



HARPUR TRUST

**Annual Report of Trustees and Financial Statements
2015/16**

**Company Number: 3475202
Registered Charity Number: 1066861**

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Annual Report of Trustees and Financial Statements 2015/16

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ending 30 June 2016, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

Chairman's Message

This year has been a special one for The Harpur Trust. We celebrated our 450th Anniversary with a variety of activities that have benefited all parts of the community, as Sir William Harpur might have wished.

The Trust's schools continue to be successful, offering an excellent range of academic and co-curricular opportunities to pupils. Their programme of means-tested fee assistance helps over 230 pupils benefit from the education they provide: through this and the many and varied ways they engage with the community, the schools are an integral part of the fabric of the town.

Looking forward, we hope to complete the transition of the Bedford Academy, which we are proud to sponsor, to a Multi-Academy Trust in partnership with Shortstown, Shackleton and Cauldwell primary schools.

Residents in our almshouses will shortly move to excellent new facilities on Kimbolton Road and work will start on the new retirement village in Wixams, which is being built in partnership with the ExtraCare Charitable Trust.

Our grants programme remains central to our work in the community and we aim to deliver the best possible benefit to the people of the Borough. In addition, the Trustees have designated £2,000,000 from the sale of land for our "Social Investment" initiative. We hope that this innovative way of delivering help to the community will begin to bear fruit this year.

So, despite being 450 years old, the Trust continues to develop and improve with the aim of inspiring and supporting the people of Bedford. If you would like to find out more about what we do, please do not hesitate to get in touch.

Strategic Report

Objective - what we want to achieve

Our Strategic Plan 2016-2020 is available on our website (www.harpurtrust.org.uk) and some of its main components are set out below.

Our Vision

The Harpur Trust is a local charity that uses the legacy of Sir William Harpur, who founded the Trust in 1566, to benefit the inhabitants of the Borough of Bedford through the promotion of education, the relief of poverty, sickness, hardship or distress and the provision of recreational facilities with a social welfare purpose.

Our Mission - is to inspire and support people by:

Providing education

Promoting the highest quality, well-rounded education: through excellence in our own schools; promoting wider excellence in education through grant funding; supporting the Bedford Academy and other maintained schools and maximising access to our schools for the economically disadvantaged.

Creating opportunity

Providing individual support and developing access to learning programmes in all communities in Bedford, through grant funding and in partnership with other organisations.

Breaking down barriers

Providing support via grant funds to organisations and individuals where needed, involving people in local initiatives, reducing barriers caused by disadvantage and increasing the community's access to recreation.

Our Activities

The Trust fulfils this mission through the following core activities:

- Operating four distinct independent schools in Bedford (Bedford School, Bedford Modern School, Bedford Girls' School, Pilgrims Pre-Preparatory School) and sponsoring Bedford Academy;
- Providing almshouse accommodation for older people in Bedford; and
- Providing grants to local organisations and individuals.

Achievements and Performance in the year

This year has been a key one for The Harpur Trust as it celebrates its 450th anniversary as a charity here for the people of Bedford Borough. Its year-long programme of community events and projects were designed to support the Trust in achieving its mission of:

- Providing education
- Creating opportunities
- Breaking down barriers

To find out more about the 450th anniversary programme and its impact on the local community, please visit www.harpurtrust.org.uk/our-year.

Our main objectives for 2015/2016 and how we performed against them

Our broad objectives for each year are governed by our Strategic Plan and thus will change little from year to year over the period of the plan. Objectives and measures of success, and progress against these are reported annually to our Trustees. Some specific objectives for the past year are outlined below for illustrative purposes but a more comprehensive view of our plans can be found on our website (www.harpurtrust.org.uk).

The following key objectives were identified for the year:

Providing education

Promoting the highest quality, well-rounded education: through excellence in our own schools; promoting wider excellence in education through grant funding; supporting the Bedford Academy and other maintained schools and maximising access to our schools for the economically disadvantaged.

Co-operation between our schools

The Trustees wish to increase the co-operation between its own schools in areas of education in order to improve the delivery of benefits to pupils and parents whilst maintaining the individual character and ethos of each school.

- Discussions are already underway ahead of a triennial whole teaching staff joint INSET due to take place in 2018.
- The appointment of an Education Development Manager has also led to other initiatives including the launch of TEACHMEET, an inter-schools networking and training event by teachers, for teachers across our schools and the Bedford Academy.

The Bedford Academy

The Trust will widen and deepen its role as sponsor of the Bedford Academy in order to build on the Academy's success and secure further improvements for its pupils and their families.

- In October 2016, the Trust completed its objective to become the sole sponsor of the Bedford Academy, and is now working to complete the transition of the Academy to a Multi-Academy Trust.

Creating opportunities

Providing individual support and developing access to learning programmes in all communities in Bedford, through grant funding and in partnership with other organisations.

