

NATIONAL LEARNING AND WORK INSTITUTE

England & Wales · Charity number 1002775

Details

Other names	NATIONAL INSTITUTE OF ADULT CONTINUING EDUCATION, THE NATIONAL INSTITUTE OF ADULT CONTINUING EDUCATION (ENGLAND AND WALES), LEARNING AND WORK INSTITUTE, N I A C E - THE NATIONAL ORGANISATION FOR ADULT LEARNING
Status	Registered
Legal form	Charitable company
Company number	02603322
Registered	1991-05-02
Register	View on the Charity Commission register

Contact

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Activities

Objects: THE ADVANCEMENT OF ALL FORMS OF ADULT EDUCATION, AND THE RELIEF AND PREVENTION OF UNEMPLOYMENT AND POVERTY

Activities: We are an independent research and development organisation dedicated to promoting lifelong learning, full employment and inclusion

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body
- **What:** Education/training, The Prevention Or Relief Of Poverty
- **Who:** Elderly/old People, People With Disabilities, People Of A Particular Ethnic Or Racial Origin, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£5,053,000	£5,248,000	£10,440,000	40
2024-03-31	£7,510,000	£4,239,000	£10,869,000	39
2023-03-31	£3,335,000	£4,324,000	£7,200,000	45
2022-03-31	£2,778,000	£4,122,000	£-3,180,000	46
2021-03-31	£5,492,000	£4,470,000	£-7,902,000	50

Trustees

Name	Role	Appointed
Jeremy Moore	Chair	2018-01-26
Ayokunle Temitope Salam		2023-11-30
Harriet Ayles		2024-03-14
Lauren Harris		2021-09-23
MAGGIE GALLIERS		
MS HAF MERRIFIELD		2012-12-18
Nichola Ivory-Chapman		2024-03-14
Richard Spear		2024-12-05
Timothy Ennis Render		2018-11-29
belinda vernon		2024-03-14

Accounts

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025



Trustees' report and financial statements For the year ended 31 March 2025

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Index to the financial statements

Foreword	3
Report of the Trustees - Impact Report	4-12
Report of the Trustees – continued	13-21
Report of the independent auditor	22-26
Statement of financial activities	27
Balance sheet	28
Cash flow statement	29
Notes to the financial statements	30-43
Legal and administrative details	44-45

Foreword

We live in a time of multiple crises and a stagnating economy. This makes it difficult for many people to make ends meet and has left many public services stretched. Expanding access to learning, skills and employment must be a core part of the answer to these challenges. Over the last year we have worked hard to make the case and show the difference that learning, skills and employment can make to these challenges.

We're pleased the new Government adopted our calls for an 80% employment rate ambition and Youth Guarantee so all young people are offered help to find a job, training place or apprenticeship. We showed how that could boost the economy and save the taxpayer. The challenge now is delivery, and we are helping to understand how the underlying challenges vary across the country and build the evidence base on what works. We also secured funding from DWP and Youth Futures Foundation for our flagship Jobs Plus trials, testing new ways to help social housing tenants into work based on successful approaches in the US.

We also continued our work on lifelong learning. Our long running Adult Participation in Learning Survey showed a record one in two adults took part in some form of learning in the last three years, driven by self-directed and informal learning. This is encouraging, but there are stark and persistent inequalities. Moreover, reduced investment by both Government and employers means there are fewer formal opportunities for people to take that learning on. We showed that your likelihood of taking part in learning falls by four percentage points for every year older you are: something our aging population makes even more important to tackle.

Our work also highlighted that the UK risks falling further behind other countries particularly at lower and intermediate qualification level. Through our Ambition Skills programme, supported by City and Guilds and NOCN, we showed this is particularly driven by wider regional inequalities than many European countries. The programme will now look at how we can change that and the economic and social prize for doing so.

We are always looking to strike a balance between raising challenges and showcasing solutions. Adult Learners' Week and the Inspire! awards in Wales and the Festival of Learning in England, are always highlights for us, shining a light on amazing adult learners and celebrating their achievements.

As ever, we know that none of this is possible without our excellent and dedicated trustees and team. We thank them for their work over the year.

Whatever the year ahead holds, we will continue to make the case for learning skills and employment, build the evidence base, shape policy, and test new ways of working.

Jeremy Moore and Stephen Evans

Report of the Trustees: impact report

Our mission

Learning and Work Institute is an independent policy and research organisation focused on lifelong learning and better work.

Our vision is for a fair and prosperous society where learning and work enable everyone to realise their potential.

We research what works, influence policy and develop new ideas to improve practice.

Social and economic inclusion are at the heart of all we do as we work towards a fair and prosperous society.

Our priorities

Our strategic plan for 2024-29 focuses on four priorities:

Lifelong learning

Learning is good for careers, health and wellbeing, civic engagement and much else. But while people are increasingly engaging in learning independently, more formal opportunities for adults to learn have been in decline. Some groups – like older people, those out of work, people with lower qualification levels – are far less likely to participate in learning than others.

Essential skills

One in five adults has low literacy or numeracy, and core capabilities such as these and health, financial literacy and citizenship are unequally distributed between demographic groups. This holds back people's life chances and is worse than in many comparator countries.

Employment

The UK's employment rate is relatively high by international standards, but is far from world leading in particular because some groups, like disabled people, and areas of the country have much lower employment rates than the average. Helping more people into work would bring economic benefits, improve the public finances, and boost living standards and life chances.

Better work

Most people are satisfied with their work and a flexible range of employment opportunities gives people more chance to find work that suits them. But some people would prefer more secure work but are unable to find it, finding flexibility can be a one-way street in favour of employers. Furthermore, despite rises in the minimum wage many people in work find themselves struggling to make ends meet while many people find themselves stuck in low paid work, unable to progress, often linked to socioeconomic background.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Our vision would mean that by 2040:

- More adults are participating in learning, achieving this by substantially reducing inequalities between groups and areas.
- Everyone has the essential skills and capabilities like literacy, numeracy and digital that they need for life and work.
- The UK has the highest employment rate in the G7, with 80% of working-age adults in work, achieving this by narrowing employment gaps between groups and areas.
- More people are in work that meets their needs, supporting wellbeing, development and good living standards.

Why we're here

- One in two adults say they've [taken part in learning](#), with interest increasing through the pandemic with the rise of online learning. But there are stark divides by age and class, and cuts mean people can lack routes for formal learning.
- The Government has [cut investment](#) in England by £1 billion (20%) since 2010. Employers are spending 26% less in training per employee in real terms compared to 2005, and are three times as likely to train graduates as non-graduates.
- [63% fewer adults](#) are improving their literacy and numeracy each year than in 2013/14. On current trends it would take at least 20 years for all adults who need it to get help.
- By 2035, we're [on track](#) for one in three people to still only have a level 2 qualification at most. That would place us 29th out of 39 OECD countries, barely changed from our league table position today.
- You're three times as likely to be qualified below level 2 if you live in the West Midlands than if you live in West London. [Regional skills divides](#) are larger in the UK than in Europe. London and the south east match world leading countries like Canada, Japan and South Korea; other parts of the UK are on track to be overtaken by Latvia, Estonia and New Zealand.
- Doubling rates of adult attainment, back to 2010 levels, could [boost the economy](#) by at least £23 billion per year, requiring an extra investment from people, employers and the Government of £1.9 billion per year.
- Three in five young people (58%) who are not in education, employment or training (NEET) have [never had a paid job](#) and almost half (48%) are still not in education, employment or training a year after they first become NEET.
- Young people's education and employment opportunities [still depend on where they live](#). NEET rates are nearly twice as high in Wales (15%) and the North East (16%) as they are in

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

London (9%) and the South East (10%). 16 out of the 20 best areas for youth opportunities are in London.

