors are responsible for:

- the preparation of the financial statements and for being satisfied that they give a true and fair view.
- such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
- assessing the company's ability to continue as a going concern, disclosing, if applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LocatED Property Ltd's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

Directors' are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Remuneration and Staff Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with the Government Financial Reporting Manual;
- in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, I have not identified any material misstatements in the Strategic Report or the Directors' Report; and
- the information given in the Strategic and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

I have nothing to report in respect of the following matters where the Companies Act 2006 requires me to report to you if, in my opinion:

- adequate accounting records have not been kept by Located Property Ltd, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement has not been prepared by the parent company.

Peter Morland (Senior Statutory Auditor)

15 January 2020

For and on behalf of the

Comptroller and Auditor General

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

7. FINANCIAL STATEMENTS

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Staff costs	2	4,561	4,036
Expenditure	3	7,317	4,135
Total operating expenditure		11,878	8,171
Net expenditure for the year		11,878	8,171
Other comprehensive expenditure		-	-
Total other comprehensive expenditure		-	-
Comprehensive net expenditure for the year		11,878	8,171

All income and expenditure reported in the Statement of Comprehensive Net Expenditure are derived from continuing operations.

The notes on pages 43 to 49 form part of these Accounts.

Statement of Financial Position as at 31 March 2019

		31 March 2019	31 March 2018
	Note	£000	£000
Non-current assets:			
Property, plant and equipment		4	5
Total non-current assets		4	5
Current assets			
Prepayments	4	52	39
Cash and cash equivalents	6	284	-
Total current assets		336	39
Total assets		340	44
Current liabilities			
Payables	5	(2,066)	(1,904)
Total current liabilities		(2,066)	(1,904)
Total assets less current liabilities		(1,726)	(1,860)
Assets less liabilities		(1,726)	(1,860)
Taxpayers' equity:			
General fund		(1,726)	(1,860)
Total taxpayers' equity		(1,726)	(1,860)

The notes on pages 43 to 49 form part of these Accounts.

The financial statements were approved for issue by the Board of Directors on 11 December 2019.

Lara Newman

Chief Executive and Accounting Officer
8 January 2020

LocatED Property Limited,
6th Floor, Roxburghe House,
273-287 Regent Street
London, W1B 2HA

Statement of Cash Flows for the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Cash flows from operating activities			
Net operating cost	SoCNE	(11,878)	(8,171)
Adjustments for non-cash transactions		3,087	-
(Increase) in receivables	4	(13)	(39)
Increase in payables	5	162	1,056
Net cash outflow from operating activities		(8,642)	(7,154)
Cash flows from investing activities			
Purchase of PPE		-	(5)
Net cash outflow from investing activities		-	(5)
Cash flows from financing activities			
Grant-in-aid from sponsor department		8,926	7,159
Net cash inflow from financing activities		8,926	7,159
Net increase (decrease) in cash and cash equivalents (net of overdrafts)		284	-
Cash and cash equivalents at beginning of the year		-	-
Cash and cash equivalents at end of the year		284	-

The notes on pages 43 to 49 form part of these Accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2019

	Note	General Fund £000	Total £000
Balance at 1 April 2017		(848)	(848)
Issue of Share Capital		-	-
Grant-in-aid from sponsor Department - deemed		7,159	7,159
Comprehensive expenditure for the year		(8,171)	(8,171)
Balance at 31 March 2018		(1,860)	(1,860)
Issue of Share Capital		-	-
Grant-in-aid from sponsor Department		12,012	12,012
Comprehensive expenditure for the year		(11,878)	(11,878)
Balance at 31 March 2019		(1,726)	(1,726)

The General Fund represents total assets less liabilities.

The notes on pages 43 to 49 form part of these Accounts.

NOTES TO THE ACCOUNTS

Note 1 – Accounting policies

1.1 Statement of accounting policies and compliance

LocatED Property Ltd is a limited liability company incorporated in England. The registered office is 6th Floor, Roxburghe House, 273-287 Regent Street, London, W1B 2HA.

LocatED has prepared these accounts for the period to the 31 March 2019 in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRS) as adopted by the European Union, and the Financial Reporting Manual (FReM) issued by HMT where this does not conflict with the Companies Act 2006. The accounting policies contained in the manual apply IFRS as adapted or interpreted for the public sector.

Where the manual permits a choice of accounting policy, LocatED has selected the accounting policy most appropriate to the particular circumstances of LocatED to give a true and fair view. LocatED has applied these policies consistently in dealing with items considered material in relation to the accounts and has produced the accounts using accruals accounting.

The figures are rounded to the nearest £000 and all figures are presented in £ sterling.

Regarding IFRS 9 Financial Instruments, that became effective for LocatED on 1 April 2018, this change simplified the classification and measurement of financial Instruments. LocatED reviewed the company's assets and liabilities for the impact of adopting IFRS 9 and has concluded that there are no changes required to the accounting policy and all financial liabilities and receivables will continue to be recognised at amortised cost.

Regarding IFRS 15 Revenue from Contracts with Customers, that became effective for LocatED on the 1 April 2018, this has had no impact on LocatED's financial reporting as LocatED does not generate revenue from its activities.

1.2 Going concern

LocatED has prepared these accounts on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The details of this are included in the Directors' Report.

1.3 Critical accounting judgements and key sources of estimation uncertainty

LocatED has made judgements in the preparation of these accounts, with regard to accruals where no invoice has been received. LocatED based these judgements on historic and other factors that it believes to be reasonable.

1.4 Grant-in-aid from the sponsoring department

LocatED has recorded all grant-in-aid by the Department as financing, since LocatED regards grant-in-aid as contributions from LocatED's controlling party giving rise to a financial interest. LocatED records grant-in-aid as financing in the statement of cash flows and credits grant-in-aid to the general fund.

