



LocatED Property Limited

Annual report and accounts

for the year ended 31 March 2020

Company Number 10385637

HC 992



LocatED Property Limited

Annual report and accounts for the year ended 31 March 2020

A non-departmental public body

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HC 992



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1. STRATEGIC REPORT

Chair's statement

Michael Strong, Board Chair



I am pleased to have the opportunity to reflect on another successful year for LocatED.

This success has been driven by the professionalism, dedication and focus of LocatED's people. So, I would like to place on record my thanks to the individuals that make up LocatED's specialist teams, vital support staff and the Executive. Plus, I would like to thank my Non-executive Directors for their considerable commitment to the company, their time and their

sound advice.

I would also like to thank our many clients and partners – with particular thanks to the Department for Education (the Department) and our Sponsorship Team.

As Chair I represent the interest of the Secretary of State for Education. So, for me, it is of particular note that, in December 2019, the Department renewed LocatED's operational mandate for a further three years.

This renewal of our mandate is already allowing LocatED to increase its part in the Government's provision of quality schools for future generations of children. We are continuing to acquire land and buildings for school development at best value; we are managing held assets to generate returns; and we will continue to facilitate the development of large, complex and mixed-use projects – that might otherwise go unrealised without LocatED's skills and expertise.

This year we also progressed our innovative Surplus Land for Housing Pilot. This will generate significant capital to address condition challenges facing schools and further education colleges, while also releasing public land for much-needed housing.

As we leave the year, the nation is grappling with Covid-19. In response, I and my team at LocatED will do whatever we can to support the Government in the operating of schools and the educating of children.

Looking forward, I will continue to ensure LocatED is able to deliver specialist advice and solutions wherever they are required; to improve the procurement, quality and management of the school estate to benefit pupils.

Chief Executive's perspective on performance

Lara Newman, Chief Executive



Every year presents its own, unique set of opportunities. As we look back, we know now that 2019-20 turned out to be quite exceptional. I am both relieved and proud to report that LocatED accepted or overcame every opportunity and challenge that came its way.

LocatED remained focused on delivering benefit and support to the Department, wider government and the taxpayer through our primary commission to

secure viable sites, across England, for new schools.

Our commission delivered 27 sites for free schools, once again beating our target for the year. This achievement, as well as delivering value, will lead to the creation of 9,974 much-needed school places for generations of children to come.

Along with delivering the sites for new schools, the Acquisitions Team managed the disposal of seven sites surplus to the Department's requirements for schools. All disposals came in on, or in excess of, their Red Book Valuation, providing both assurance and additional resource to the Department.

Looking further back, we can see the pipeline of free school development has been fast flowing, but it is beginning to ease. This means LocatED has increasing capacity to provide its expertise and resource to the government.

In fact, the approval of LocatED's business case in December 2019, for a further three years, means we are already beginning to bring the expertise and market insight that we were created to provide to new areas of work.

This is being done with the objective of delivering efficiency and value for money – to not only the Department, but its many co-delivery partners across government and the public sector. And as 2019-20 came to a close, with the impact and costs of Covid-19 beginning to mount, it became clear that never had this been more important for the nation.

LocatED's support was in just as much demand this year as it was last. We responded to 175 advice commissions – including a significant rise in section 77 advice on applications made by local authorities and academies – giving and joining-up property advice on a wide range of leases, disposals and related issues.

Our specialist Development Team worked across the year on delivering projects, on behalf of the Department, each with its own complex commercial components.

Of particular note was the completion of the London Screen Academy. This school is a brand new sixth form free school for students with a passion for film and television, and the stories they

tell. It has been created to teach a vocational curriculum comprising behind-the-camera skills and the background knowledge needed to join the screen industries.

It is also an award-winning development and an exemplar of our ability to deliver a complex project from start to completion, in a dense urban area – and in this case, within a conservation area.

Built as a factory in the 1920s, the original building on the site was land-locked by homes and had been vacant for a number of years before it was acquired by the Department in 2015. Along with the decision to preserve the original façade, the functional requirements of this very specialist school added yet another layer of complexity.

