



Located Property Limited

Annual report and accounts
for the period ended 31 March 2017

Company Number 10385637

Located Property Limited

Annual report and accounts

For the period ended 31 March 2017

A non-departmental public body

Presented to the House of Commons pursuant to Section 7 of the Government
Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 27 November 2017

HC 539



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This publication is available at <https://www.gov.uk/government/publications>

ISBN 978-1-5286-0077-4

CCS1017192858

10/17

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

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1. Strategic report

Chief Executive's perspective on performance

We are proud to say that England's biggest property start up is open for business!

LocatED Property Limited (LocatED) has a vital role in supporting the Department for Education (the Department) to build on the success of the Free Schools programme and to meet the Government's commitment to an ambitious programme that delivers choice, innovation and higher standards for children. The company was incorporated in September 2016 and during this period to 31 March 2017 LocatED was established and advised the Education Funding Agency (EFA) on its first acquisitions. In 2016-17, on behalf of the EFA we exchanged contracts on 5 sites. The EFA merged with the Skills Funding Agency on 1 April 2017 to form the Education and Skills Funding Agency (ESFA). LocatED will continue its initial work with the EFA with ESFA going forward.

We made substantial progress in setting up LocatED in 2016-17 and we are now fully established and looking forward to delivering against our Key Performance Indicators in 2017-18 and being a key partner in the Free Schools programme, sharing responsibility for its effective delivery.

LocatED will operate at pace in a highly competitive market, working with landowners, agents and developers across England and will help to overcome some of the challenges of securing sites and land. LocatED has individual acquisition budgets allocated by ESFA to spend on sites that can deliver 10,000 to 175,000 sq. ft. gross internal floor area.

LocatED has built a multidisciplinary team with specialist skills and extensive property sector experience, it successfully recruited 41 people between November 2016 and March 2017 with the right capability to deliver our agenda. We are very proud of our team and are confident that we have the right people to ensure we deliver.

Supporting our team is a newly appointed, distinguished LocatED Board that has a range of private and public sector property acquisitions and development experience.

Statement of purpose and activities

LocatED has a Framework Document (the Framework Document) that has been drawn up by the Department and sets out the broad framework within which LocatED will operate. Each year the Department will set 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 set out 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 2017-18 LocatED will be specifically responsible for:

- securing sites for Free Schools at the best market price;
- managing sites held for Free Schools;
- providing advice to the Department and other bodies involved in education provision on property and site issues; and
- entering into more complex mixed-use developments in support of the efficient and cost effective delivery of new schools.

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 will be responsible for decisions related 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 a NDPB.

Performance analysis

LocatED incorporated in 2016–17 and during this period it established the organisation by:

- securing office accommodation in Central London and refurbishing that accommodation to the correct standard;
- recruiting 41 members of highly sought after staff to provide the capacity and capability to deliver our objectives;
- establishing processes and procedures, many of which have been audited and the outcome of which is in the Governance Statement;
- establishing the governance structure, this was a major achievement for us, the details of what we have achieved is also in the Governance Statement; and
- establishing a system of internal control including a scheme of delegation.

During 2016-17 LocatED had no formal Key Performance Indicators (KPIs). This changed in 2017-18 and LocatED now has KPIs relating to:

Timely delivery of sites – the average time between the commissioning of a requirement and exchange of contracts on a site will be no more than 10 months (commission dates will be reset where there is a substantial change in the commission).

The cost of the site – the anticipated costs per pupil for the land and building will be lower than would be expected in January 2017 and a lower site acquisition cost in relation to the Red Book Value than would have been the case previously.

Stakeholder engagement – a composite score of at least 80% representing the effectiveness of its work with partners.

Forward look

2017-18 will be LocatED's first full year of operation, it is now established and in an excellent position to achieve its KPIs.

This year we expect to do the following on behalf of the ESFA:

- secure over 100 sites for Free Schools;
- manage over 80 sites held for Free Schools;
- provide advice to the Department and other bodies involved in education;
- 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.

Programme assurance

In 2016-17 LocatED had no Accounting Officer or delegated financial authority and so during this period LocatED functioned as a division of the EFA and therefore until

1 April 2017 the EFA had responsibility for maintaining a sound system of governance, internal control 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 publication *Managing Public Money* and the *Corporate Governance Code*.