Grantmaking

The Trust's grantmaking programme will be refined and focussed to deliver greater benefit to the local community.

- The launch of the 3rd Cranfield Trust Building Capacity Programme resulted in five new groups being selected to participate in a tailored capacity building programme, leading to improved sustainability.

Social investment

The Trustees will develop and implement a programme of social investment using some of its endowment capital to further its charitable objectives and enhance its impact within the community.

- No investment has been made as yet, although various options have been explored. A conference also took place in November 2016 to educate the local voluntary sector about social investment.

Breaking down barriers

Providing support via grant funds to organisations and individuals where needed, involving people in local initiatives, reducing barriers caused by disadvantage and increasing the community's access to recreation.

The Trust's schools in the community.

The Trustees wish to build upon the existing activities of its schools within the local community in order to deliver greater impact and public benefit.

- The schools have engaged in a Lower Sixth Form joint schools project working in partnership with the Kings Arms project. A day's work was successfully completed in the summer of 2016 with a structure now in place to enable growth for future years.

Shared services

Explore areas where support services for the schools can be shared, to improve efficiency and reduce costs, in order to maximise benefit to the beneficiaries

- A new HR and Payroll software system was successfully implemented, reducing administrative burden and supporting metrics-driven decision-making.
- A review of procurement activity has also been underway to determine potential areas in which economies of scale can be maximised. This review is still being conducted.

Trustees' Strategic Priorities for 2017 to 2020

Focus on grantmaking

The Trust's grantmaking programme will be refined and focussed in order to deliver the greatest possible benefit to the local community within the priorities set out.

2017 Activities

- *Commission external evaluation of the Cranfield Trust Capacity Building programme.*

Social investment

The Trustees will develop and implement a programme of social investment using some of its endowment capital to further its charitable objectives and enhance its impact within the community.

2017 Activities

- *Work with partners in London to identify investment opportunities that can deliver benefit to the Bedford area and also possible market development activity in and around Bedford.*

Enhanced co-operation between our schools

The Trustees wish to increase the cooperation between its own schools in areas of education in order to improve the delivery of benefits to pupils and parents whilst maintaining the individual character and ethos of each school.

2017 Activities

- *To develop the charitable outreach events working in collaboration with grants and other local schools including the Academy.*
- *Identifying opportunities for more shared training at middle and senior management level on issues such as health and safety, safeguarding etc., including seeking opportunities for more cross training with Bedford Academy.*

The Trust's schools in the community

The Trustees wish to build upon the existing activities of its schools within the local community in order to deliver greater impact and public benefit.

2017 Activities

- *Continuing to develop the Lower Sixth Form joint schools project in the community.*

Structure, Governance and Management

Constitution

The Harpur Trust stems from a gift of property in Bedford and London made by Sir William Harpur and his wife in 1566 to the town of Bedford. The Charity was founded by an Act of Parliament in 1764 and is administered under a scheme sealed by the Charity Commission on 1 September 2000 and amended in 2009.

The Charity was incorporated as a company limited by guarantee on 1 July 2012, named 'The Harpur Trust' and registered as Company Number 3475202. The company is governed by Articles of Association and was registered as a charity in the UK, number 1066861.

The endowed properties ('specie' land) and assets continue to be held in the original Bedford Charity, which was amended and renamed to 'The Harpur Foundation'. The Harpur Trust is the sole corporate trustee of The Harpur Foundation and a 'Uniting Direction' was obtained from the Charity Commission, removing the need to prepare separate accounts for both company and Trust in future.

The directors of the company are known as "Trustees" and they are also members of the company for the purpose of company law and charity trustees for the purpose of charity law. This legal form has several advantages including a more effective limit of liability for the Trustees, which in turn will assist in attracting a wider cross-section of candidates for trusteeship.

There are 25 Trustees of which seven are nominated, two are representative members and the remaining 16 are co-opted, elected by the Trustees. All terms of office are for five years, with the exception of the representative members for whom it is four years. Names of Trustees and the committees on which they served during the year are shown on pages 22-24 of the financial statements.

Governance and organisation

The Trustees meet at least three times a year, with additional meetings as necessary. They receive reports from all of our committees, which themselves meet three or four times annually. Committees co-opt members who are not Trustees in accordance with the Articles of Association.

While the Trust is a single legal entity, a high degree of internal autonomy is accorded to its operating units: four schools; two almshouses; grantmaking; and the management of the endowment, all of which are accomplished through the committee system. The day-to-day conduct and maintenance of our schools is the delegated responsibility of School Committees. The Grants Committee supervises the management of the almshouses and determines monetary grants to individuals and institutions. The Endowment Committee sets overall policies for the management of the investment portfolio, which are then implemented by the Chief Executive and the investment managers. The Administration and Audit Committee approves financial and administrative procedures to be adopted across the Trust, examines and reports to the Trustees on the statutory accounts, supervises the overall risk management policy, considers the reports of the independent auditors and monitors the costs of the Trust office. A Policy Committee advises the Trustees on the overall strategic direction of the Trust. Most committees accomplish some of their work through sub-committees and working parties. The Chairmen of the School Committees, together with the school Heads, have specific responsibility for advising the Trustees on educational issues.