I firmly believe that schools can provide anchors to both neighbourhoods and communities. Quality design and infrastructure play an important role beyond supporting the education of young people. Quality civic buildings and schools, especially those that are multi-use, play a central role in place-making, giving a neighbourhood a focus, a soul and a sense of community. Strong communities are a much-undervalued asset, but they can play a vital role in supporting the state in the discharge of its responsibilities. This was particularly evident following the outbreak of Covid-19.

I am also pleased to report that, once again, our Asset Management Team has been successful across all of its measures, as well as managing and mitigating risk to the Department through ensuring its vacant sites are safe, secure, and statutorily compliant.

The team managed a dynamic portfolio of 91 properties, comprising approximately 400 acres of land and 1.27 million sq. ft of buildings. The value of these assets is in the region of £492 million. LocatED's approach to asset management includes leveraging the portfolio to provide income, social and commercial benefit, and cost-effective security.

For instance, during the year, 20 start-up enterprises and small businesses benefited from access to flexible, low cost commercial accommodation. Property guardianship occupation provided both site security and much needed, affordable housing – often in areas of housing need and stress. Flexible car parking, short-term and ad-hoc commercial use also added to asset management income, helping to generate approximately £2.1 million for the Department.

In addition, after just three years of operation, the Asset Management Team has optimised security and achieved 100% statutory compliance across all of its sites, entirely mitigating the risk of non-compliance to the Secretary of State.

LocatED continued to deploy its specialist commercial property insight in making progress with the Surplus Land for Housing Pilot, in partnership with the Department's Central Capital Unit. The pilot is focussed on sites in areas of England with high or very high housing need, with the potential to include affordable housing and sports improvements.

By the close of 2019-20 there were 16 projects in the pilot, each having progressed through a comprehensive assessment and feasibility appraisal, done in partnership with Homes England and other partners.

I am confident that this pilot will become a model for unlocking funds to support capital investment in school buildings and, in turn, release land for new homes. This is because the pilot is the manifestation of the belief that we can contribute significantly to ongoing efforts to improve the condition and management of the school estate. We must bring together stakeholders from within the Department, the Ministry of Housing, Communities and Local Government and, where appropriate, Homes England, the Greater London Authority, One Public Estate and appropriate local authorities – we aim to support a more joined up approach across government

Improving the condition and management of the school and further education's estate is a key strand of our strategic refocusing. It is a necessary response to the economy and complex land ownership of that estate. Few, if any, publicly commissioned organisations, other than LocatED, have the property expertise or experience to deal with the issues – and opportunities – that this complexity can throw up.

During 2019-20 we have made great strides towards becoming the go-to education property experts for government, providing quality schools for future generations of children. And, with the support of a strong and cohesive team, I look forward to leading LocatED in to 2020-21 and all that we may encounter there.

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 2019-20 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 2019-20 LocatED's Key Performance Indicators (KPIs) were rated as follows, depending on the final achievement measured:

- **KPI1A – sites secured in good time (average 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 2019-20 was 9.7 months, which was rated exceptional.
- **KPI1B – sites secured in good time (percentage);** 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 2019-20 was rated good.
- **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 2019-20.

- **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 2019-20 was rated good.
- **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 2019-20 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 2019-20 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 2019-20 was rated exceptional.

Forward look

I look to 2020-21 with relish and great ambition. I remain wholeheartedly committed to delivering against our plans, objectives, and KPIs. I also look forward to increasing the benefit we can deliver by expanding our role, and the range of stakeholders we work with. Next year LocatED will continue to increase the scope, volume and value of its specialist advice and support and expects to achieve the following on behalf of the Department:

- Continue to secure sites for free schools and other educational establishments
- Manage a large portfolio of sites and buildings held for free schools. The overwhelming majority are sites purchased for free schools and held prior to handover to free school trusts or contractors
- Produce income and minimise risk from these sites
- Provide advice to the Department, other government departments and other bodies involved in schools, further education, and other social infrastructure
- Continue and expand our Surplus Land Pilot to unlock funds to support additional capital investment in school buildings and, in turn, release land for new homes

- Take on additional complex, mixed-use developments in support of the efficient delivery of new schools
- Dispose of sites that are no longer required for educational use by the Department
- Support the Government's target to bring all greenhouse gas emissions to net zero by 2050 by advocating and mandating the use of carbon neutral design, construction and asset management.