From 1 April 2017 Lara Newman will have personal responsibility for this. However, Lara Newman has received a letter of assurance for 2016-17 from the CEO of ESFA and can confirm that:

- The company was incorporated with one director, Mike Green, Director of the EFA Capital Group and LocatED operated under his strategic leadership until the appointment of the non-executive directors on 3 February 2017. Mike resigned as a director on 21 February 2017;
- All spending decisions were made by EFA officials with appropriate delegated authority and were in line with EFA's existing governance arrangements. This continued until Lara Newman was appointed as LocatED's Accounting Officer in May 2017;
- Spend specific to LocatED (e.g. salary costs, etc.) were paid from the EFA's bank account; and
- Appropriate accounting adjustments were made to recognise spend specific to LocatED to facilitate the production of EFA's and LocatED's annual reports and accounts.

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 2016-17 no LocatED-related complaints were accepted by the Ombudsman for investigation.

Corporate Social Responsibility (CSR) including the environment

We are an organisation delivering high quality services through our skilled and effective people in an environment of continuous improvement, to support educational institutions to deliver the best services for children and young people.

The CSR strategy was written in 2016-17 we implemented the following:

- each member of staff was informed that they could take one days leave for volunteering activities;

- staff were recruited in accordance with equal opportunities and valuing diversity;
- flexible ways of working were introduced to assist staff in having a happy work life balance;
- recycling of waste; and
- energy efficient premises.

All of this provided the foundations for the full implementation, in 2017-18, of LocatED's CSR strategy that will consist of three key strands:

Community

Our responsibility to clients, suppliers, neighbours:

- fundraising and distribution of funds and non-financial support in consultation with LocatED staff. No LocatED funds will be used for this purpose however each member of staff will be given 1 days leave for volunteering activities in chosen complementary areas of education;
- building sustainable links with partners and the people we want to help; and
- by implementing a full young persons' programme that will incorporate internships and work experience with LocatED and its partners.

People

Employee wellbeing through:

- a supportive and vibrant environment;
- equal opportunities and real diversity;
- a fair and competitive total value proposition;
- clear path of personal and professional growth;
- opportunity to make an impact and see that impact; and
- a happy work/life balance and a true meritocracy.

Environment

Cutting waste through:

- recycling material waste;
- cutting material usage generally;
- energy efficient premises;
- sustainable travel plans and intelligent IT use to limit travel; and

- educating staff.

Health and safety

In April 2017, LocatED's Board endorsed LocatED's Health and Safety Policy. LocatED's business model and activities continue to evolve and a specialist health and safety consultant has been appointed to review LocatED's current activities and update and roll out revised health and safety policies and procedures accordingly.

Lara Newman

Chief Executive and Accounting Officer
24 October 2017

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

2. Directors' report

Principal activities of the company in 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:



Lara Newman MBE
Chief Executive



Michael Strong
Board Chairman



Caroline Tolhurst
Non-executive Board Member



Jayne MacLennan
Non-executive Board Member



Julian Rudd-Jones
Non-executive Board Member



Phil Ellis
Non-executive Board Member



Alyson Gerner
Finance Director



Michael Wu
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 |

| Directors of the Board | Appointment to the Board | Resignation from the Board |
|------------------------|--------------------------|----------------------------|
| Phil Ellis | 3 February 2017 | n/a |
| Julian Rudd-Jones | 3 February 2017 | n/a |
| Michael Green | 20 September 2016 | 21 February 2017 |

Business review

As LocatED was being established during the period to 31 March 2017 it had no KPIs, however a review of its performance is included in the Strategic Report along with details of the KPIs that will apply from 1 April 2017.

Future developments of the business

This is included in the Forward Look 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 company has granted indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Directors' remuneration

The Directors' remuneration is shown in the Remuneration Report.

Public sector information

LocatED is a holder of public information but we do not charge for any data we provide.

Political and charitable donations

We made no political or charitable donations during the period ended 31 March 2017.

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

There was no significant credit risk to LocatED during 2016-17. LocatED does not own the property that is acquired so there is no market risk. Regarding liquidity and cash flow, cash will be provided to meet LocatED's cash needs and the Department have

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

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. It also believes that LocatED has made significant progress in this area during its start-up period.

As the Board note that the CEO has received a letter of assurance from the CEO of the ESFA (as detailed in the Strategic Report) the Board believes that there have been appropriate internal controls and risk management in place throughout the period to 31 March 2017.

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/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 Report.

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, including as a minimum:

- 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; and
- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain.

We had no protected personal data related incidents that we judged significant enough to report formally to the Information Commissioner's Office in 2016-17 and we had no protected personal data related incidents reported in 2016-17 that did not fall within the criteria for reporting to the Information Commissioner's Office, but that were significant enough for the Department to record centrally.