- One in five people economically inactive due to long-term sickness say they want a job, but only 1% are in work six months later. Successful reform to the benefits system could help [500,000 more people into work](#) over ten years. This would boost the economy by £8 billion a year and save the taxpayer £4 billion a year.
- Around 5% of adults (two million people) change sector or occupation each year. On average, their [salaries drop by £3,731 per year](#), on top of any costs of retraining. 50 year careers mean more people will need to retrain, we need to help them with the financial costs.

Shaping policy

We encourage evidence-based policy development and use our insights to improve service design and delivery. Highlights of our achievements during 2024-25 include:

- The new Government adopting our proposals for an 80% employment rate ambition, a more flexible Skills Levy, Youth Guarantee, and greater devolution.
- Influencing the Government's plans to improve employment support, including an additional £1 billion of investment and introducing new support conversations to explore people's aspirations and help them access support that's right for them.
- Establishing and leading a partnership with the Department for Work and Pensions, Youth Futures Foundation, Communities that Work, Institute for Employment Studies, MDRC and nine housing associations to test a community-based approach to employment support.
- Influencing and informing the development of devolved Adult Education Budget policy in Greater London, the West Midlands and other mayoral combined authorities, through a range of research and evaluation projects. In addition, we supported Liverpool City Region to think about how skills could support their early years workforce strategy.
- Securing a commitment from Medr for a Learner Voice Forum that reflects adult learners in Wales.
- Developing quality and practice in adult education in Wales through the Adult Learning Partnership Effectiveness Tool that has been adopted by Medr.
- Continuing to influence thinking on how to reverse the decline in employer investment in skills, informed by our research funded by Nuffield Foundation and the Gatsby Charitable Foundation.
- Building support for our campaign to change the 21 hour rule, which prevents young adult carers studying more than 21 hours per week from claiming Carer's Allowance, including engagement with the Minister of State for Social Security and Disability.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

- Supporting care leavers to engage their local councillors. A number have been successful in influencing local councils to recognise care status as a protected characteristic.
- Being called to give evidence by a number of Committees, including the House of Lords Industry and Regulators Committee on skills policy, the House of Lords Science and Technology Committee on adult numeracy and maths education, and the House of Lords Home-Based Working Committee on the impact of working from home for different groups.
- Helping to shape the agenda and priorities of a number of All Party Parliamentary Groups, including the APPGs for young carers and young adult carers, and youth employment.

Developing solutions

Here is a snapshot of our wide-ranging **research and development work**. We are proud to partner with national and local government, businesses and charities, maintaining our reputation for high quality research and analysis.

Lifelong learning

In its 28th year, our [Adult Participation in Learning Survey](#) showed that, after a decade of decline during the 2010s, participation in learning has risen for the third year in a row. Just over one half of adults (52%) say they have taken part in learning in the last three years – the highest rate since the survey began in 1996. The increase in participation since the pandemic has been driven by a rise in self-directed learning, including online, for personal reasons or leisure. This is positive, but local and national government, employers and others need to make sure adults also have routes to more formal learning and accreditation where they want to and where that would be of benefit to them. The survey continues to highlight stark inequalities in who participates in learning, meaning there is much more to do to ensure fair access to opportunities.

Through our [multi-year strategic partnership](#) with Ufi VocTech Trust we continue to support the adoption and deployment of technology to help every adult in the UK get the skills they need to participate and benefit from our transitioning economy. This includes collaborations with four places across the UK to test and learn what works to increase adult participation in learning.

We tested ways of helping people to reskill and change career through four pilots in Edinburgh, Belfast, Tees Valley and Wales as part of our [New Futures](#) programme. Our [evaluation](#) and policy work resulted in [recommendations](#) for supporting career changers across the UK.

Our [Driving Change in Higher Education](#) project is currently supporting 15 universities across England to introduce new policies and support to improve young adult carers' experiences and outcomes. In partnership with Carers Trust, our [campaign](#) to exempt young adult carers from the 21 hour rule in the benefit system has gained good support and is raising awareness of the challenges that young adult carers face in accessing further education.

Through our work with Welsh Government, we developed a [Tool for Effective Practice](#) for adult community learning partnerships. This included collaborations with Estyn and partnership leads

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

across Wales, leading to a resource which supports the strategic development of their delivery and to aid planning with Medr.

We supported a partnership of adult learning providers to join a Taith funded project which linked to Aontas in Ireland to explore opportunities to develop learner voice and engagement. Developing learner voice will be a key area of work with Medr in 2025.

Our focus on Family Learning continued, working with providers and the Welsh Government to produce a framework which raises awareness of the impact of delivery.

Advocating for adult learning

Learning and Work Institute's campaigns have highlighted the benefits of adult learning for more than 30 years, inspiring similar initiatives around the world.

In England, Festival of Learning was supported by NOCN, City Lit, the Education and Training Foundation, and Skills and Education Group. Award winner announcements took place in July, and the 12 winners and 4 finalists were selected from over 250 nominations. Award winner stories received sector and local press coverage.

Lifelong Learning Week took place from 4 to 8 November 2024. During the week, we published the 28th edition of our annual Adult Participation in Learning Survey, hosted webinars about older adults and essential skills and learning with technology, and hosted an event on supporting young adult carers' education opportunities, attended by L&W's Patron, Her Royal Highness Princess Anne.

We partnered with the West Midlands Combined Authority to deliver their [West Midlands Adult Learning Awards](#) for a second time, with the ceremony taking place in June 2024. We also worked with the team at City Hall to deliver the [Mayor of London's Adult Learning Awards](#) for the third time, with a celebration in November for adult learners and their supporters.

In Wales, we co-ordinated a network of partners to deliver outreach events and promotional activity for [Adult Learners' Week](#). The collaboration involved over 100 partners, with over 600 events listed on the campaign platform and at least 6,000 people taking part in taster courses and information and advice sessions. 16,000 users visited the platform during September which has been built to provide links to providers as well as wider advice and support. Theme days were introduced to steer some event activity and alongside this we co-ordinated national policy and advocacy events. This included a webinar to explore insights from L&W's Adult Participation in Learning Survey and a film featuring two learners in conversation with Simon Pirotte, Chief Executive of Medr.

Campaign partners include Colleges Wales, Universities Wales, the Open University in Wales, Amgueddfa Cymru | Museum Wales, UNISON Cymru, The Digital College, Adult Community Learning providers, Wales TUC, and many others. We worked with Welsh Government to organise a multi-media marketing campaign which signed posted hundreds of people to advice, guidance and events hosted on the Working Wales and Adult Learners' Week websites. We delivered the Inspire! Adult Learning Awards in September, with the stories of [award winners](#)

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

promoted alongside Adult Learners' Week. Over 80 press features were secured including ITV Wales evening news coverage. The award ceremony involved over 200 guests including the Secretary for Education, Lynne Neagle. In March we held the [Inspire! Tutor](#) awards recognising the achievements of the workforce across the tertiary sector, showcasing community outreach, supported employment, ESOL and learning Welsh. We were hosted in the Senedd by MS John Griffiths and were joined by Vikki Howells, Minister for Further and Higher Education. Our partnership for the Inspire! Awards included Adult Learning Wales, Agored Cymru, AIM Qualifications, the National Centre for Learning Welsh, Universities Wales and the Open University in Wales.