Trustees have handed the day to day running of the organisation to key management personnel. These have been defined as the Chief Executive, Finance Director, Human Resources Director, Community Programmes Director and the Heads of each of the four schools.

The Harpur Trust Office (HTO), managed by the Chief Executive, provides policy advice and secretarial services to the Trustees and their committees and financial, human resource and administrative services to the schools, as well as undertaking the day-to-day management of the endowment and community grants programme.

The Harpur Trust is also the trustee of an almshouse charity, Randall Cottage Homes, whose results are included within those of the Trust itself following a Uniting Direction attained from the Charity Commission.

Trustee training and induction

The Trustees place considerable emphasis on training; staff and Trustees attend seminars and workshops on a variety of issues including strategic policy review, financial management and accounts, investment, governance, appraisal, safeguarding, grantmaking and communications. There is a comprehensive, mandatory induction programme for new Trustees and non-trustee members of committees, which senior staff members at the offices and schools also attend.

Related parties and co-operation with other organisations

None of the Trustees receive remuneration or other benefit from their work with the charity. Any connection between a Trustee or senior manager of the charity with any employee, supplier or grant benefactor must be disclosed to the full board of Trustees in the same way as any other contractual relationship with a related party. In the current year no such related party transactions were reported.

Remuneration policy

The Trust's principle on remuneration is to ensure that the reward package is competitive with other equivalent organisations in the education sector and by type of role for support staff, so that it is able to attract and retain high calibre employees. The Trustees see the ability to recruit and retain talented staff as fundamental to the Trust's success. The Trustees are responsible for setting the overall reward strategy for the Trust.

The Trust's pay policies also seek to:

- 1.1 be transparent, and simple to understand and operate;
- 1.2 treat all employees fairly and pay them appropriately in line with the principles of equality and ensure that pay decisions are free from unlawful discrimination;
- 1.3 appropriately recognise and reward support staff;
- 1.4 recognise and reward teachers for their contribution and behaviours;
- 1.5 maximise the quality of teaching and learning at the school; and
- 1.6 enable the schools to manage their salary budgets effectively.

We are committed to employing the best person for the job and to ensuring that employees are treated equally and fairly. All policies and practices seek to conform to the principle of equal opportunities in terms of recruitment, selection, training, promotion, career development, discipline, redundancy and dismissal.

The Remuneration Sub-committee sets the salary for the Chief Executive and senior staff within the schools and the Harpur Trust's senior leadership team. For key management personnel (as defined on Page 9), the Remuneration Policy combines regular market benchmarking with reward for the achievement of performance targets.

We generally use the market median in the charity sector as rule of thumb for setting salaries. However, some flexibility is applied to take into consideration the specific requirements for each post and to ensure we can recruit the best candidate possible to meet the needs of our beneficiaries.

The performance and objectives of all senior staff are reviewed on an on-going basis through the Performance Review and Development Planning process. There is also a biennial 360 degree review process for senior staff which provides individuals with feedback from their line manager, their peers and their teams about how they have contributed to the achievement of our strategy and which helps identify any areas for personal development.

Equal opportunities

The Trust is committed to the promotion of equal opportunities, valuing and encouraging diversity and the creation of an inclusive working environment for all employees / workers, and opposes all forms of irrelevant and unlawful discrimination, including discrimination on the basis of age, sex, marriage and civil partnership, gender reassignment, race, disability, sexual orientation, religion or belief, pregnancy and maternity (the nine Protected Characteristics defined in the Equality Act 2010).

Ensuring that the work environment is free of harassment and bullying and that everyone is treated with dignity and respect is an important aspect of delivering equal opportunities in employment. The Trust has a separate dignity at work policy, which deals with these issues should they occur.

Risk management

Our Trustees, assisted by the senior managers in the Trust, regularly review our activities with regard to any major risks that might arise and are identified from time to time. The Administration and Audit Committee supervises the overall policy for risk management within the Trust and recommends any changes to the Board. The sub-committees of the Trust report on risk at each of their meetings and this is then reported to the Board. The Policy Committee reviews strategic risks on behalf of the Board each term and approval of the risk register by the Board is sought annually.

During the year Trustees considered the following key strategic risks to be the most significant:

- Failure to comply with relevant health and safety regulations;
- Fall in market valuation of the endowment leading to negative Unapplied Total Return (UTR);
- Falling demand for places at the Trust's schools;
- The Trust's almshouse provision becomes inadequate; and
- Cyber attack.

Actions have been identified to manage and mitigate these risks as shown in the table below. During the year, Trustees have also identified and implemented the controls necessary in order to close a number of the non-strategic risks.