Financial Commentary

In 2016 the business case was agreed for LocatED and the outturn for the period to 31 March 2017 is within the £2.2 million budget allocated. During 2016-17, the Department provided funding that matched the cash payments that EFA made on LocatED's behalf. As LocatED didn't have its own bank account prior to 31 March 2017, cash was not provided for liabilities including accruals, however ESFA will provide cash to cover these outstanding liabilities when they are paid as part of our funding arrangement. The costs recognised by LocatED were running costs. Although LocatED exchanged contracts on 5 acquisitions during the period they did this on behalf of the EFA. In 2017-18 the Department has provided LocatED with an administration budget to cover running costs, a programme budget for managing sites and a programme budget for pre-acquisition fees. In addition, LocatED will acquire sites on behalf of the ESFA so does not hold the budget for this.

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.

Auditors and remuneration paid to auditors for non-audit work

LocatED has appointed the Comptroller and Auditor General as its external auditor. The National Audit Office 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 £30,000. No non-audit work was undertaken by the auditors.

Parliamentary accountability disclosures

There were no losses or special payments, including severance payments, there were no gifts made and there were no fees or charges made that required notification to Parliament.

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 and the ESFA. 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 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.

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 24 October 2017 and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
24 October 2017

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 FReM 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 Accounting Officer for the Department designated Lara Newman as Accounting Officer of LocatED in May 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.

Prior to May 2017, and as described in the Programme Assurance paragraph of the Strategic Report, the EFA had responsibility for maintaining a sound system of governance, internal control and risk management to support the achievement of LocatED's policies, aims and objectives, whilst safeguarding public funds and departmental assets.

Having received a letter of assurance from the CEO of the ESFA, 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 is fair, balanced and understandable.

The report was approved by the Board on 24 October 2017 and signed for and on behalf of the Board by:

Lara Newman

Chief Executive and Accounting Officer
24 October 2017

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 HM Treasury's *Corporate Governance Code*.

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.

In the period to 31 March 2017 LocatED functioned as part of EFA's Capital Group. All spending decisions were made by EFA officials with appropriate delegated authority and were in line with EFA's existing governance arrangements.

The EFA established a shadow LocatED team to lead the development of LocatED and to test the new ways of working. The LocatED Project Board was established and was chaired by the Director of Capital in the EFA to provide oversight. The Senior Responsible Owner was Peter Lauener, the CEO of the EFA. Below is the Programme Management Board Chain.

- Department for Education's Management Committee – the ultimate investment decision maker
- Education Funding Agency Management Board – The Capital Oversight Board reported to the Agency's Management Board for operational issues within the EFA's delegations
- Capital Oversight Board – this includes the Department Management Board members and the Senior Responsible Officer for the Free Schools programme. The Capital Programme Board reported to this Board
- Capital Programme Board – jointly chaired by the Director of the Department's Education Funding Group and the EFA Director of Capital
- LocatED Project Board – chaired by the Senior Sponsor, Mike Green, EFA Director of Capital. Risks and issues identified at this meeting would be escalated to the Capital Programme Board and where necessary the Capital Oversight Board.

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 by HM Treasury (HMT) except where the potential remuneration was in excess

of £100,000 in which case the approval of the Department was also required. However, EFA officials also approved the payment of the payroll each month. The Secretary of State approved all pay awards including bonus payments.

So until 1 April 2017 the EFA had responsibility for maintaining a sound system of governance, internal control 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 *Managing Public Money* and the *Corporate Governance Code*. From 1 April 2017 I have had personal responsibility for this. However, I have received a letter of assurance for the period to 31 March 2017 from the CEO and Accounting Officer of ESFA and have taken assurance from him that there was a sound system of internal controls during the period covered by these accounts.

Therefore, a system of internal control has been in place to govern spending in LocatED for the financial period ending 31 March 2017 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 the 4 January 2017, these were subsequently approved by LocatED Board on the 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 which sets out 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 agreement is underpinned by *Managing Public Money* and other government wide corporate governance requirements and recommendations;
- The annual letter, dated 19 April 2017, 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 Department's Accounting Officer appointing the Chief Executive as Accounting Officer;
- The letter dated 8 May 2017 from the ESFA Chief Executive confirming LocatED's budget allocation for the financial year 2017-18;
- 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 2017 the Board consisted of the Chair, four other non-executive directors, the Chief Executive and two executive directors. A Secretary of State Representative is invited to the Board, Audit and Remuneration Committee meetings and receives all the relevant papers. The first meeting of the Board took place on 22 February 2017. The Board currently meets on a monthly basis and each member as well as the Secretary of State 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 twice in 2016-17, on 22 February and 29 March 2017.