Essential skills

We stepped up our advocacy on essential skills for adults and young people. The latest OECD Survey of Adult Skills, released December 2024, highlights real and welcome improvements in young people's essential skills, but shows very little change on adult skills, with 8.5m adults having low literacy or numeracy, or both. We played a leading role in shaping the sector response, hosting a [webinar](#) (131 registrations) with the OECD's Director for Education and Skills, Andreas Schleicher, just two days after the data release. We continue to argue for English and maths to be core components in 16-19 programmes and apprenticeships in England, highlighting that England has less focus on these subjects than other countries. We made the case in the media, through events such as our [English, Maths and ESOL conference](#), and by engaging politicians, including by giving evidence to the London Assembly and the House of Lords Science and Technology Committee. Working with Age UK, we published [new research](#) highlighting the essential skills needs of older people, launched with a [webinar](#) (114 registrations) during Lifelong Learning Week.

We continued to support Mayoral Strategic Authorities with local commissioning and delivery of essential skills provision and other aspects of the Adult Education Budget through research and evaluation. We delivered an evaluation of Greater Manchester's Adult Education Budget for the period since devolution, and shared learning from our evaluation of the Multiply adult numeracy programme with stakeholders in the West Midlands. Our [review](#) of English Language Acquisition (ESOL) policy in the West Midlands set out clear and actionable policy measures to support better outcomes from the West Midlands Combined Authority's investment in English language skills. Our report, launched by Mayor Richard Parker at a regional stakeholder event, was well-received by WMCA and the sector, and we are continuing discussions with WMCA on ways in which we can support implementation. We also supported the Greater London Authority with [research](#) into the impact of the rising cost of living on access to adult education in London.

We continue to play an active role in the European Association for the Education of Adults and the European Basic Skills Network, sharing insights from our work with adult learning providers, practitioners and policymakers across Europe. We helped EAEA and EBSN develop a joint response to the OECD's survey of adult skills at the European level. We moderated a European webinar on the same theme, which attracted over 200 registrations Europe-wide. We contributed to an EAEA panel on impact in adult learning at the EAEA's annual conference in Helsinki, and shared findings from our work on green skills at EBSN's conference in Valladolid.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Employment

L&W has been at the heart of key policy debates on employment and reducing economic inactivity. A highlight for the year has been kicking off a trial of [JobsPlus](#) in 10 pilot sites. JobsPlus is a community-led employment scheme that aims to help people into work through on-site employment services, community support, and financial incentives. The pilot is funded by the Department for Work and Pensions and Youth Futures Foundation. L&W is leading the programme working in collaboration with Communities that Work and Institute for Employment Studies, with additional support from MDRC, the US-based research organisation who supported the original JobsPlus trials in the US, and nine housing associations.

Ahead of the election in July 2024, we published [Aiming high: An 80% employment rate and how to deliver it](#), which called for a UK employment rate of 80% to be achieved through extending employment support, working with employers on recruitment and job design and investing in social infrastructure like health, skills and childcare. The aim of an 80% employment rate was adopted by the incoming Labour Government. We have continued to inform employment and benefit policy, responding to the Government's Get Britain Working white paper with a policy paper [Get Britain Working: The path to an 80% employment rate](#), which provided more detail on the Government's plan, why it matters, and how success can be achieved.

We provided a [submission](#) to the Work and Pensions Committee for their inquiry into Jobcentre Plus reform. In advance of the Government's Green Paper on incapacity and disability benefits, we published [The benefit trap](#), a paper examining why the number of incapacity benefit claimants has risen and setting out recommendations for a better system.

We partnered with the Institute for Employment Studies and Royal Society for Public Health to inform the Commission for Healthier Working Lives (supported by the Health Foundation) producing reports [on local variations in employment outcomes](#), [how to better support workers' health](#), and how to support unpaid carers to access work.

We published our multi-year evaluation of [DWP's Restart Scheme](#), in partnership with Ipsos, where we identified key learnings that informed the delivery of the Scheme, the development of future programmes and the wider evidence base on employment support.

As co-chairs of the Youth Employment Group, we have regularly convened our members to argue for better support for young people. To support the implementation of the Youth Guarantee and the eight Youth Guarantee Trailblazers announced by the Government in the November 2024 white paper, we have kicked off a [project](#) to demonstrate the need for a Youth Guarantee and understand how it could be successfully implemented.

Better work

At a time of increasing attention to the relationship between work and health we have created and disseminated high quality evidence on how to create healthy and inclusive workplaces. Through [our work with Health Equals](#) we made the case for a more inclusive employment support system, set out how local government can support residents to have healthier working

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

lives, identified how to ensure home working is healthy, and gave evidence to the House of Lords Home-Based Working Committee.

We continue to test and explore what works to support progression at work. This includes advising Liverpool City Region on how to improve retention and progression as well as increase the diversity of their childcare workforce. Through a new project funded by the Robertson Trust, we are testing how successful international models of in-work progression can be adapted for delivery in Edinburgh.

We have had substantial success in building and disseminating the evidence on how to increase employer investment in training and widen access to high quality technical education. We published [research](#) on the need to rethink pathways into tech careers by placing greater focus on social mobility. Our [multi-year project](#) funded by the Nuffield Foundation L&W explores employer investment in skills, and how employees are responding to the need to upskill and retrain in a transitioning economy. This is complemented by research funded by the Gatsby Charitable Foundation, which seeks to better understand how employers and employees make decisions about higher technical education and training.

Our reach in numbers

We received around 811 pieces of media coverage in 2024-25 for our campaigns and unique research and analysis. This is a 45% increase on the previous year.

We achieved significant national media coverage in print, online and broadcast for our policy research, including in The Times, the Guardian, the Financial Times, The Telegraph, The Economist, The New York Times, Big Issue, LBC, Times Radio, BBC News and a wide range of local press. Our work has also been featured in sector press including FE Week, FE News, Education Journal, Wonkhe, People Management, Personnel Today, Business Matters, HR Magazine, Business News Wales and Energy Manager Magazine.

Our L&W, L&W Wales and Festival of Learning websites received 272,922 views in the year (2% higher than the previous year). We had spikes around report publications, particularly for our Ambition Skills programme of work, and online events including for Lifelong Learning Week, and during Adult Learners' Week in Wales.

Our followers on LinkedIn rose more than 1,150 this year to 7,022. We received 168,058 impressions and 2,683 unique visitors. Our YouTube channels had 18,718 views with 83,622 minutes of footage viewed.

This year we made the decision to refocus our strategy away from X (formerly Twitter). We have opened a new Bluesky account and have gained 961 followers.

Bringing people together

We maintain a range of networks, advocate through coalitions, and convene people and organisations to focus on burning issues, and to increase our influence and impact. We secure senior political figures and industry leaders to speak at our online and in-person events throughout the year.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

In July, we hosted our Employment and Skills Convention in Birmingham. The event was sponsored by Maximus, Clarion Futures, Youth Futures Foundation, Edge Foundation and City and Guilds and 276 people registered to join. We delivered our annual English, Maths and ESOL Conference online, attracting 286 people. We also held webinars as part of Lifelong Learning Week, focusing on essential skills in older people and learning with technology, as well as other webinars through the year exploring the latest PIAAC data and findings from our research for Health Equals. In addition, we held policy roundtables on disability employment and youth employment.

In Wales, we held a webinar during Adult Learners' Week to launch L&W's Adult Participation in Learning Survey data. Our Employment and Skills Wales Convention took place in the Autumn and was attended by over 100 people. The event was sponsored by City & Guilds and supported by National Infrastructure Commission Wales and Serco. We also held our ESOL Networking Day to present providers and practitioners with research updates, networking sessions, and practical workshops aimed to support and advance the ESOL sector in Wales.