Programme assurance

In 2019-20, 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, while 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 2019-20 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.

This year was the final 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 2019-20 is detailed as follows.

Community

LocatED does not, and cannot, work in a commercial or social vacuum. Part of LocatED's ethos is that it has responsibilities to its clients, suppliers, neighbours and to the wider communities it serves. LocatED has delivered the following initiatives:

- **Volunteering**

During the year, 53% of employees took part in LocatED's volunteering scheme that offers each employee two paid days a year to undertake voluntary work of their choice. This is an increase of 24% from the previous year.

Employees volunteered in schools, at career events, for a charity supporting homeless people, as a crisis councillor for people who need mental health support, and in various roles supporting Multi Academy Trusts (MATs), among many more worthwhile causes.

- **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 2019-20 the team supported four students to complete work experience within the acquisitions and development functions.

- **Apprenticeship Surveyor Programme**

LocatED has partnered with The University College of Estates Management (UCEM) to develop an Apprenticeship Surveyor Programme that will provide a mix of hands-on practical experience, structured learning, and development to support apprentices in completing the Assessment of Professional Competence.

LocatED supported two apprentices through the programme and hopes to increase the number over the next year.

- **After-school clubs**

LocatED partnered with Pimlico Primary School to offer children access to after-school clubs.

Four volunteers from LocatED managed this initiative to help run after school clubs on property and marketing for children at the school. The volunteers ran eight sessions over two months and worked with 25 children aged from 6 to 11 years old.

- **Supporting Multi-Academy Trusts to succeed**

LocatED continued its support of 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, and the team has helped facilitate on-boarding and training events for new members of boards.

■ **Property guardianship**

LocatED operates two guardian schemes on properties that it manages for the Department. Guardian schemes make 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 agree to vacate the property prior to redevelopment.

LocatED had two live guardian schemes, both of which have been operating successfully for two years – one in Kingston-upon-Thames and one in Manchester – providing 20 homes.

■ **Community use of vacant sites**

LocatED endeavours to provide community access to vacant sites in its portfolio for local groups, clubs, and events where it is feasible.

This year LocatED granted use of vacant sites to allow police search and rescue training, it also granted licences to allow a demonstration by the Air Ambulance. Other community uses involved allowing use of vacant properties for a local dance group, and for car parking.

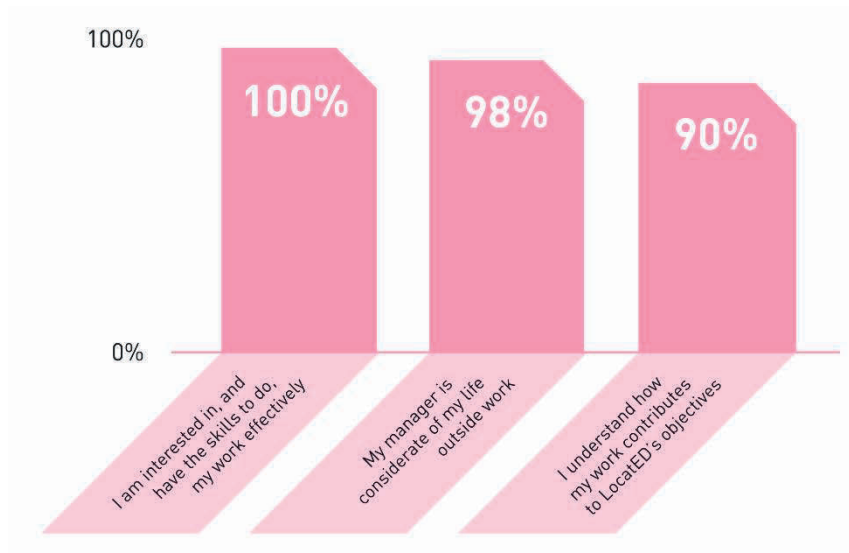
In 2020-21 LocatED is committed to developing and growing these initiatives to support the community. It aims to increase adoption of its voluntary programme and to offer a broader range of work experience opportunities for young people at LocatED to promote accessible routes into the property profession 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 2019-20 LocatED demonstrated progress towards these goals, with the following percentage of employees reporting in the annual staff survey their agreement with the statements:



In the same survey, 100% of respondents said they had not experienced bullying or harassment at work.