| Member | Role | Meetings attended |
|-------------------|---|-------------------|
| Mike Strong | Chair & Non-Executive Director | 2 |
| Caroline Tolhurst | Non-Executive Director | 2 |
| Jayne MacLennan | Non-Executive Director | 1 |
| Phil Ellis | Non-Executive Director | 2 |
| Julian Rudd-Jones | Non-Executive Director | 2 |
| Lara Newman* | Chief Executive Officer | 1 |
| Alyson Gerner | Finance Director, Executive Director | 2 |
| Michael Wu | Legal Counsel and Company Secretary, Executive Director | 2 |
| Peter Lauener | CEO of Education & Skills Funding Agency – in | 1 |

| Member | Role | Meetings attended |
|--------|--|-------------------|
| | attendance, shareholder representative | |

*in attendance at 1 when interim managing director

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

The Board met twice, formally, in 2016-17 so it is too soon for it to have carried out this review. However, in 2017-18 both the Board and the Audit Committee will do so taking into account views from the NAO, Government Internal Audit Agency (GIAA) and the Shareholder Representative as well as LocatED's departmental sponsorship team. The Audit Committee have agreed that they will utilise the NAO's Audit Committee Self-Assessment Checklist and the outcome will be reported to the January 2018 meeting.

On 10 August 2017 the Board confirmed that the Board and committees receive papers in advance and in a format that provides them with the information that they require.

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

Ongoing training is provided to the Board members relating to their obligations as directors. They have received training from external lawyers and will shortly receive a presentation on corporate governance from the Department's Corporate Governance team.

Highlights of the Board and committee reports

During 2016-17 the Board approved the Articles, the Board Operating Framework, Code of Conduct and Conflict of Interest Policy. In addition, it approved appointments to the Board's committees and their terms of reference and resolved to appoint the Comptroller and Auditor General as the company's external auditor.

During 2016-17 the Audit Committee approved the GIAA internal audit plan, the GIAA charter and the Risk Management Strategy.

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

Audit Committee (AC)

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 Annual Report and Accounts of LocatED. Reviewing planned activity and results from both internal and external audits and management reports. The AC Terms of Reference were adopted by the Board on 22 February 2017.

During 2016-17, the Audit Committee met once. The membership and their attendance is listed below:

| Members | Meetings attended |
|-------------------|-------------------|
| Caroline Tolhurst | 1 |
| Jayne MacLennan | 1 |
| Phil Ellis | 1 |

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

Investment Committee (IC)

Function – To approve all transactions based on agreed investment criteria. IC terms of reference were adopted by the Board on 22 February 2017 and revised at the Board meeting on 26 April 2017.

During 2016-17, the Investment Committee met twice. The membership and their attendance is listed below:

| Members | Meetings attended |
|---------------------------|-------------------|
| Julian Rudd Jones (Chair) | 2 |
| Lara Newman | 2 |
| Phil Ellis | 2 |

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 RC Terms of Reference were adopted by the Board on 22 February 2017.

| Members | Meetings attended |
|-------------------|-------------------|
| Michael Strong | 1 |
| Jayne MacLennan | 1 |
| Caroline Tolhurst | 1 |

Risk management

Key issues and risks facing the entity

The principal risks facing LocatED as it works as a key delivery partner in the Free Schools programme are managing the challenges of securing sites and ensuring projects offer good value for money. High demand for land across England means that securing sites for schools where they are needed and at an appropriate cost will be challenging. However, the establishment of LocatED is seen as a way to mitigate this risk as it will increase the Department's property expertise. It has recruited more commercially experienced staff who are based geographically, are better engaged with the wider market and are experts in planning, construction, site acquisition and valuations; providing the capacity and capability to secure sites through a wider range of commercial options.

In the period to 31 March 2017 implementation risks were managed by the EFA and each had a lead and owner identified. Risks were regularly reviewed by the LocatED Project Board and where necessary escalated to the EFA Capital Programme Board and the EFA Capital Oversight Board.

In 2016-17 LocatED developed a risk management strategy and this was agreed by LocatED's Audit Committee in March 2017 and is now being implemented. Risks are monitored monthly at LocatED's Executive Management Team and 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, their countermeasures and contingencies and provide advice and challenge to ensure LocatED is effectively managing the risks. The Board also considers any risks to escalate to LocatED's sponsorship team in the ESFA.

Risks relating to acquisitions are detailed in the reports prepared for Investment Committee and are used to inform decision making. Risks are also shared with the ESFA at LocatED's Strategic Performance Review meetings.

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 assurance 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 provide an internal audit service to the Department and the ESFA. During 2016-17 the Department's Audit and Risk Committee (ARC) wished to seek assurance on the establishment of LocatED and so GIAA were commissioned to carry out four audits of LocatED:

- set up process for LocatED;
- post implementation review of LocatED*;
- commercial and procurement*; and
- conflicts of Interest*.