Risk	Mitigation actions taken
Failure to comply with relevant health and safety regulations.	<p>All written policies concerning health and safety for employees and members of the public are reviewed annually.</p> <p>All school and office sites have trained safety officers and designated first aiders.</p> <p>Risk assessments and safe working procedures are carried out at each school, including checks of electrical equipment.</p> <p>New procedures for water safety have been established.</p>
Fall in market valuation of the endowment leading to negative Unapplied Total Return (UTR).	<p>A recommended level of general reserve to support the grants programme has been set.</p> <p>Income from expendable endowment assets is monitored (could be used to support grants programme).</p>
Falling demand for places at the Trust's schools.	Fee levels are reviewed across all The Harpur Trust schools.
The Trust's almshouse provision becomes inadequate.	The third parties who manage the almshouses alert the Trust to developments in regulatory requirements and residents' expectations.
Cyber attack.	A review of existing security protection measures (including system architecture, firewalls and operator practice) was performed and further measures which would be potentially beneficial were assessed.

In the opinion of the Trustees, the Trust has established resources and systems, including the use of the Magique risk management software, which under normal conditions should ensure risks are managed to an acceptable level. It is recognised, however, that such risk management systems and protocols cannot provide absolute assurance that all major risks have been adequately managed and a high degree of awareness of risk is encouraged with staff and Trustees alike.

Grantmaking Activities

Grantmaking policy

Grants are made in support of all three of the Trust's charitable objects and mission areas. Our Trustees have flexibility to allocate resources according to perceived need. We believe we achieve most when we make grants to maintain valuable and effective services, when we fund work which brings new services and ideas to the Borough and when we fund programmes which help voluntary organisations become more effective.

Organisations and individuals are encouraged to contact us informally for initial guidance on their applications and much advice is given verbally. Our main priorities, grant programmes and application process are also set out in the guidance notes which are available by post, email and on www.harpurtrust.org.uk. They are summarised below:

- **Promotion of education.** Since our inception we have had a key role in developing and enhancing educational opportunities in the Borough. This is reflected in the educational programmes that comprise a major element of our grantmaking. We have a broad definition of education and support projects working with people of all ages and in a wide variety of settings.
- **Relief of poverty, sickness, hardship or distress.** Trustees consider requests for staffing, running and capital costs for projects and core services. Through on-going research and consultation, locally and beyond the Borough, our Trustees continually develop grant giving priorities in response to emerging local needs and opportunities.
- **Provision of recreational facilities with a social welfare purpose.** Our grantmaking under this object has a strong emphasis on projects that address the needs of young and/or disadvantaged people. How a project proposal will act 'in the interests of social welfare' is carefully considered.

Grantmaking process

Our Grants Committee meets four times a year to consider grant applications up to £50,000 and to provide guidance from committee members to applicants on their preliminary proposals. Applications in excess of £50,000 for one year, or £150,000 over a three year period, must be agreed by our Trustees on recommendation from our Grants Committee. Our Chairman and Deputy Chairman of the Grants Committee have delegated authority to make grants below £5,000. They meet regularly to take decisions on smaller grant applications, which can now take advantage of a simpler process, and to give guidance on preliminary proposals.

Most grants are awarded to organisations, but a small number of grants are made to individuals who are pursuing or continuing vocational education. Registered charities, voluntary organisations and other groups with charitable purposes or not for profit organisations delivering relevant services to the community are eligible to apply.

Our priority areas

Within our three charitable objects, the Trust currently has three priority areas for grantmaking. The priorities, Transitions, Resilience and Isolation, were based on the recommendations of the Young Foundation report “Sinking or Swimming” which was co-funded by the Trust and identified a number of emerging needs in modern Britain. They focus on the challenges facing Bedfordians in a rapidly evolving society and fund organisations which help individuals to fulfil their potential in our community by:

- Offering preparation and support for people undergoing difficult life transitions;
- Giving people the skills to manage change positively, adapting and prospering after setbacks; and
- Reducing loneliness and lack of social networks.

Public Benefit

Public benefit

Whether through grantmaking, providing almshouses, social policy work, operating independent schools, partnerships with maintained schools or through other community work, The Harpur Trust strives to deliver its charitable purposes for the public benefit. We want all Bedfordians to have the opportunity to benefit from Sir William Harpur’s gift and we are committed to maximising access to our facilities and expertise to further our charitable objects. The Trustees have given due consideration to the Charity Commission’s published guidance on the public benefit requirement under the Charities Act 2011.

Grantmaking

This year we made grants to 61 organisations with charitable purposes and 29 individuals, totalling £887,288. Full details of grants made are available in the financial section of this report.

Almshouses

The Trust provided accommodation, advice and support for 33 older people in need over the course of the year.