Report of the Trustees - continued

The Company Board who are the Directors of the Company and Trustees of the Charity present their report together with the audited financial statements for the year ended 31 March 2025. This report constitutes the Trustees' Annual Report for the purposes of charity law, and both the Directors' report and Strategic Report for the purposes of company law. The Strategic (Impact) Report is on pages 4-12.

Results

The statement of financial activities is set out on page 27 and shows the net movement in funds for the year.

Tax status

The Company is a registered charity, number 1002775, and is exempt from corporation tax and income tax.

Our objectives

Learning and Work Institute is established for the advancement of all forms of adult education and the relief and prevention of unemployment and poverty.

Our vision

A fair and prosperous society where learning and work enable everyone to realise their potential .

Our mission

Learning and Work Institute is an independent policy and research organisation focused on lifelong learning and better work.

We research what works, influence policy and develop new ideas to improve practice.

Social and economic inclusion are at the heart of all we do as we work towards a fair and prosperous society.

Our values

- Ambition. The leading and most powerful voice for lifelong learning and better work.
- Expertise. Using evidence-based thinking to deliver real-world change in learning, skills and employment.
- Independence. An unshakeable commitment to being open-minded, honest and fair.
- Collaboration. Putting partnership and networking at the heart of what we do.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the organisation.

The Trustees review the activities of the organisation against its aims on an ongoing basis and are satisfied that all activities continue to be related to the aims.

Learning and Work Institute seeks to benefit all members of the public in the UK, with no exclusions. Its focus is on those adults who have benefited least from initial education and training. For further information please see the impact report on page 4.

Structure, governance & management

Constitution

The Company is incorporated as a company limited by guarantee (Registered No. 02603322). It is governed according to the provisions contained in the Memorandum and Articles of Association. The liability of the members in the event of a winding up is limited to £1.

Governance structure

The Company Board consists of a maximum of 12 members, including the L&W President as specified in the Articles of Association. The Board membership comprises:

- President.
- Chair of Company Board.
- Honorary Treasurer.
- Chair of Audit, Risk and Assurance Committee.
- Chair of Learning and Work Institute Wales Strategy Group.
- Up to 7 co-opted members, chosen to secure a proper balance of members in terms of skills, experience and diversity.

Currently the Company Board has 11 members.

All members of the Company Board exercise their authority in their capacity as Trustees under the relevant companies' legislation and as Trustees of the charity.

The Company Board maintains a strategic overview of the work of the organisation and its annual work programme and is responsible for all National Learning and Work Institute governance, regulatory and accountable functions, including financial and legal matters, and may establish standing committees with delegated authority to carry out specific and detailed work on its behalf. Whilst delegating the detailed consideration of policies and work programmes to standing committees, of which the designated Board members may be ex-officio members, the Board members may call in any matter for their determination.

However, the Company Board establishes as standing committees:

- The Audit, Risk and Assurance Committee is responsible for advising the Board on the effectiveness of risk management, internal control and governance arrangements within the organisation.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

- The People and Remuneration Committee oversees the principles and process of the remuneration relationship with staff and unions. It also oversees the process of determining annual awards. There is an organisational award based on financial position and future outlook, inflation and other factors. In addition, L&W has a mechanism to make individual awards based on merit. Remuneration of the CEO and his Directorate reports is determined by this Committee.
- L&W's Wales Strategy Group is the Committee established to oversee operations in Wales and has devolved responsibility.

Each Committee's constitution includes designated representatives of the Company Board ex-officio, plus a balance of elected and co-opted members, with specific terms of reference. The members of the Committees are listed on pages 44 and 45.

The Chief Executive of L&W is appointed by the Company Board, which is responsible for all the arrangements relating to this appointment. The Chief Executive is the Company Secretary. It is the responsibility of the Chief Executive to carry forward the agreed policies and work programmes of L&W and to ensure continuity of action and policy between meetings of the governing bodies. The Chief Executive is the accounting officer of L&W and is responsible, with the senior management team, for the establishment and supervision of suitable systems of financial and resource management and control in respect of all its activities.

The Haldane Trust

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £123,494 at 31 March 2025 (£122,229 at 31 March 2024). Due to the common control and materiality, the investments of the Haldane Trust are consolidated into the L&W accounts. Further details are provided in note 21 to the financial statements.

Recruitment, induction and training of Trustees

A Search Committee is established to identify nominations to the Company Board, including the post of President, which are proposed to the membership by the Board. Members can also nominate Trustees.

Most Trustees are already familiar with the work of L&W when appointed, having served on other committees or been involved in its work, and many also serve on other charity boards.

The members' handbook details the responsibilities of New Directors and Trustees are inducted and given the members' handbook detailing their responsibilities.

L&W hosts an annual residential meeting for Board Members to discuss strategy and various issues of policy and practice.

Periodically the Board self-assesses its effectiveness by way of a survey and has a follow up discussion. Any knowledge gaps or other concerns are identified and acted on.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Financial review for the year ended 31 March 2025

Trustees are confident that L&W continues to operate on a going concern basis. The organisation is in control of its annual income and expenditure and enters 2025-26 having already secured a significant proportion of the income required for the year ahead. Furthermore, resilience is derived from free reserves held in the form of short term investments that have a current market value in accordance with the reserves policy.

More generally, as for many organisations in the third sector, L&W continues to experience funding pressures. Focus continues to be placed on pipeline development to increase funding from sources other than government grants. L&W continues to have a positive impact and uses its funds carefully to deliver on all contracts and grant agreements.

We are grateful to all our funders both those included in the Impact Report on pages 4-12 and beyond.

Year on year headline income decreased by (£2,457,000) as the one-off pension surplus of £4,850,000 brought about by the exit from the Local Government Pension Scheme (LGPS) defined benefit pension scheme was during 2024. Income from charitable activity increased during the year primarily through the Jobs Plus pilot grant from the DWP. Diversification of income sources and a focus on pipeline continue to be a major focus for future income generation. L&W also raises income from conference activities and sponsorship.

Expenditure supporting each activity is a combination of direct costs, salary costs for staff directly employed on that activity and support costs. Direct costs are incurred as part of contracts or are specific to an event or campaign and often made to partner organisations in delivery of major projects. Year on year headline expenditure increased by (£1,009,000) primarily through payments to partners engaged as part of the Jobs Plus pilot.

Any surplus generated from these and other sources is used to fund L&W's advocacy and information work and initiatives of importance to our strategic objectives whilst maintaining adequate free reserves levels.

Net expenditure before unrealised gains/losses on investments was a deficit of (£195,000). The prior year net income was a surplus of £3,271,000. This decline of (£3,466,000) is attributable to the exit of the LGPS defined benefit pension scheme in 2024-25 and one off contribution of £4,850,000.

Pension schemes

Since 1st December 2023 L&W offer a defined contribution pension scheme with Standard Life to all staff. Prior to this L&W offered a defined benefit pension scheme operated by the LGPS where L&W received £4,850,000 upon exit as reported in the prior year accounts.

Reserves policy

The Trustees reviewed their desired reserves policy in March 2024. The overriding principle is that L&W should use its reserves to maintain financial stability of the organisation and meet

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

the needs of the organisation's beneficiaries both current and future. Free reserves are defined as the following:

- A minimum of £300,000 necessary to cover the statutory obligations of winding up its affairs; And a maximum of £1,500,000 necessary to cover a temporary loss of income (6months) in order for the organisation to plan its future strategy

Organisation free reserves at the end of March 2025 were £1,792,000 comprising £1,565,000 of short term investments and £227,000 unrestricted bank account balance.