*the terms of reference for these audits were also agreed with LocatED's CEO.

In each case the opinion given was Moderate. A Moderate rating states that some improvements are required to enhance the adequacy and effectiveness of the framework governance, risk management and control. LocatED has accepted this assessment and has either implemented or are working to implement the suggested improvements from GIAA's work and in doing so are further strengthening the governance and control system.

The summary conclusions for the audits are as follows:

EFA – Set up process for LocatED – The LocatED business case and company set up was progressed quickly in response to manifesto commitments to open 500 schools by 2020. LocatED implemented improvements identified by the GIAA to the business case and framework document to enhance effectiveness and facilitate alignment with the HMT guidelines.

EFA and LocatED – post implementation review – In transitioning through being a shadow entity to becoming an NDPB, LocatED has put the appropriate structural and procedural processes in place. The Board has been appointed and the organisation has worked at pace to recruit and develop to the target operating model.

LocatED – conflict of interest, regularity and propriety – LocatED has developed a clear plan of actions to discharge its obligations under the Framework Agreement and is progressing at a good pace to establish a sound starting point for good governance, regularity and propriety.

LocatED and ESFA – commercial and procurement – There has been substantial effort by LocatED to build and enhance the acquisition process established by ESFA. Processes, tools and guidance have been established to drive consistency in control frameworks and a high degree of oversight prior to potential deals being presented to the Investment Committee. The design of the control framework is robust and fit for purpose. Further audit work is planned for 2017-18 to test the operational effectiveness of the framework.

GIAA has been appointed to provide LocatED with Internal Audit services from 1 April 2017. GIAA focus on risk and prepare a risk based audit plan.

Counter fraud, error and debt

In the period to 31 March 2017 LocatED functioned as part of EFA's Capital Group and all spending was made within the EFA's governance arrangements. LocatED has received assurance from the CEO of the ESFA that no fraud was detected in relation to LocatED's transactions.

Knowledge, information assurance and protective security

LocatED operates on the same technology platform as the Department and adopts the Department's security standards in contracts with external providers. LocatED's Accounting Officer has been designated as Senior Information Responsible Owner (SIRO) and an information policy and strategy will be agreed during 2017-18.

Conclusion

In the period to 31 March 2017 LocatED was developing a sound system of governance, risk management and internal control. For the period to 31 March 2017 LocatED relied on the EFA's system of governance and internal control.

Lara Newman

Chief Executive and Accounting Officer
24 October 2017

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 Framework Document 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.

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving statutory compensation payments.

Remuneration (salary, bonuses and pensions) of directors of LocatED

This section of the remuneration report is subject to audit.

| Official | Salary 2016-17 | Bonus Payments 2016-17 | Pension Benefits 2016-17 | Total 2016-17 |
|--|---|------------------------------|--------------------------------|------------------|
| Lara Newman - Chief Executive (from 27 February 2017 – director from 16 March 2017) | £17,295 (£190,000 per annum) | - | £950 | £18,245 |
| Michael Wu Legal counsel (from the 1 February 2017 – director from 22 February 2017) | £13,956 (£83,738 per annum) | - | £3,419 | £17,375 |
| Alyson Gerner Finance Director (from the 1 February 2017 – director from the 22 February 2017) | £15,303 (£91,821 per annum) | - | £3,750 | £19,053 |
| Mike Strong Chair & non- executive director (from 3 February 2017) | £6,250 (£25,000 per annum) | - | - | £6,250 |

| Official | Salary 2016-17 | Bonus Payments 2016-17 | Pension Benefits 2016-17 | Total 2016-17 |
|---|---|------------------------------|--------------------------------|------------------|
| Caroline Tolhurst non-executive director (from 3 February 2017) | £3,750 (£15,000 per annum) | - | - | £3,750 |
| Jayne MacLennan non-executive director (from 3 February 2017) | £3,750 (£15,000 per annum) | - | - | £3,750 |
| Phil Ellis non-executive director (from 3 February 2017) | £3,750 (£15,000 per annum) | - | - | £3,750 |
| Julian Rudd- Jones, non-exec director (from 3 February 2017) | £3,750 (£15,000 per annum) | - | - | £3,750 |
| Michael Green (from 20 September 2016 until 21 February 2017) | - | - | - | - |

Notes:

Alyson Gerner and Michael Wu are on secondment from the ESFA.

The non-executive directors are not entitled to be part of LocatED's pension 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 these accounts. No bonus payments were paid to directors during 2016-17.
- Lara Newman became the Chief Executive on 27 February 2017.

Fair pay disclosure

This section of the remuneration report is subject to audit.