Bursary support

Our schools offer means-tested bursaries to help lower income families pay all or part of their school fees. Despite high levels of demand for assisted places, we were pleased to be able to support 231 pupils with their school fees this year, with 78 pupils receiving a free school place. The value of this fee support was £2.5m.

Community events

In celebration of our 450th anniversary year in 2016, The Harpur Trust organised a number of events open to all residents of the Borough. Most were free and where a small charge was made the event was heavily subsidised and those in greatest need were not required to pay. Events included a Fun & Run Day, Childrens' Art project with a competition, exhibition and artist run workshops, writing competition, a specially commissioned play about the history of Bedford, a new book about the town distributed to children at all local schools and a children's music project run by the Philharmonia Orchestra with workshops for teachers and a performance for local schools.

School initiatives

In addition to the public benefit delivered by our grants programme, almshouses and our on-going sponsorship of the Bedford Academy, the Trust's schools also deliver public benefit in their own right. The volume of work carried out by our schools for the benefit of the wider community means that only a few examples can be provided below. More detailed information is available at www.harpurtrust.org.uk/our-year. In summary, this year our schools have held over 15 subject specific events for state schools in the area of benefit, have made their facilities available to individual state schools on at least seven occasions and have shared their expertise and resources more broadly with groups of state schools on more than 15 occasions. The local community have used their facilities free of charge at 30 separate events, often with staff time given freely as part of the offer, for example, help from sports coaches. Our pupils have held fundraising events for 15 local charities selected by pupils, raising over £12,000 (we do not include additional fundraising for national or international charities which fall outside our area of benefit in these figures).

Our students have continued to be extremely active in the community, with volunteers supporting at least 27 local organisations and causes both through regular volunteering commitments and organising one-off events and activities.

Use of educational resources and facilities for the benefit of staff and pupils in state schools.

This element of our work has been enhanced this year by an additional post at the Trust office, the Education Development Manager. This role includes assisting our schools with the development of mutually beneficial partnerships with state schools. Staff members from our schools regularly meet state sector colleagues at Bedford Borough Learning Exchange, a meeting of headteachers, and The Associate Educational Fellowship, a network of teachers interested in research. Both initiatives have benefited from funding from the Trust's grant programme.

School initiatives cover everything from strategic partnerships with particular state schools (**Bedford School** and Mark Rutherford School) to providing a free venue for sports activities not available at maintained school premises. Local secondary schools appreciate invitations to join our students at events which give them practice, skills and contacts to help them prepare for challenging university applications or the world of work. **Bedford Modern School** has helped with Oxbridge and medical school application preparation evenings and mock interviews. **Bedford School** has held a number of events for their partner school Mark Rutherford School on UCAS applications, developing links with engineering employers, graduate employment and legal careers. Educational outreach focusing on particular subjects is welcomed by many local schools.

Members of staff from **Bedford Girls' School** have supported a number of local lower schools with a series of French & Maths roadshows, run by subject specialist staff assisted by a team of students from year 10. **Pilgrims Pre Preparatory School** hosted 67 children from local schools at an enrichment event focusing on Forest Schools, team building, and story and drama, helping develop resilience and creativity. **Bedford Modern School** provides four members of staff to a local school on a regular basis so that their students can benefit from CCF.

Use of facilities

Access to high quality physical assets is also very important to our partner schools. At **Pilgrims Pre Preparatory School**, three local lower schools without access to a swimming pool regularly use the school pool to teach swimming and **Bedford Modern School** provides its pool free of charge to a local school for children with learning disabilities. **Pilgrims Pre Preparatory School** provides its facilities free of charge to the National Childbirth Trust to run antenatal classes and other courses for pregnant women. **Bedford Girls' School** offered the use of its car park to the local Kayak Club, enabling them to run competitions on the local river. **Bedford School** allows large numbers of local groups of all ages to use its Observatory and Planetarium throughout the year.

Community action

Harpur Trust Schools encourage all our students (and staff) to recognise the importance of putting something back into the community. They bring considerable enthusiasm and ingenuity to fundraising and volunteering activities. Individual students undertake regular community service at local schools and charities such as Elizabeth Davis Riding for the Disabled and groups of students plan and carry out a host of one off and regular activities to raise funds and support those in need. **Bedford Girls' School** and **Bedford Modern School** both hold regular events for isolated older people in sheltered accommodation. All our schools are involved in the organisation of and entertainment at our Almshouse Summer Party for older residents of the town. **Bedford Girls' School** organise regular collections of clothing and food for homeless Bedfordians and this year joined up with **Bedford Modern and Bedford School** to help refurbish rooms at the local night shelter. We hope to hold many more combined community action events involving pupils from all our schools in future.

Social Investment

Policy on social investment

The Trustees have agreed to designate £2m for use in a programme of social investments. Social investment is the use of capital to invest in organisations whose activities will further the charitable objectives of the Trust, whilst also offering some prospect of financial return. This can be a very effective way of helping organisations that are working for the public good develop whilst making their activity more sustainable.