The organisation has sufficient reserves to meet its policy requirement. The Trustees note that the organisation holds short term investments with a market value of £1,565,000 as of 31 March 2025 and the ability to access long term investments in exceptional circumstances. In conjunction with a viable three year financial plan, regular funding forecasts and ability to flex the cost base the Trustees consider the organisation to be a going concern.

Investment policy

Investment performance is overseen by the Honorary Treasurer, the Chair of the Audit, Risk and Assurance Committee, the CEO and Director of Finance and Operations. Reviews are held with the Investment Managers and reports are made to the Board of Trustees. The Investment Policy was last reviewed and approved by Trustees in March 2024.

The current approach for short term investments is for a low risk profile to preserve capital. Up to 100% can be invested in fixed income investments, with a minimum of 50% invested in bonds rated AA- or above, the remainder of the bond element should be investment grade credit. A maximum of 20% can be invested in equity funds that invest in 'large cap' companies. All assets must be liquid and realisable as cash. The objective is to maintain the value of the portfolio in real terms over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

The current approach for long term investments is for a medium risk profile to generate an income to contribute to the work of L&W whilst maintaining the real value of the portfolio. To achieve the long term objectives of this mandate this portfolio will hold a diversified blend of asset classes including bonds, equities, alternatives and cash. The objective is to increase the value of the portfolio by targeting a return of 3-4% in real terms over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

Risk management

The Trustees have overall responsibility for ensuring that the organisation has an appropriate system of controls to manage risk and safeguard its assets. A risk management framework and process is in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the organisation faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The identified risks and the consequent risk management activities are reviewed by the Audit, Risk and Assurance Committee at each of their meetings. Any risks that could have a significant impact on the organisation's success in achieving its objectives are considered by the Trustees.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

The strategic risk register includes a clear articulation of the specific actions that will be undertaken to mitigate risk. The major risks and mitigations are summarised as follows:

Risk	Mitigation
Failure to influence the policy changes we want to see.	Maintenance of strong relationships with officials. Controls on external communication. Strategic plan sets clear priorities.
Failure in Governance.	Self-audit, independent internal audit and Charity Commission internal financial controls checklists is in place. Non-Exec Audit, Risk and Assurance Committee sits three times a year.
Failure to secure adequate income to offset costs and break even.	Strategic plan underpinned by funding forecasts which are regularly reviewed.
Cashflow – inability to pay staff and suppliers on time.	Regular cashflow reviews by management and Board. Ability to call on £1.5m+ of short term investments.
Failure of IT systems and GDPR breach.	Cyber essentials plus accredited and external IT security audited. Staff mandatory training of threats. Annual penetration tests.
Staff are not engaged, and we lack sufficient capacity & capability to deliver our strategy.	Gold Investors in People accredited. Mechanisms to monitor capacity in place. Engagement of staff monitored through the Investors in People survey.

The internal audit programme is approved by the Audit, Risk and Assurance Committee and the findings and conclusions of audits are reported back to this Committee. The Audit, Risk and Assurance Committee reports annually to the Board on the overall efficiency of the risk management process and the adequacy of the internal control systems.

Financial risk

L&W uses cash and other liquid resources to fund its operations. Investments are maintained as part of the reserves for funds which are not required as working capital. The Trustees review the levels of investments and working capital required under the reserves policy.

The main risk is from any potential shortfall in funding. The organisation has a strategic plan which is underpinned by programmes of work. These in turn are underpinned by a funding forecast. Funding is reviewed every month by the Management team of L&W and at each Board Meeting. A significant proportion of funding required for the year ahead has already been secured. As mentioned earlier in this report, further comfort is derived from having short term investments valued at over 6 month's worth of income.

Grant making

Occasionally L&W manages and distributes grants on behalf of other agencies and government departments. L&W may distribute the grant, provide support to the recipient, and monitor the outcomes as part of the contract with the funder. All such grants will be made in accordance with the contract requirements. Receipt of funding by L&W and payment to the grant recipients are recognised in the accounts at the time of entitlement.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

The reader will have already noted in the financial review the impact of the £2.145m grant received in February 2021 from the Charities Aid Foundation which was recognised in full in the accounts to the year 31 March 2021 despite the delivery of the project materially occurring during the years from 31 March 2022 to 31 March 2025.

People and Remuneration policy

Sets out the principles and process of the remuneration relationship with staff and unions together with other people related matters. The People and Remuneration Committee approves all staff related policies, reviews equal pay metrics and also debates annual awards for subsequent approval by the Board. This is fully reviewed in consultation with staff and unions when changes occur. L&W seeks to offer a competitive salary and benefits package to attract and retain quality staff in the context of:

- Affordability
- Equality – no discrimination
- Simplicity and ease of understanding and application by everyone in the organisation
- Committing to pay at least the real living wage to all staff.

Remuneration of the CEO and his Directorate reports are also determined by the People and Remuneration Committee who make an objective assessment of the appropriate level considering factors such as the market, needs of the organisation and comparable benchmarks.

Disability policy

L&W promotes Inclusion, Equality and Diversity throughout its work and this commitment underpins the organisation's staffing policies and recruitment and selection processes. This is articulated through L&W's People Strategy.

L&W has processes in place to support staff with disclosed disabilities; including for example making reasonable adjustments to the workplace and taking advice and guidance from Access to Work. We also work closely with staff to review working patterns and ways of working.

Staff training and continuous professional development

L&W's staff development plan is part of our wider commitment to continuous quality improvement. The plan is based on input from our personal development review process and an organisational skill needs analysis. Learning and development starts with the induction process and continues throughout the lifecycle through role specific development, individual career paths and any other development in pursuit of our strategic aims. During the year a range of formal and informal learning took place. Within our performance review process, objectives are cascaded from the strategic plan to all staff ensuring everybody understands how their role contributes to L&W's strategic aims.

Trustees' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with 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

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 organisation and of the profit or loss of the organisation for that period.

- 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 proper accounting records that 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' liability insurance

L&W maintained Trustees liability insurance cover during the year and continue to do so within the Management liability package.

Creditor payment policy and practice

It is the policy of L&W to follow standard payment terms of 30 days (or as otherwise agreed with the supplier) unless there are reasons to dispute the amounts with suppliers. Trade creditors at the end of the year were £690,000 equating to 48 creditor days (2024 £109,000 and 11 days). The higher creditor days is overstated temporarily where housing association grant claims from the jobs plus pilot are settled on a lag following receipt of the DWP funding, in line with the contract.

Auditors

TC Group offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Future plans

L&W's strategic plan 2024-29 is available at www.learningandwork.org.uk. L&W seek a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life. To progress this, L&W will prioritise work in the areas of lifelong learning, essential skills, employment, and better work. Trustees consider the combination of the strategic plan, careful financial and operational management and reserves will ensure any challenges will be overcome. This report which includes the Strategic Report required by company law, has been approved by the Board both as company directors and charity Trustees.

ON BEHALF OF THE TRUSTEES

Jeremy Moore

Jeremy Moore
Chair of Company Board
10th July 2025

Stephen Evans

Stephen Evans
Company Secretary
10th July 2025

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Independent auditor's report to the members of
National Learning and Work Institute

Independent auditor's report to the members of National Learning and Work Institute

Opinion

We have audited the financial statements of National Learning and Work Institute for the year-ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Organisation Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2025 and of the group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustee and Strategic Report. Our opinion on the financial

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee and Strategic Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee and Strategic Report (which incorporates the strategic report and the directors' report prepared for the purpose of company law).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 or Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out in the trustees' annual report, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those acts.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Extent to which the audit was considered capable of detecting fraud.