The Hutton fair pay disclosure for LocatED is as follows:

| | |
|--|---------------------|
| Remuneration | 2016-17 |
| Band of highest paid director's remuneration | £185,000 – £190,000 |

| | |
|--|---------------------|
| Remuneration | 2016-17 |
| Median | £65,000 |
| Range (£) | £25,500 to £190,000 |
| Remuneration ratio from highest salary to median | 2.92 |

In 2016-17, no employees received remuneration in excess of the highest-paid director. Total 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.

Average staff numbers and staff costs

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

| Category of Staff | Average headcount in the period to the 31 March 2017 |
|--------------------|--|
| Permanent | 25 |
| Contractors/Agency | 3.5 |
| Secondees | 2 |

Bonuses

LocatED awards bonuses 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 arrangement that is agreed with the Remuneration Committee and is in line with the Framework Document. The bonuses reported relates to performance in 2016-17. No director received a bonus payment in 2016-17.

Sickness absence

During the period, we lost no days to sickness absence. We believe this is due to the fact that we were recruiting throughout this period and most people were new to their role. LocatED pays Statutory Sick Pay only.

Compensation payments to past directors and payments for loss of office

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

People management

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

At the end of March 2017 our staff headcount figures, for permanent (UK) staff with an employment contract, including 3 people who are seconded but on permanent contracts with the ESFA were as follows:

| Title | Male | Female | Total |
|-----------------------------|-----------|-----------|-----------|
| CEO | - | 1 | 1 |
| Director/Head of Department | 3 | 2 | 5 |
| Associate Director | 2 | - | 2 |
| Senior Manager | 6 | - | 6 |
| Manager | 13 | 1 | 14 |
| Land & Development Support | - | 1 | 1 |
| Corporate Support | 1 | 4 | 5 |
| EA, PA & Assistant | - | 3 | 3 |
| Graduate | 4 | - | 4 |
| Total | 29 | 12 | 41 |

On 31 March 2017, 1 female Head of Department was engaged on a short term contract through an agency.

Expenditure on consultancy/contractors

During 2016-17 we did employ contractors who were professionally qualified on short term contracts. It is the responsibility of the hiring managers to ensure that all contractors comply with their tax obligation. The Crown Commercial Service framework agreements for contingent workers that LocatED has drawn upon, include provision for workers supplied by these companies to meet their obligations.

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 2016 and 31 March 2017. The tables below set out this information.

For all arrangements that have existed as of 31 March 2017, for more than £220 per day and that lasted longer than 6 months.

| Off payroll engagements | 2016-17 |
|--|---------|
| Number that have existed for less than 1 year at time of reporting | 1 |
| between 1 and 2 years at time of reporting | - |
| between 2 and 3 years at time of reporting | - |
| between 3 and 4 years at time of reporting | - |
| 4 or more years at time of reporting | - |
| Engagements as at 31 March 2017 | - |

All new off-payroll engagements or those that reached six months in duration between 1 April 2016 and the 31 March 2017, for more than £220 per day that lasted for longer than 6 months

| Off payroll engagements | 2016-17 |
|--|---------|
| Number that have existed for less than 1 year at time of reporting | 1 |
| between 1 and 2 years at time of reporting | - |
| between 2 and 3 years at time of reporting | - |
| between 3 and 4 years at time of reporting | - |
| 4 or more years at time of reporting | - |
| Engagements as at 31 March 2017 | - |

Off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility in the period to 31 March 2017.

There were no off-payroll engagements of Board members, and/or senior officials with significant financial responsibility in the period to 31 March 2017.

Staff exit packages

There were no staff exit packages.

Pension schemes

LocatED offers a pension schemes for its employees through the National Employment Savings Trust (NEST), a defined contribution workplace pensions scheme in the United Kingdom. Employee contributions are salary-related and range between 1%

and 6% of earnings. The employer matches that contribution up to a total of 6% of basic pay.

For 2016-17, LocatED made employers' contributions of £16,000.

Staff relations and communications

LocatED's people plan outlines the workforce vision and the people priorities that will support us in delivering our 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 started to introduce appraisals to identify training needs to create individual training programmes to support professional qualifications. We will monitor our progress in reducing skill gaps by regular appraisals and analysing the effectiveness of completed training. We will also use appraisals to monitor satisfaction and wellbeing levels of our staff

Lara Newman

Chief Executive and Accounting Officer
24 October 2017

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

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

I have audited the financial statements of Located Property Limited for the period ended 31 March 2017 which comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, Statement of Changes in Taxpayers' Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards.

Respective responsibilities of the directors and the auditor

As explained more fully in the Statement of the Directors' and the Accounting Officer's responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Directors' Report and Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2017 and of the net expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by European Union; and
- the financial statements have been prepared in accordance with the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the expenditure and income 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.