Additionally, 80% of staff agreed that the learning and development activities they had undertaken at LocatED had improved their performance at work.

LocatED's People team also successfully promoted a company-wide, comprehensive learning and development programme throughout 2019-20. Activities included:

- 49 lunchtime seminars, with speakers from across the public and commercial sectors
- 109 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
- The promotion of home working alongside the use of sustainable travel planning and intelligent IT to minimise travel
- Electricity/energy-saving practices
- Educating staff and promoting environmental initiatives in the workplace. In 2019-20 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 2021.

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
16 November 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>Chief Executive</p>	 <p>Michael Strong</p> <p>Board Chair</p>	 <p>Caroline Tolhurst</p> <p>Non-executive Board Member</p>	 <p>Jayne MacLennan</p> <p>Non-executive Board Member</p>
 <p>Julian Rudd-Jones</p> <p>Non-executive Board Member</p>	 <p>Phil Ellis</p> <p>Non-executive Board Member</p>	 <p>Alyson Gerner</p> <p>Finance Director</p>	 <p>Michael Wu</p> <p>Legal Counsel</p>

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	31 March 2020
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 2021.

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 2019 to 31 March 2020.

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 2020 (2018-19: £nil).

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

There was no significant credit risk to LocatED during 2019-20. 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 year to 31 March 2020.

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 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 2020 LocatED was given a budget of £9.3 million to cover its operating costs. This included £3.5million for project related pre-acquisition costs for sites, mixed-use developments and disposals.

LocatED completed 27 site acquisition commissions in the year and managed over 90 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 2020-21 LocatED will continue to get all 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 £58,200 including VAT (2018-19 £42,000 including VAT). 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.

On the 2 December 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
16 November 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 (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 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
16 November 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 2020 and up to the date of approval of the Annual Report and Accounts.

The organisation's governance framework

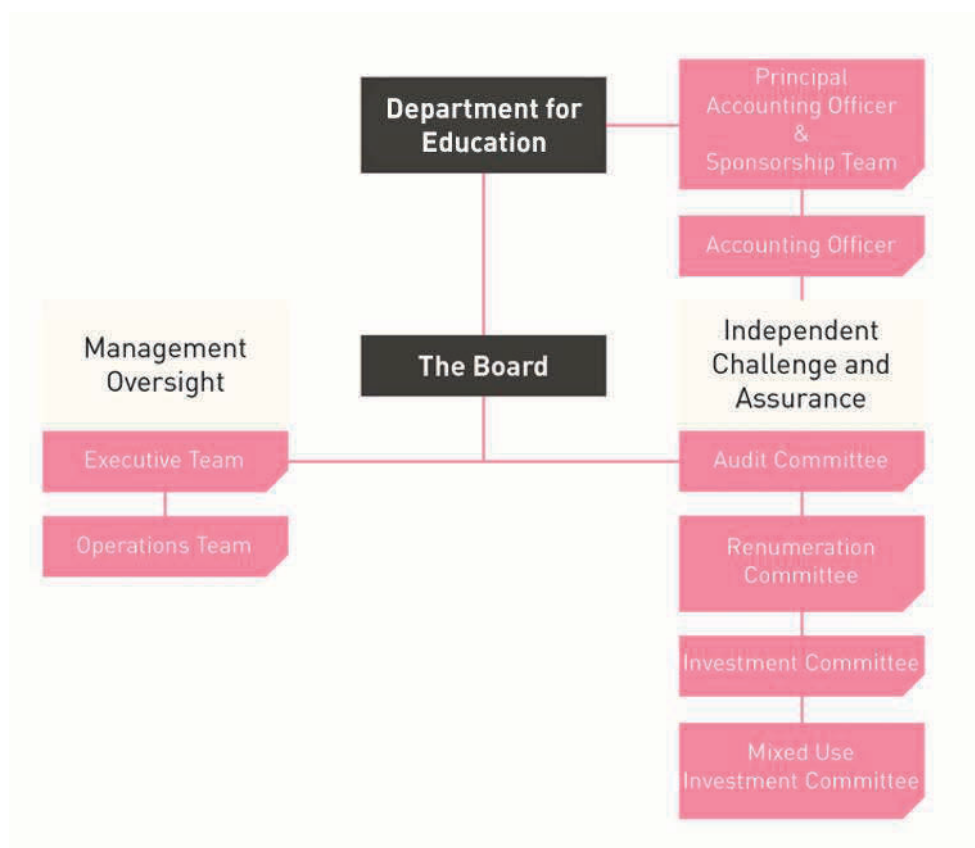
As sole shareholder, the Secretary of State resolved to adopt the Articles on 4 January 2017; these were subsequently approved by the LocatED Board on 22 February 2017 subject to amendment. The Secretary of State subsequently adopted the amended Articles on 7 March 2017.