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- The nature of the industry and sector, the control environment and business performance targets including targets for incoming resources and surplus or deficit positions achieved;
- Results of our enquiries with management and the Trustees about their own identification and assessment of the risks and irregularities;
- Any other matters that we have identified having obtained and reviewed documentation of the Charity's policies and procedures;
- Identifying, evaluating and complying with relevant laws and regulations and whether management were aware of any instances of non—compliance. This includes non-compliance with General Data Protection Regulations and the Bribery Act 2010;
- Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud occurring in the reporting period or to the date of approval of these financial statements;
- The internal controls designed and implemented to mitigate the risks of fraud or non-compliance with laws and regulations;
- The audit engagement team held discussions to determine how and where the financial statements would be susceptible to misstatement and how to identify any indicators of fraud;

As a result of the procedures, we have considered that the greatest opportunity and incentive for fraud to occur within the business is the ability of management to manipulate revenue recognition. This is in common with audit engagements conducted under ISA (UK), in addition, we are required to perform specific procedures in response to the risks of management override.

We have also reviewed the legal and regulatory framework in which the company operates. We have focused on the specific laws and regulations that directly impact the determination of material balances or disclosures required within the financial statements. We considered

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

the key laws applicable were: The Companies Act 2006, The Charities Act 2011 and the Financial Reporting Standard 102.

We have also considered laws and regulations that do not have a direct impact on the financial statements but with which compliance is fundamental to company operations or are required to avoid material penalties. The key areas identified in this regard were: The General Data Protection Regulations, Health and Safety Policies and the Bribery Act 2010.

We developed appropriate procedures to respond to the risks identified prior. These procedures included:

- A review of the disclosures made within the financial statements and to ensure that sufficient testing was undertaken on supporting documentation to assess compliance with the provision of laws and regulations.
- Enquired of management and trustees concerning the existence of any actual or potential litigation claims.
- Obtained third party evidence confirming the existence of material bank balances.
- Documenting and verifying all related party transactions and any balances due between such parties at the reporting period end.
- Performed analytical procedures to identify any unexpected relationships that could indicate material misstatement as a result of fraud.
- To directly address the risks of misstatement through revenue recognition, we have tested a sample of revenue recorded in the year and agreed that the relevant documentation matched the recognition criteria. Additionally, we have ensured that revenue is complete by performing a review of invoices and generating expectations for revenue. This was supported by discussions with management over the volatility of revenue in a given reporting period.
- To address the risks of misstatement occurring as a result of management override of controls, we have tested the appropriateness of journals entries and adjustments made within the period. We have focused our testing on adjustments that were made by unexpected team members, entries of an unexpected or unusual size or volume or entries made at unusual dates and times. Key accounting estimates were reviewed to ensure that any judgements, assumptions and calculations made by management are indicative of management bias. Finally, we reviewed the business rationale of any significant transactions that have been considered unusual or outside of the normal course of business.
- We also communicated relevant identified laws, regulations and potential fraud risks to all engagement team members to ensure that we remain vigilant for any indicators of fraud or non-compliance with laws and regulations and that a suitable level of professional scepticism was maintained throughout the audit engagement.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Use of our report

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 and section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. 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 charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

James Liptrott

James Liptrott (Senior Statutory Auditor)
For and on behalf of TC Group
10 Stadium Business Court
Millennium Way
Pride Park, Derby, DE24 8HP

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Consolidated statement of financial activities (incorporating the income and expenditure account)

	Note	Unrestricted funds	Restricted funds	Endowed funds	2025 Total funds	2024 Total funds
		£'000	£'000	£'000	£'000	£'000
Income						
Investment income	2	378			378	117
Income from charitable activities – from core projects	3	1,750	2,803		4,553	2,420
Income from other charitable activities	4	122			122	123
Income from pension exit	4	-			0	4,850
Total income		2,250	2,803	-	5,053	7,510
Expenditure						
Cost of raising investment funds	5	41			41	36
Cost of core charitable activities	5	2,177	2,915		5,092	3,630
Cost of other charitable activities	5	115			115	102
Cost of pension exit	5				0	471
Total expenditure		2,333	2,915	-	5,248	4,239
Net income (expenditure) before gains on investment assets		(83)	(112)	0	(195)	3,271
Realised and unrealised gains / (losses)		(235)		1	(234)	398
Net income (expenditure)		(318)	(112)	1	(429)	3,669
Net movement in funds for the year		(318)	(112)	1	(429)	3,669
Reconciliation of funds						
Total funds brought forward		10,390	357	122	10,869	7,200
Total funds carried forward		10,072	245	123	10,440	10,869

All activities are continuing and are in furtherance of the objectives of the organisation. The net expenditure for the purposes of the Companies Act was (£195,000) (2024: £3,271,000 net income).

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Balance sheet

	Note	Organisation		Group	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	0	2	0	2
Long term Investments	11	8,032	4,678	8,155	4,800
Total fixed assets		8,032	4,680	8,155	4,802
Current assets					
Debtors	12	1,669	5,620	1,669	5,620
Cash at bank and in hand		595	240	595	240
Short term Investments		1,565	1,501	1,565	1,501
Total current assets		3,829	7,361	3,829	7,361
Creditors falling due within one year	13	1,507	1,115	1,507	1,115
Net current assets		2,322	6,246	2,322	6,246
Total assets less current liabilities		10,354	10,926	10,477	11,048
Liabilities falling due after one year					
Provisions for liabilities	15	37	179	37	179
Net assets		10,317	10,747	10,440	10,869
The funds of the charity					
Unrestricted funds		10,072	10,390	10,072	10,390
Restricted funds	16	245	357	245	357
Haldane Trust endowment	21	-	-	123	122
Total charity funds		10,317	10,747	10,440	10,869

The financial statements were approved and authorised for issue by the Board of Trustees on 10th July 2025

Jeremy Moore

Jeremy Moore
Trustee

Tim Render

Tim Render
Trustee

National Learning and Work Institute Company No:02603322
 Trustees' report and financial statements for the year ended 31 March 2025

Consolidated cash flow statement

	Note	2025 £'000	2024 £'000
Cash used in operating activities	18	3,821	(1,670)
Cash flows from investing activities			
Interest and dividend income		378	117
Sales of investments		1,946	1,753
Purchase of investments		(5,790)	(1,161)
Cash provided by (used in) investing activities		(3,466)	709
Increase (decrease) in cash in the year		355	(961)
Cash at the beginning of the year		240	1,201
Total cash at the end of the year		595	240

The accompanying accounting policies and notes form an integral part of these financial statements. The company had no borrowing; therefore no statement of net debt is shown.