As at the date of these accounts, the Trustees are seeking a suitable investment opportunity which is aligned with the objectives of the Charity.

Financial Review

The Harpur Trust, a company limited by guarantee, is a permanently endowed charity and, in accordance with charity accounting regulations, funds are classified as endowed, restricted, designated or general.

Funds of the Trust

The endowed funds are the permanent endowment of the Trust and are held either as operational assets, or in a balanced portfolio of equity, property and fixed interest investments. In accordance with a total return policy the value of the permanent endowment is increased each year in line with inflation. Any difference between this value and the endowment investment portfolio is retained as Unapplied Total Return in order to mitigate years where negative investment returns are experienced. A Long Term Spending Rate (LTSR) is used to determine the amount of endowment returns that will be distributed in the year. This is used for the benefit of the community, primarily through the giving of charitable grants and to pay the governance costs of running the Charity. The Trust's schools receive no direct subsidy from the endowment income, but benefit from beneficial borrowing rates secured on the Trust's assets and through the use of the school sites.

Restricted funds are funds that have been received for a specific purpose within the Trust's charitable objects. They will ultimately be applied for the purpose specified; they cannot be used for any other purpose.

Designated funds arise from the Trust's income streams and are assigned to a specific purpose by the Trustees. They are not treated as "free" reserves (available to be spent freely) as a designated use has been identified. These funds may be re-designated for another purpose by the Trustees if circumstances change.

Overview of the year

Over the year, the Trust has seen the value of its permanent endowment increase from £77.6m to £83.7m; a rise of 7.8%. During the year, the Trust received income from the sale of land in Bedford of £10.2m. The Trustees have applied this income across various funds to help further the Trust's charitable objectives.

2015/16 is the second year of the operation of the Total Return policy. This policy aims to maintain the real value of the endowment investment assets over the longer term whilst enabling the appointed fund managers to be free of any constraints imposed by a need to generate income at the expense of the total return of the portfolio. During the year, the Total Return policy allocated £0.7m to the permanent endowment to protect the real value of the investments and the Unapplied Total Return was increased by £5.2m.

Income and expenditure

The majority of the Trust's activities derive from the operation of its four schools. Pupil numbers across the four Trust schools have remained broadly at the levels of the previous year. The increase in net fees receivable results from the fee increases applied for the year. The number of means-tested bursaries provided this year was slightly below that of last year, with 231 pupils being awarded bursary support (2015: 245 pupils). Although the amount given in bursaries will

vary each year depending on the number of applicants and their individual circumstances, the Trust remains committed to providing support to families to enable children to attend our schools. Compared with 2014/15, the reported investment income has increased. This is due to changes in the nature of the investments held. Overall total investment returns and income levels are in line with expectations.

Total expenditure for the year was consistent with prior year levels after allowing for inflationary pressures. The Trustees however continually review the cost base in order to ensure that costs are appropriate for the service levels provided and that fee increases for the educational services provided are kept to the minimum level necessary.

The overall operating result for the year is a decrease in the net incoming resources to £2,673,000 (2015: £3,374,000) due to higher expenditure. To this is then added the investment gains arising in the year of £7,853,000 (the majority of which relates to the permanent endowment assets). The actuarial gain in respect of the non-teaching staff final salary scheme deficit arising from the FRS102 revaluation of £214,000 is then added back to produce a total net increase in the Trust's funds of £10,740,000 (2015: £18,479,000) for the year.

Reserves policy

The reserves levels as authorised by the Trustees are:

- a. the overall Trust reserves should be between 5% and 10% of the annual turnover of the Trust, and
- b. the level of the Trust's general reserve fund should be maintained between £2m and £3m in cash, and
- c. the schools' reserves target should be 3% to 8% of their turnover in liquid assets

At 30 June 2016, the overall Trust's free reserves were £7.9m (2015:£6m) representing 15% of the annual turnover. The level of the Trust's general reserve fund was £3.5m which is above the predicted reserves level due to the proceeds from the sale of the Bromham Road land. It was agreed that the reserves should be retained at this level for the early years of operating under the Total Return policy. Note 13 of the financial statements provides details of the restricted and designated funds as at the end of June 2016.

All of the Trust's senior schools reserves were within the 3% to 8% band authorised by the Trustees. During the year the Trustees reviewed the business plan and the allocation of reserves for Pilgrims Pre-Preparatory School. As a result, additional funding was provided to this school which has brought their reserves into a positive position and to which they have added a surplus for the current year.