LocatED's other governance documents of relevance to the current year 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 3 September 2019, 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 4 June 2019 from the Permanent Secretary of the Department confirming LocatED's budget allocation for the financial year 2019-20

- 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 2019 the Board consisted of the Chair, four other Non-executive Directors, the Chief Executive and two Executive Directors. The Shareholder's Observer is invited to attend the Board, Audit and Remuneration Committee meetings and receives all the relevant papers. The Board met for ten out of 12 months and each member, as well as the Shareholder's Observer, was 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.

Member	Role	Meetings attended
Michael Strong	Chair and Non-executive Director	10
Caroline Tolhurst	Non-executive Director	10
Jayne Maclellan	Non-executive Director	8
Phil Ellis	Non-executive Director	10
Julian Rudd-Jones	Non-executive Director	9
Lara Newman	Chief Executive Officer	10
Alyson Gerner	Finance Director, Executive Director	9
Michael Wu	Legal Counsel and Company Secretary, Executive Director	9
Shareholder's Observer or deputy	Director of Capital	10

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

Presentations on a wide range of subjects relevant to the business continue to be provided before Board meetings and are regularly attended by Board members. The Board undertook a self-assessment exercise in February 2020, the results of which were reviewed by the Board in April 2020. As a result further training is to be provided to Board members and the terms of reference for the Board and each Board committee are being updated.

On 15 April 2020, the Board confirmed that in 2019-20 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 Observer attends the Board and gives a summary of any new developments within the Department.

Highlights of the Board and committee reports

During 2019-20, the Board 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 a third party advice charging policy, undertook three strategy meetings, participated fully in work with the Department to help facilitate the approval of the business case for the continuation of LocatED and members of the Board participated in several cross government working bodies.

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

Audit Committee (AC)

During 2019-20 the Audit Committee approved the Government Internal Audit Agency (GIAA) internal audit plan, the GIAA charter, the NAO's external audit plan 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 2019-20 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 Finance Director, LocatED Legal Counsel, representatives from the NAO, representatives from GIAA and the Shareholder's Observer.

Investment Committee (IC)

During 2019-20 the Investment Committee assessed and approved 32 acquisitions and four disposals.

Function

To approve all acquisitions, disposals and any other transactional decisions escalated to it by LocatED's Accounting Officer.

During 2019-20 the Investment Committee met twelve times. The membership and their attendance is listed below:

Members	Meetings attended
Julian Rudd-Jones (Chair)	10
Lara Newman	9
Phil Ellis	12

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, the terms of the delegated authorities and mixed-use project acquisition criteria agreed with the Department (collectively the ‘Mixed-use Requirements’).

During 2019-20 the Mixed-use Investment Committee met twelve times.