Notes to the financial statements

1 Accounting policies

L&W is a Private company by guarantee incorporated in England and Wales with the registered office detailed on Page 44. It meets the definition of a public benefit entity as defined by FRS 102. The principal accounting policies adopted in the preparation of the financial statements are as follows;

a) Basis of preparation

The financial statements have been prepared in accordance with 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 (FRS102) (second edition effective 1 January 2019) -(Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements are prepared in thousands of pounds (£'000s).

b) Basis of consolidation

In 2021 the trustees reviewed the accounting treatment in respect of the Haldane Trust, a charity controlled by L&W. On the basis that the Haldane Trust was material as of 31 March 2021 and remains material as of 31 March 2025, it is consolidated into L&W's financial statements on a line-by-line basis.

c) Preparation of the accounts on a going concern basis

Trustees have reviewed the forecast results, cashflow and reserves for the foreseeable future and a minimum period of twelve months and consider factors that may influence income such as a reduction in Government funding. Trustees are confident L&W will continue and there is no material uncertainty over its ability to operate as a going concern. More information can be found in the Independent Auditors report on page 22.

d) Estimates and judgements

The financial statements include estimates and judgements which are susceptible to change in subsequent periods. Dilapidation liabilities are estimated for leasehold properties and based on the expected cost of fulfilling L&W's obligation under the leases. The actual amounts payable may vary from the amounts calculated with landlords.

e) Income and expenditure account

The Statement of Financial Activities on page 27 discloses the information required within the Income and Expenditure account and as such no separate Income and Expenditure account has been prepared.

f) Income

The recognition of income as receivable varies according to the nature of the income. Income from contracts and performance related grants is recognised only to the extent that related services have been delivered and contract or performance conditions met. Income received in excess of that recognised as earned is carried forward as deferred income. Donations and general grants are credited to the Statement of Financial Activities as they become due. For grants which are not specifically performance-related income is recognised once L&W is entitled to the funds, receipt is considered

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

probable, and the amount can be reliably measure. Unspent amounts related to such grants are carried forward as funds. Attention is drawn to the Charities Aid Foundation grant of £2.145m received in February 2021, recognised in full in the year to 31 March 2021, but where the work has been completed in the years up to and including 31 March 2025. Accordingly, the SOFA included a large surplus related to the Charities Aid Foundation work in the year to 31 March 2021 but deficits for years to 31 March 2022, 2023, 2024 and 2025.

g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the management costs incurred by professional advisors in the management of the organisation's investments.
- Expenditure on the charitable activities in furtherance of the organisation's objectives and any associated support costs.
- Costs of carrying out other trading activities namely the provision of publications and conference and event activities
- Other expenditure representing those items not falling into any other heading.

h) Allocation of support costs

Support costs are those functions that assist the work of the organisation but do not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll and governance costs which all support the charitable objectives. The bases on which support costs have been allocated are set out in note 6.

i) Operating leases

The organisation has leases for the office buildings from which it operates. Rentals payable under operating leases are charged as an expense on a straight line basis over the term of the lease.

j) Investments

Investments are valued at the market rate prevailing at the balance sheet date.

Net gains and losses on revaluation and disposals during the year are included in the statement of financial activities.

k) Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised at cost and are depreciated over the estimated useful economic life on a straight line basis as follows;

Tangible fixed assets are stated at cost net of depreciation.

Computer equipment	-	33% straight line
Office equipment	-	20% straight line
Buildings maintenance	-	6-20% straight line
Leasehold improvements	-	straight line over balance of leases

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

l) Creditors

Creditors are recognised where the organisation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amounts due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Provisions

An assessment of dilapidations liabilities is made for leasehold properties. The provision is based on an assessment of the nature of each lease, risk of materialisation and size of each property.

n) Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements entered into.

Where the contractual obligations of financial instruments are classed as financial liabilities, financial liabilities are presented as such in the balance sheet. Finance costs & gains or losses relating to financial liabilities are included in the Statement of Financial Activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

o) Pension costs

Employees are automatically enrolled into a defined contribution pension scheme with standard life as of 1st December 2023. Previously employees were automatically enrolled into the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership (LPP) scheme formerly known as the London Pension Funds Authority (LPFA). L&W has now fully exited from the LGPS. This was funded by contributions from employee and employer.

At the year ended 31 March 2025 all employees were in the defined contribution standard life scheme.

p) Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

2. Investment income

The income derived from dividends and interest received from the charity's investments held and managed in the UK, and interest arising from money held in interest bearing accounts.

	2025	2024
	Total	Total
	£'000	£'000
Dividends and Interest on investments	346	111
Interest on Bank savings account	32	6
Total Investment Income	378	117

3. Income from charitable activities – core projects

	Contract & sales 2025 £'000	Recurrent grant 2025 £'000	Total 2025 £'000
L&W Wales		509	509
Research and development	1,107	2,937	4,044
Campaigns, promotions and advocacy	-	-	-
Total charitable activities income	1,107	3,446	4,553
	Contract & sales 2024 £'000	Recurrent grant 2024 £'000	Total 2024 £'000
L&W Wales	44	734	778
Research and development	1,261	378	1,639
Campaigns, promotions and advocacy	3	-	3
Total charitable activities income	1,308	1,112	2,420

Income analysed by funding source

	Total 2025 £'000	Total 2024 £'000
Departments for Education	0	8
Welsh Government	509	794
Department of Work and Pensions	2,453	237
Ministry of Defence	170	124
Other Government	15	-
European Funding	(12)	58
Public sector	391	435
Charitable trusts	871	630
Other project funding	156	134
	4,553	2,420

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

4. Income from other charitable activities

	2025 Total £'000	2024 Total £'000
Conference and events income	119	120
Other income	3	3
Total income from other charitable activities	122	123
Income from Pension Exit	-	4,850

5. Analysis of total expenditure

	Unrestricted 2025 £'000	Restricted 2025 £'000	Total 2025 £'000
Direct project costs	510	2,038	2,548
Direct salary costs associated with projects	906	877	1,783
Allocation of support costs	684		684
Allocation of governance costs	77	0	77
Total costs of core charitable activities	2,177	2,915	5,092
Other charitable activity direct costs	85		85
Other charitable activity direct salary costs	30		30
Total costs of other charitable activities	115	0	115
Cost of raising investment funds/ Investment Management Fees	41		41

	Unrestricted 2024 £'000	Restricted 2024 £'000	Total 2024 £'000
Direct project costs	659	383	1,042
Direct salary costs associated with projects	1,170	579	1,749
Allocation of support costs	744		744
Allocation of governance costs	95	0	95
Total costs of core charitable activities	2,668	962	3,630
Other charitable activity direct costs	39		39
Other charitable activity direct salary costs	63		63
Allocation of support costs	0		0
Allocation of governance costs			0
Total costs of other charitable activities	102	0	102
Cost of raising investment funds/ Investment Management Fees	36		36
Cost of pension exit	471		471

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

6. Analysis of support and governance costs

	2025 Total £'000	2024 Total £'000
Support costs		
Support Staff Salaries	340	350
Office costs	59	167
Computer	137	104
Depreciation	2	5
HR Costs	64	53
Travel	38	27
Policy and publicity	6	0
Telephone	19	11
Printing and stationery	8	6
Finance, VAT recovery and Other	11	21
Total support costs	684	744
Governance costs		
Audit services	29	31
Board and Committee Costs	6	4
Legal and insurances	42	60
Total governance costs	77	95
Cost of raising investment funds/ Investment Management Fees	41	36

Notes on basis of allocation

Support and governance cost are the total L&W overheads plus specified support staff.

7. Net expenditure for the year

This is stated after charging:	2025 £'000	2024 £'000
Operating leases		
Land and buildings	102	114
Others	-	-
Depreciation	2	5
Auditors remuneration		
External audit fees	29	31
Other accountancy services	-	-
Trustee's indemnity insurance	5	6

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

8. Analysis of staff costs, trustee expenses and the cost of key management personnel

	2025 £'000	2024 £'000
Salaries and wages	1,551	1,616
Social security costs	179	171
Pension costs:		
Employer contributions paid	424	372
	<u>2,154</u>	<u>2,159</u>

Not included in the above are termination costs of £nil (2024: £2,745).

The number of employees where emoluments (including salary and taxable benefits) exceeded £60,000 was:

	2025 Number	2024 Number
£ 60,001 - £ 70,000	3	2
£ 70,001 - £ 80,000	3	2
£ 80,001 - £ 90,000	2	-
£ 90,001 - £ 100,000	-	1
£100,001 and above	1	1
	<u>9</u>	<u>6</u>

The key management personnel of the organisation comprise the Trustees, the Chief Executive Officer and the Senior Management Team. Trustees were not paid any remuneration for their services in the year, nor in the prior year. The total employment benefits for the Senior Management Team, including the CEO, was £716,539 (2024: £756,178).