Opinion on other matters prescribed by the Companies Act 2006

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the requirements of the Companies Act 2006;
- the information given in the Directors' Report and Strategic Report for the financial period for which the financial statements are prepared is consistent with the financial statements and these reports have been prepared in accordance with the applicable legal requirements; and
- 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.

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, or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements 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.

Peter Morland (Senior Statutory Auditor)

31 October 2017

For and on behalf of the

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

6. Financial statements

Statement of Comprehensive Net Expenditure for the period ended 31 March 2017

| | Note | £000 |
|--|------|--------------|
| Operating expenditure | | |
| Staff costs | 2 | 1,374 |
| Other operating expenditure | 3 | 763 |
| Net operating cost | | 2,137 |
| Other comprehensive expenditure | | - |
| Total comprehensive expenditure | | 2,137 |

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

The notes on pages 36 to 40 form part of these Accounts.

**Statement of Financial Position
as at 31 March 2017**

| | Note | £000 |
|----------------------------------|------|--------------|
| Current liabilities | | |
| Trade and other payables | 4 | (848) |
| Total current liabilities | | (848) |
| Assets less liabilities | | (848) |
| Taxpayers' equity: | | |
| General fund | | (848) |
| Total taxpayers' equity | | (848) |

The notes on pages 36 to 40 form part of these Accounts.

Lara Newman

Chief Executive and Accounting Officer
24 October 2017

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

**Statement of Cash Flows
for the period ended 31 March 2017**

| | Note | £000 |
|---|------|----------------|
| Cash flows from operating activities | | |
| Net operating cost | | (2,137) |
| Increase in payables | 4 | 848 |
| Net cash outflow from operating activities | | (1,289) |
| Cash flows from investing activities | | |
| | | - |
| Net cash outflow from investing activities | | - |
| Cash flows from financing activities | | |
| Exchequer supply from sponsor department | | 1,289 |
| Net cash inflow from financing activities | | 1,289 |
| Net increase in cash and cash equivalents | | - |
| Cash and cash equivalents at 20 September 2016 | | - |
| Cash and cash equivalents at 31 March 2017 | | - |

The notes on pages 36 to 40 form part of these Accounts.

**Statement of Changes in Taxpayers' Equity
for the period ended 31 March 2017**

| | General Fund £000 |
|--|------------------------------|
| Balance at 20 September 2016 | - |
| Issue of share capital | - |
| Net Parliamentary Funding - drawn down | 1,289 |
| Comprehensive expenditure for the year | (2,137) |
| Balance at 31 March 2017 | (848) |

The General Fund represents total assets less liabilities.

The notes on pages 36 to 40 form part of these Accounts.

Notes to the accounts

NOTE 1 – Accounting policies

Statement of accounting policies and compliance

LocatED 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 in accordance with the *Companies Act 2006* and Financial Reporting Manual (FReM) issued by HMT where this does not conflict with 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 financial statements were approved for issue by the Board of Directors on 12 October 2017. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling and rounded to the nearest £000.

Critical accounting judgements and key sources of estimation uncertainty

LocatED has made judgements, estimates and assumptions in the preparation of these accounts that affect the application of policies and reported values of liabilities and expenditure. LocatED bases these judgements, estimates and assumptions on historic and other factors that it believes to be reasonable.

Grant in aid from the sponsoring department

LocatED has recorded all grant-in-aid by the department as financing as 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.

Financial liabilities

LocatED classifies financial liabilities, where appropriate, at fair value through profit or loss, or as financial liabilities measured at amortised cost (face value plus any discounts). Financial liabilities include trade and other payables and accruals. LocatED's measurement of financial liabilities depends on their classification, as follows:

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.

Employee benefits

LocatED offers staff a defined contribution scheme where LocatED match 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.

Value added tax

LocatED is not registered for VAT as it had no VAT taxable turnover in 2016-17. All expenses are presented inclusive of VAT.

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.

Accounting developments

In order to comply with the requirements of *IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors*, LocatED must disclose where it has not applied a new IFRS that is in issue but is not yet effective. LocatED has carried out a review of the IFRS in issue but not yet effective, to assess their impact on its accounting policies and treatment, and found that none have a material impact on LocatED's accounts. LocatED therefore has chosen not to adopt early requirements of amendments to any accounting standards and interpretations that have an effective date after the date of these accounts.

Corporation tax

LocatED will not incur any corporation tax in 2016-17 as it made no supply of goods or services so did not generate any taxable surplus however it will submit the statutory return.