1.5 Financial liabilities

LocatED classifies financial liabilities, where appropriate, as financial liabilities measured at amortised cost (face value plus any discounts). Financial liabilities include trade and other payables.

1.6 Trade and other payables

Trade and other payables, including accruals, are generally not interest bearing and LocatED states them at their face value on initial recognition.

1.7 Cash and Cash Equivalents

Cash comprise cash in hand held in LocatED's bank account.

In accordance with IAS 7 Statement of Cash Flows the Group presents balances as cash in the SoFP and Statement of Cash Flows.

1.8 Employee benefits

LocatED offers staff a defined contribution scheme where LocatED matches the employee's contribution up to a maximum of 6% of gross salary, and this contribution is recorded as expenditure in the Statement of Comprehensive Net Expenditure.

1.9 Value added tax

LocatED is not registered for VAT as it had no VAT taxable turnover in 2018-19. All expenses are presented inclusive of VAT.

1.10 Segmental reporting

In accordance with *IFRS 8: Operating Segments (IFRS 8)*, LocatED has considered the need to analyse its income and expenditure relating to operating segments. LocatED has assessed that all lines of operation fall within the same geographical location and regulatory environment as envisaged by IFRS 8.

1.11 Corporation tax

LocatED did not incur any Corporation Tax in 2018-19 as it made no supply of goods or services, so did not generate any taxable surplus; however, it will submit the statutory return to HMRC.

1.12 Leases

A new standard, IFRS 16 Leases, was issued in January and will come into effect for LocatED from 1 April 2019. The standard simplifies the classification and measurement of leases within

financial statements by introducing a single lessee accounting model, removing the distinction of leases between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The standard requires recognition of all leases which last over 12 months to be recognised as a finance lease. This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability. The pattern of the expenditure will result in the depreciation of the right-to-use asset and an associated finance cost being recognised. LocatED has reviewed its contracts and does not have any that represent a lease, as such the new standard is not anticipated to have a material impact on the LocatED account.

1.13 Structure of LocatED

Ultimate parent and parent – The immediate parent undertaking and ultimate controlling party of LocatED is the Secretary of State for Education. LocatED’s accounts are consolidated into the Department’s accounts.

1.14 Shared services

LocatED’s operating model uses a range of shared services provided by the Department: Financial Accounting, Financial Management, Payments and Treasury Management, Information Technology and Property Management Services (in relation to LocatED’s office premises).

The accounts include a recharge from the Department for the Estates and Facilities Management service to reflect the costs incurred. These were direct charges in relation to these services that could be directly apportioned to LocatED.

Note 2 – Staff costs

	2018-19			2017-18		
	Permanently employed staff £000	Others £000	Total £000	Permanently employed staff £000	Others £000	Total £000
	Wages and salaries	3,422	591	4,013	3,182	402
Social security costs	409		409	333	-	333
Pension costs	139		139	119	-	119
	3,970	591	4,561	3,634	402	4,036

Note 3 – Operating expenditure

	2018-19 £000	2017-18 £000
Property pre-acquisition costs	6,124	3,252
Staff-related costs	93	42
Consultancy and other professional fees	94	17
Board costs	85	85
Premises costs including rates and service charges	398	411
Utilities	2	(31)
Catering	7	4
Marketing	84	52
IT and telecommunications costs	90	61
Travel and subsistence	253	165
Bank charges and interest	1	-
Audit fees*	49	35
Other expenditure	36	42
Total	7,316	4,135

* The NAO auditor's remuneration relates to fees payable for the audit of the statutory annual accounts. The auditors did not provide any non-audit services. The final 17-18 audit fee was £42k, £7k of this was recognised in 19-20.

Other non-cash charges

	2018-19 £000	2017-18 £000
Depreciation	1	-

Note 4 –Prepayments

	2018-19 £000	2017-18 £000
Prepayments	52	39
Total current prepayments due within one year	52	39

Note 5 – Payables

	2018-19	2017-18
	£000	£000
Trade payables	271	2
Tax and social security	110	
Other payables *	400	-
Accruals	1,285	1,902
Total payables due within one year	2,066	1,904

*Other payables relates to a cash loan provided by the DfE in February 2019 that was repaid in April 2019.

Note 6 – Cash and equivalents

	2018-19	2017-18
	£000	£000
Balance at 1 April	-	-
Net change in cash and cash equivalent balances	284	-
Balance at 31 March	284	-
The following balances are held at:		
Cash at bank and in hand:		
Government Banking Service	284	-
Commercial banks	-	-
Cash held with solicitors	-	-
Balance at 31 March	284	-
Overdrafts:		
Government Banking Service	-	-
Commercial banks	-	-
Balance at 31 March, net of overdrafts	284	-

Note 7 - Related party transactions

LocatED is an Arms-Length Body of the Department for Education (The Department). The department is regarded as a related party. During the year LocatED has a number of material transactions with the department:

- All of LocatED's grant-in-aid was received from the Department.
- LocatED provides services to, and receives funding from, the Department pursuant to the terms and conditions set out in the Framework Document.
- Michael Wu and Alyson Gerner are employees of the Department and are seconded to LocatED. The compensation paid to key management personnel can be found in the Remuneration and staff cost report on pages 28 to 33.

Note 8 – Shareholder capital and dividends

Share capital

The company issued one £1 Ordinary share for a consideration of £1 on 20 September 2016. The sole shareholder is the Secretary of State for Education. Following the issue of the share, the issued share capital of the company is £1.

Dividends

The company has not paid any dividends during the period and no dividends are proposed by the directors.

Note 9 – Events after the reporting period

In November 2019 HM Treasury approved the business case for LocatED to continue for a further three years, up to 31 March 2023.

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