Investment policy and Total Return

The main investment objective and risk tolerance of the investment policy approved by Trustees in January 2013 are expressed as:

- *To achieve a total real return of 5% per annum net of fees over rolling five year periods in order to preserve capital in real terms while sustaining a spending rate of 3.5% of total asset value per annum.*
- *To maintain an overall total risk level that reduces to an acceptable level the likelihood of the assets falling in value by 20%.*

The endowment portfolio is managed by two managers, each with broadly half of the investment portfolio. Whilst the managers are each operating to the same investment objective expressed above, they employ a different strategy, which in the opinion of the Trustees reduces manager risk.

Given the investment and risk objectives, the Endowment Committee established an overall allocation of the Trust's investments to broad asset categories and reviews this asset allocation periodically, reporting on it to the Trustees at least annually. The Endowment Committee has given the Investment Managers discretion to determine the precise asset allocation within certain control ranges, in order to achieve each mandate's investment objectives.

The Endowment Committee believes that the investment risk arising from the investment strategy combined with the risks arising from active management are consistent with the overall level of risk being targeted.

The Total Return policy was adopted with effect from July 2014. A reference date of 30 June 2012 was used for the valuation of the investment and the initial value of the Unapplied Total Return (UTR). The investment was determined as the whole of the permanent endowment held as investment funds, excluding the permanent endowment held as operational property and expendable endowment. The Trustees have a Total Return policy which determines the allocation of the Unapplied Total Return (UTR).

Investment performance against objectives

Our investment performance is measured regularly against the benchmarks set out above. For the year ended 30 June 2016, the investment return was better than the objective.

Policy on ethical investment

The Trustees believe that responsible investment and good stewardship can enhance long-term portfolio performance and is therefore aligned with their fiduciary duty. Further, mitigating risk and capturing investment opportunities driven by the integration of ethical and environmental, social and governance (ESG) issues may have a material impact on investment returns across all asset classes.

The Trustees have given their investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Trust's investments.

The Trust aims to ensure that the votes attaching to its holdings in all quoted companies, both in the UK and overseas, are exercised whenever practical. The Trust's voting policy is exercised by its investment managers in accordance with their own corporate governance policies, copies of which are provided to the Endowment Committee, and taking account of current best practice including the UK Corporate Governance Code and the UK Stewardship Code. The Endowment Committee will monitor its FSA registered managers' reports on their adherence to the UK Stewardship Code on an annual basis.

For those assets of the Trust invested in pooled arrangements, the Trustees accept that the assets are subject to the investment managers' own policies on corporate governance as well as environmental, social and ethical investment.

Statement of Trustees' Responsibilities

The Trustees (who are also directors of The Harpur Trust for the purposes of company law) are responsible for preparing the Trustees' annual report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees 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 charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006 and the provisions of the Charity's constitution. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the Trustees of the company at the date of approval of this report is aware, there is no relevant audit information (information needed by the company's auditor in connection with preparing the audit report) of which the company's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The Trustees approve the annual report including the strategic report and financial statements for the year ended 30 June 2016.

Approved by the Trustees on

and signed on their behalf by:

Murray Stewart
Chairman

Independent Auditor's Report to the Trustees of The Harpur Trust

We have audited the financial statements of The Harpur Trust for the year ended 30 June 2016 set out on pages 25 to 47 which comprise the Statement of Financial Activities, the Company Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 21.

The financial reporting framework that has been applied in their preparation is applicable law and FRS102, the Financial Reporting standards applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our 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 us 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 charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual 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 us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Independent Auditor's Report to the Trustees of The Harpur Trust (cont'd)

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 30 June 2016 and of the incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with FRS102, the Financial Reporting standards applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Trustees Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Tina Allison

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

REFERENCE AND ADMINISTRATIVE INFORMATION FOR THE PERIOD 1 JULY 2015 TO 30 JUNE 2016

Name of the Charity:	The Harpur Trust
Company Number:	3475202
Charity Registration Number:	1066861
Address of Registered Office:	Princeton Court, Pilgrim Centre, Brickhill Drive Bedford, MK41 7PZ

Patrons [3]

The Member of Parliament for the Constituency of Bedford, Richard Fuller, MP
The Member of Parliament for the Constituency of North East Bedfordshire, Alistair Burt, MP
The Mayor of Bedford Borough, Dave Hodgson

Names of Trustees as at 19 January 2017

Chairman:	Murray Stewart
Deputy Chairman:	Anthony Nutt Rhian Castell

Nominated Universities [2]

New College, Oxford:	R. George Ratcliffe, MA, DPhil and Philip Wallace MA FCA FBRP
Cranfield University:	Rajkumar Roy, PhD, MSc, CEng

By School Committee

Bedford School	Anne Egan
Bedford Girls' School	Seamus Higson* Vacant
Bedford Modern School	Shirley Jackson
Pilgrims School	Rhian Castell

Co-opted [16]

Tina Beddoes	Jennifer Sauboorah Till, BSc MSc
Sue Clark, MPhil BSc	Linbert Spencer
Harriet Mather	Murray Stewart
Stephen Mayson, LLB LLM PhD	Mark Taylor**
Ian McEwen, BA BPhil DPhil	Rose-Marie Wellington
Anthony Nutt	David Wilson
Sally Peck	Michael Womack
Justin Phillimore	