The membership and their attendance is listed below:

Members	Meetings attended
Julian Rudd-Jones (Chair)	10
Lara Newman	9
Phil Ellis	12
Paul Mustow, Department for Education (or Nominated Deputy)	12

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 2019-20 the Remuneration Committee met three times. The membership and their attendance is listed below:

Members	Meetings attended
Michael Strong (Chair)	3
Jayne MacLennan	2
Caroline Tolhurst	3

Other attendees by invitation are: LocatED Chief Executive, Shareholder's Observer, 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.
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 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

The newly awarded Facilities Management contract was mobilised in 2019-20 as well as a new Managing Agents contract also being awarded and mobilised. Together these two new contracts align procurement activities to their pertinent sector frameworks through Crown Commercial Service, effectively mitigating procurement risk.

Risk monitoring and escalation

In 2016-17 LocatED developed a risk management strategy that was agreed by LocatED's Audit Committee in March 2017. The document was reviewed in September 2017, March 2018 and updated in January 2020; and it has been fully implemented. The risks detailed in the Strategic Risk Register are reviewed by the relevant committees such as the Investment Committee and the Remuneration Committee and the Board every quarter. LocatED's Operational Management Team review on a rotating basis two risks detailed in the Operational Risk Register on a monthly basis. The Audit Committee reviews all risks from both Risk Registers 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 four audits in 2019-20: 1. Journal and Accruals; 2. Treasury and Counter-fraud; 3. Mixed-use developments, and 4. Capital Site Management. In all four cases, 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.

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 assurance position. LocatED has accepted this assessment and has either implemented or is working to implement the suggested improvements.

Countering fraud, error and debt

In the year to 31 March 2020 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 2019-20 and it had no protected personal data-related incidents reported in 2019-20 that were significant enough for the Department to record centrally. This was the same in 2018-19.

Conclusion

In the year to 31 March 2020 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
16 November 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 has a permanent contract, subject to three months' notice by either party. The Legal Counsel and Finance Director are on secondment from the Department and their appointments are fixed. The Chair and Non-executive Directors that remain in post and are covered by this report hold appointments until 31 March 2021. Early termination for Executive Directors (who are not secondees), other than for misconduct, would result in the individual receiving statutory compensation payments.

Remuneration (salary, fees, performance related pay (PRP) and pensions) of Directors of LocatED (subject to audit)

Director	Salary	PRP Payments	Pension Benefits	Total	Salary	PRP Payments	Pension Benefits	Total
	2019-20 £'000	2019-20 £'000	2019-20 £'000	2019-20 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000	2018-19 £'000
Lara Newman Chief Executive	195-200	30-35	12	240-245	190-195	30-35	12	235-240
Michael Wu Legal Counsel	95-100	0-5	28	125-130	95-100	-	36	130-135
Alyson Gerner Finance Director	95-100	-	29	125-130	95-100	0-5	27	125-130
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

* '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. The Non-executive Directors receive fees.

Notes

Alyson Gerner and Michael Wu are on secondment from the Department for 4 years and 3 months and 4 years and 2 months respectively. Both secondments end on the 31 March 2021. £162k was paid to the Department in respect of the Director's services of Michael Wu and £168k 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.

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	2019-20	2018-19
Band of highest paid director's remuneration	£230,000 - £235,000	£225,000 - £230,000
Median	£66,669	£65,750
Range (£)	£20k to £25k - £230k to £235k	£25k to £30k - £225k to £230k
Remuneration ratio from highest salary to median	3.49	3.46

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 2019-20 was £230,000-£235,000. This was 3.49 times the median of the workforce which was £66,669.

There was a movement in the median from £65,750 to £66,669 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 2020	Real increase in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	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	900	842	17	-
Michael Wu	20-25 pension	0-2.5 pension	336	296	21	-
Lara Newman	65-70 pension*	-	-	-	-	12

*relates to the value of the pension as at 31 March 2020, not the sum at pension age.

The Chief Executive, Lara Newman, is part of a defined contribution workplace pensions scheme. Alyson Gerner and Michael Wu are members of the defined benefit Civil Service Pension Scheme, therefore they will benefit from employer contributions, however these are made by their actual employer, the DfE, and not LocatED, as they are secondees.