Leases

LocatED do not have any leases. The lease for the premises it occupies is held by the Department for Communities and Local Government on behalf of the Department, and LocatED pays a fee to the Department's Property Asset and Management Unit to reimburse them for the cost of the lease.

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.

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

| | 2016-17 | | |
|--------------------------------|--|----------------|---------------|
| | Permanently employed staff £000 | Others £000 | Total £000 |
| Salaries | 773 | 492 | 1,265 |
| Social security | 93 | - | 93 |
| Pension costs | 16 | - | 16 |
| Total staff costs | 882 | 492 | 1,374 |
| Average number of staff | 25.0 | 5.5 | 30.5 |

NOTE 3 – Other operating expenditure

| | 2016-17 £000 |
|--|-----------------|
| Staff related costs | 18 |
| Consultancy and other professional fees | 33 |
| Premises costs including rates and service charges | 464 |
| Utilities | 35 |
| Board costs | 21 |
| IT and telecommunications costs | 42 |
| Travel and subsistence | 44 |
| Other expenditure | 31 |
| Marketing | 45 |
| NAO auditor's remuneration * | 30 |
| Total | 763 |

* 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.

NOTE 4 – Payables

| | 2016-17 £000 |
|---|-----------------|
| Amounts falling due within one year: | |
| Trade payables | 104 |
| Accruals and deferred income | 744 |
| Total payables due within one year | 848 |

Of the payables, £411,000 was owed to the Department for fit out costs, FM charges, utilities, rent and service charge. A further £16,000 was an accrual for the employer's pension contribution and £38,000 for bonus payments for 2016-17.

NOTE 5 – Related party transactions

LocatED provides services to the Department pursuant to the terms and conditions set out in the Framework Document and is funded by the Department.

Peter Lauener, the Chief Executive of the ESFA represents the Secretary of State as Shareholder Representative on LocatED's Board and committees.

Mike Green, the ESFA Director of Capital, is LocatED's Senior Sponsor and was the sole director of LocatED from 20 September 2016 until his resignation on the 21 February 2017.

Michael Wu and Alyson Gerner are employees of the ESFA and are seconded to LocatED.

From the date of incorporation Lara Newman was interim Managing Director of LocatED and during this period she was a director of Cleanslate Consulting Limited. She resigned on 28 February 2017.

Julie Noble, the interim Director of HR and now the Chief People Officer is a Director of Noble HR.

Related Party Transactions

| | Expenditure £000 | 2016-17 Revenue £000 |
|-------------------------------|---------------------|----------------------------|
| Cleanslate Consulting Limited | 226 | - |
| Noble HR Solutions | 5 | - |
| EFA ⁽¹⁾ | - | - |

(1) All of LocatED's Grant in Aid was received from the Department of whom the EFA was an executive agency

The expenditure with Cleanslate Consulting Limited was for the services of the Interim Managing Director and a Project Director to support the set-up of LocatED.

At the 31 March the £5,000 noted in the table was still owed to Noble HR Solutions and was included in the accruals for the period to the 31 March 2017. There was no outstanding balance for Cleanslate.

NOTE 6 – Events after the reporting period

Leaving the European Union

On 29 March 2017, the Prime Minister notified the European Council in accordance with Article 50(2) of the Treaty on European Union of the United Kingdom's intention to withdraw from the European Union. The financial effect of this event will not be known until after the reporting period and a reasonable estimate cannot be made at this time.

General Election

On 19 April 2017, the House of Commons voted to dissolve the sitting Parliament with a General Election to be held on 8 June 2017. The General Election returned the Conservative party as a minority government. The Rt Hon Justine Greening retained her role as Secretary of State for Education, and her ministerial team remained broadly unchanged following the election. The Department's role and policy areas remained broadly stable across the election, we do not anticipate significant changes to LocatED in the forthcoming year.

NOTE 7 – 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 details of this are included in the Directors' Report.

Notes on terminology

Education and Skills Funding Agency (ESFA)

The ESFA is an executive agency of the Department for Education. On 1 April 2017, the Education Funding Agency (EFA) and Skills Funding Agency (SFA) merged to become the Education and Skills Funding Agency (ESFA). The new agency assumed all responsibilities of the previous agencies.

Free Schools

Free schools are non-profit-making, state-funded schools, which are free to attend but outside of local authority control. LocatED has a vital role in supporting the Department to meet the Government's commitment to an ambitious Free Schools programme that delivers choice, innovation and higher standards for parents. As a new provision, finding a suitable site is a key challenge in the free school delivery process.

Red Book Value (RBV)

A red book valuation is the name that is given by practitioners to a valuation report that adheres to the Royal Institution of Chartered Surveyor's Valuation Professional Standards, also known as the Red Book.

CCS1017192858
978-1-5286-0077-4