Representative [2]

Bedford Borough Council:

Cllr R Charles
Cllr L Reale

* Resigned 8 July 2016

** Appointed 21 January 2016

Senior staff at 30 June 2016:

Chief Executive:	David Russell, LLB (Hons) FRIN FCMI
Finance Director:	Clare Lake, BA (Hons), FCA
Human Resources Director:	Samantha Lock, BA (Hons), Chartered MCIPD
Community Programmes Director:	Lucy Bardner

Heads

Bedford School	James Hodgson, MA
Bedford Modern School	Michael Hall, BA (Hons), MA
Bedford Girls' School	Jo MacKenzie, BSc MSc
Pilgrims Pre-Prep School	Jo Webster, Bed, NPQH, EYPS

Bursars

Bedford School	Jocelyn Miles
Bedford Modern School	Steve Willis, BSc (Hons), MSc, CDipAF
Bedford Girls' School	Jean-Marc Hodgkin, BSc (Hons), FCA FSI ACIS DChA
Pilgrims Pre-Prep School	Charlotte Wallace, BSc (Econ), ACMA

Professional advisers during the reporting period:

Auditors	Crowe Clark Whitehill LLP St Bride's House, 10 Salisbury Square, London EC4Y 3EH
Bankers	HSBC PLC South Midlands and Warwickshire Corporate Banking Centre Level 6, Metropolitan House, CBX3, 321 Avebury Boulevard Milton Keynes MK9 2GA
Insurance brokers	Marsh Brokers Limited Rockwood House, 9-17 Perrymount Road, Haywards Heath, West Sussex RH16 3DU
Investment managers	BlackRock 12 Throgmorton Avenue London EC2N 2DL Sarasin & Partners LLP Juxon House 100 St Paul's Churchyard London EC4M 8BU
Solicitors	Veale Wasbrough Vizards Narrow Quay House Narrow Quay Bristol BS1 4QA

The external advisers' appointments are reviewed periodically.

COMPOSITION OF STANDING COMMITTEES at 30 JUNE 2016

POLICY COMMITTEE

Murray Stewart (Chairman)
Tina Beddoes
Sue Clark

Anne Egan
Stephen Mayson
Ian McEwen

Sally Peck
Justin Phillimore
Philip Wallace

ENDOWMENT COMMITTEE

Philip Wallace (Chairman)
Anthony Nutt (Dep. Chairman)

Stephen Mayson
Murray Stewart

Mark Taylor
David Hill (Co-opted)

GRANTS COMMITTEE

Ian McEwen (Chairman)
Linbert Spencer (Dep.
Chairman)
Rhian Castell

Jennifer Sauboorah Till
Mark Taylor
Mark Everett (Co-opted)
Tim Hewett (Co-opted)

Deborah Inskip (Co-opted)
Sally Monkman (Co-opted)
Carol Solaiman (Co-opted)

ADMINISTRATION AND AUDIT COMMITTEE

Justin Phillimore (Chairman)
Philip Wallace (Dep. Chairman)
Randolph Charles

Luigi Reale
David Wilson
Michael Womack

Vanessa Penzo (Co-opted)

BEDFORD SCHOOL

Stephen Mayson (Chairman)
Philip Wallace (Dep. Chairman)
Anne Egan
Rajkumar Roy

Jennifer Sauboorah Till
Linbert Spencer
Charles Allen (Co-opted)
Clive Loader (Co-opted)

Ali Malek (Co-opted)
Richard Miller (Staff Elected)
Mark Slater (Co-opted)
Paula Vennells (Co-opted)

BEDFORD MODERN SCHOOL

Sally Peck (Chairman)
Randolph Charles
Shirley Jackson
David Wilson

Michael Womack
James Black (Co-opted)
Liz Carrighan (Co-opted)
Ade Clewlow (Parent Elected)

Glen Dawson (Co-opted)
Jonathan Gillespie (Co-opted)
Monica Hetherington (Staff
Elected)

BEDFORD GIRLS' SCHOOL

Tina Beddoes (Chairman)
Anne Egan
Seamus Higson
Harriett Mather
Anthony Nutt

Justin Phillimore
George Ratcliffe
Sarah Fecondi (Staff Elected)
Rachel Gentry (Parent Elected)
Catherine McCarthy (Co-opted)

Shane Redding (Co-opted)
Valerie Stattersfield (Co-opted)
Andrea Thasan (Co-opted)

PILGRIMS PRE-PREPARATORY SCHOOL

Sue Clark (Chairman)
Tina Beddoes
Rhian Castell

Rose-Marie Wellington
Jo Dickson (Co-opted)
Neil Harris (Parent Elected)

Hanif Patel (Co-opted)