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 because 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 2020	Headcount as of 31 March 2020	Average headcount in the period to 31 March 2019
Permanent	47.8	51	49.5
Contractors/Agency	0	0	0.83
Seconded	5.3	5	4
Total	53.1	56	54.33

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 2019-20.

Sickness absence

During the period, LocatED lost 22 days (27 days in the period to 31 March 2019) 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 are 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 2020 LocatED's staff headcount figures, for permanent (UK) staff with an employment contract (including five 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	3	2	5
Associate Director	4	1	5
Senior Manager	5	1	6
Manager	16	3	19
Corporate Support	4	3	7
EA, PA & Assistant		4	4
Graduate	4		4
Total	36	15	51

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 2019 and 31 March 2020.

There were no off-payroll engagements of Board members, and/or senior officials with significant financial responsibility in the period to 31 March 2020.

There were no arrangements that existed as of 31 March 2020 for more than £220 per day and that lasted longer than six months.

There were no new off-payroll engagements or those that reached six months in duration between 1 April 2019 and 31 March 2020 for more than £220 per day that lasted for longer than six months.

Staff exit packages (subject to audit)

There were no staff exit packages in 2019-20 (2018-19: nil).

Pension schemes

LocatED offers a defined contribution workplace pensions scheme in the United Kingdom for its employees. Employee contributions are salary-related and range between 4% and 6% of earnings. The employer matches that contribution up to a total of 6% of basic pay.

For 2019-20, LocatED made employer's contributions of £154k.

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
16 November 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 2019-20 (2018-19: nil).

Special payments, including severance payments (subject to audit) – there were no payments in 2019-20 (2018-19: nil).

Gifts (subject to audit) – there were no gifts made in 2019-20 (2018-19: nil).

Fees or charges that required notification to Parliament (subject to audit) – there were no fees or charges in 2019-20 that required notification to Parliament in 2019-20 (2018-19: 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 2020 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 as adopted by the European Union. I have also audited the information in the Remuneration 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 2020 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 income and 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- Located Property Ltd's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- Located Property Ltd have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' and Accounting Officer's Responsibilities Statement, the Directors and accounting officer 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.
- conclude on the appropriateness of the Located Property Ltd'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 the company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause Located Property Ltd to cease to continue as a going concern.

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 has 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 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 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 Directors' remuneration 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.

Peter Morland (Senior Statutory Auditor)

16 November 2020

For and on behalf of the

Comptroller and Auditor General (Statutory Auditor)

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 2020 (SoCNE)

	Note	2019-20 £000	2018-19 £000
Staff costs	2	4,742	4,561
Expenditure	3	4,535	7,317
Total operating expenditure		9,277	11,878
Net expenditure for the year		9,277	11,878
Other comprehensive expenditure		-	-
Total other comprehensive expenditure		-	-
Comprehensive net expenditure for the year		9,277	11,878

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 2020 (SOFPI)

	Note	31 March 2020 £000	31 March 2019 £000
Non-current assets:			
Property, plant and equipment	4	3	4
Total non-current assets		3	4
Current assets			
Prepayments	5	17	52
Cash and cash equivalents	6	1,600	284
Total current assets		1,617	336
Total assets		1,620	340
Current liabilities			
Payables	7	(2,109)	(2,066)
Total current liabilities		(2,109)	(2,066)
Total assets less current liabilities		(489)	(1,726)
Assets less liabilities		(489)	(1,726)
Taxpayers' equity:			
General fund		(489)	(1,726)
Total taxpayers' equity		(489)	(1,726)

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 16 November 2020

Lara Newman

Chief Executive and Accounting Officer
16 November 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 2020

	Note	2019-20 £000	2018-19 £000
Cash flows from operating activities			
Net operating cost	SoCNE	(9,277)	(11,878)
Adjustments for non-cash transactions		1	3,087
Decrease/(Increase) in receivables	5	35	(13)
Increase in payables	7	43	162
Net cash outflow from operating activities		(9,198)	(8,642)
Cash flows from investing activities			
Purchase of PPE	4	-	-
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Grant-in-aid from sponsor department	SoCTE	10,514	8,926
Net cash inflow from financing activities		10,514	8,926
Net increase (decrease) in cash and cash equivalents		1,316	284
Cash and cash equivalents at beginning of the year		284	-
Cash and cash equivalents at end of the year		1,600	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 2020

	Note	General Fund £000	Total £000
Balance at 1 April 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)
Issue of Share Capital		-	-
Grant-in-aid from sponsor Department		10,514	10,514
Comprehensive expenditure for the year		(9,277)	(9,277)
Balance at 31 March 2020		(489)	(489)

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 2020 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

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.

On the 2 December 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.

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 comprises cash in hand, held in LocatED's bank account.

In accordance with IAS 7 Statement of Cash Flows the Company presents balances as cash in the Statement of Financial Position 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 2019-20. 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 2019-20 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 came 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 currently does not have any leases, as such the new standard does not have an 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).

Note 2 – Staff costs

	2019-20			2018-19		
	Permanently employed staff £000	Others £000	Total £000	Permanently employed staff £000	Others £000	Total £000
Wages and salaries	3,397	717	4,114	3,422	591	4,013
Social security costs	474		474	409		409
Pension costs	154		154	139		139
	4,025	717	4,742	3,970	591	4,561

Note 3 – Operating expenditure

	2019-20 £000	2018-19 £000
Property pre-acquisition costs	3,506	6,124
Staff-related costs	94	93
Consultancy and other professional fees	38	94
Board costs	85	85
Premises costs including rates and service charges	296	398
Utilities	5	2
Catering	12	7
Marketing	80	84
IT and telecommunications costs	45	90
Travel and subsistence	269	253
Bank charges	-	1
Audit fees*	100	49
Other expenditure	4	36
Depreciation	1	1
Total	4,535	7,317

* The NAO auditor's remuneration relates to fees payable for the audit of the statutory annual accounts. The NAO fee was £58,200 including VAT for 2019-20 and £42,000 including VAT for 2018-19. The auditors did not provide any non-audit services. The figure for Audit fees for 2019-20 includes the cost of Internal audit. In 2018-19 internal audit costs were included in consultancy and other professional fees.

Note 4 – Property, plant and equipment

	2019-20	2018-19
	£000	£000
Cost or Valuation		
At 1 April	5	5
Additions	-	-
Reclassifications	-	-
At 31 March	5	5
Depreciation		
At 1 April	(1)	-
Depreciation charge	(1)	(1)
At 31 March	(2)	(1)
Carrying value at 31 March	3	4

Note 5 – Prepayments

	2019-20	2018-19
	£000	£000
Prepayments	17	52
Total current prepayments due within one year	17	52

Note 6 – Cash and equivalents

	2019-20 £000	2018-19 £000
Balance at 1 April	284	-
Net change in cash and cash equivalent balances	1,316	284
Balance at 31 March	1,600	284
The following balances are held at:		
Cash at bank and in hand:		
Government Banking Service	1,600	284
Commercial banks	-	-
Cash held with solicitors	-	-
Balance at 31 March	1,600	284
Overdrafts:		
Government Banking Service	-	-
Commercial banks	-	-
Balance at 31 March, net of overdrafts	1,600	284

Note 7 – Payables

	2019-20 £000	2018-19 £000
Trade payables	99	271
Tax and social security	110	110
Other payables	-	400
Accruals	1,900	1,285
Total payables due within one year	2,109	2,066

Note 8 - Related party transactions

LocatED is an Arms-length Body of 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. £162k was paid to the Department in respect of the Director's services of Michael Wu and £168k was paid to the Department in respect of the Director's services Alyson Gerner. These figures include salary, pension, employer social security costs and VAT.

Note 9 – 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 10 – Events after the reporting period

Covid-19

There are no adjustments arising from events that occurred after the year end in relation to COVID-19 or other causes. LocatED continue to operate effectively despite the pandemic.

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