9. Staff numbers

The average annual headcount of employees, employed by L&W during the year:

	2025	2024
Employees	<u>40</u>	<u>39</u>

L&W has a number of part-time employees. The average number of full-time equivalents employed during the year was as follows:

	2024	2024
Employees – full time equivalents	<u>37.3</u>	<u>36.7</u>

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

10. Tangible fixed assets

	Computer equipment	Office equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2024	131	7	138
Disposals	(81)	(7)	(88)
At 31 March 2025	50	0	50
Depreciation			
At 1 April 2024	131	5	136
Elimination on Disposal	(81)	(7)	(88)
Charge for the year		2	2
At 31 March 2025	50	0	50
Net book value			
At 31 March 2025	0	0	0
At 31 March 2024	0	2	2

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

11. Investments (all held and managed in the UK)

	Long term	Short term
Cost or Valuation	£'000	£'000
At 1 April 2024 - L&W	4,678	1,501
Additions at cost	4,579	1,211
Disposal at proceeds	(1,166)	(431)
Transfers	-	(350)
Unrealised gains/ (losses)	(59)	(366)
At 31 March 2025	<u>8,032</u>	<u>1,565</u>

The long term fixed asset investments were held as follows

	2025	2024
	£'000	£'000
Listed stocks and shares	7,791	4,504
Cash	241	174
Market value at 31 March 2025	<u>8,032</u>	<u>4,678</u>

The short term current asset investments were held as follows

	2025	2024
	£'000	£'000
Listed stocks and shares	1,469	746
Cash	96	755
Market value at 31 March 2024	<u>1,565</u>	<u>1,501</u>

The L&W book cost of listed stock and shares was £9,177,617 (2024 £4,927,541).

On the Balance sheet, the consolidated investments include the Haldane Trust portfolio valued at £123,494 as of 31 March 2025 and £122,229 as of 31 March 2024.

12. Debtors

	2025	2024
	£'000	£'000
Trade debtors	394	390
Prepayments and accrued income	1,274	379
Other debtors	1	4,851
	<u>1,669</u>	<u>5,620</u>

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

13. Creditors: amounts falling due within one year

	2025	2024
	£'000	£'000
Trade creditors	690	109
Other creditors	144	471
Tax and social security	139	114
Accruals	352	162
Deferred income (see note 14)	182	259
Provision for costs of relocation on new premises	-	-
	<u>1,507</u>	<u>1,115</u>

14. Deferred income

	Balance	Movement	Balance at
	31-Mar-24	In year	31-Mar-25
	£'000	£'000	£'000
Restricted funds charitable activities	97	26	123
Unrestricted funds charitable activities	129	(139)	(10)
Unrestricted funds other trading activities	33	36	69
	<u>259</u>	<u>(77)</u>	<u>182</u>

15. Provisions

	2025	2024
	£'000	£'000
Provision for costs of relocation on leased premises	<u>37</u>	<u>179</u>
Dilapidation Provision		
Balance as at 1 April 2024	179	
Provided during the year	37	
Released during the year	(179)	
Balance as at 31 March 2025	<u>37</u>	

The comparative period has been amended by reallocating the dilapidation provision from creditors due within one year (£136k) and amounts over one year (£43k) to provisions for liabilities.

The dilapidation provision relates to the costs of reinstatement and repair at the Charity's leased premises. The core balances in this provision are for leases which the latest expected date of provision would be 2035. The provision is based on management's latest assessment of the existence of a liability or the probability of a related cash outflow. These assessments take account of outcomes which have become known since the balance sheet date and of any relevant professional advice received.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

16. Analysis of charitable funds

Analysis of movement in restricted fund

	2025 £'000	2024 £'000
Opening balance	357	1,076
Income	2,803	243
Expenditure	(2,915)	(962)
Closing balance	245	357

L&W gratefully acknowledge the following grant income recovered and receivable.

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer from/(to) unrestricted funds
	2025 £'000	2025 £'000	2025 £'000	2025 £'000
DWP				
Jobs plus pilot	2,453	(2,478)	(25)	-
Other consultancy/research				
The National Lottery Community Fund	80	(80)	-	-
Taith - Pathway 2	26	(26)	-	-
Robertson Trust	23	(23)	-	-
Ufi VocTech Trust	116	(116)	-	-
Other Charitable Trusts	90	(90)	-	-
Charities Aid Foundation	-	(87)	(87)	-
Various	15	(15)	0	-
	2,803	(2,915)	(112)	-

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer
	2024 £'000	2024 £'000	2024 £'000	2024 £'000
Other consultancy/research				
Charitable Trusts	239	(239)	-	-
Charities Aid Foundation	-	(889)	(889)	-
Ministry of Defence	-	-	-	-
Various	4	166	170	-
	243	(962)	(719)	-

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

17. Analysis of net assets between funds

	Balance at 01-Apr-24 £'000	Movement In year £'000	Balance at 31-Mar-25 £'000
Restricted funds	357	(112)	245
Unrestricted funds	10,390	(318)	10,072
Endowment funds	122	1	123
	<u>10,869</u>	<u>(429)</u>	<u>10,440</u>

	Restricted funds 2025 £'000	Unrestricted funds 2025 £'000	Endowment funds 2025 £'000	Total funds 2025 £'000
Fund balances at 31 March 2025 are represented :				
Tangible fixed assets	-	-	-	0
Long term Investments	-	8,032	123	8,155
Short term Investments	-	1,565	-	1,565
Cash at bank	368	227	-	595
Current assets	-	1,669	-	1,669
Current liabilities	(123)	(1,384)	-	(1,507)
Provisions for liabilities	-	(37)	-	(37)
Total net assets	<u>245</u>	<u>10,072</u>	<u>123</u>	<u>10,440</u>

	Restricted funds 2024 £'000	Unrestricted funds 2024 £'000	Endowment funds 2024 £'000	Total funds 2024 £'000
Fund balances at 31 March 2024 are represented :				
Tangible fixed assets	-	2	-	2
Long term Investments	-	4,678	122	4,800
Short term Investments	-	1,501	-	1,501
Cash at bank	331	(91)	-	240
Current assets	123	5,497	-	5,620
Current liabilities	(97)	(1,018)	-	(1,115)
Provisions for liabilities	-	(179)	-	(179)
Total net assets	<u>357</u>	<u>10,390</u>	<u>122</u>	<u>10,869</u>

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

18. Reconciliation of net movements in funds to net cash flow from operating activities

	2025 £'000	2024 £'000
Net movement in funds	(429)	3,669
Add back depreciation charge	2	5
Deduct interest income shown in investing activities	(378)	(117)
Decrease (increase) in debtors	3,951	(4,742)
Increase (decrease) in creditors	392	264
Increase (decrease) in provisions	(142)	17
Unrealised (gains)/ losses	425	(766)
Net cash used in operating activities	3,821	(1,670)

19. Commitments

Operating lease payments amounted to £102,073 during 2024-25. The leases to which these amounts relate expire as follows:

	2025		2024	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire in:				
Less than one year	69	-	45	-
One to five years	38	-	60	-
Total	107	-	105	-

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

20. Connected charities and related parties

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £123,494 as of 31 March 2025 (£122,229 as of 31 March 2024). Due to the common control and materiality, the investments of the Haldane Trust have been consolidated into the L&W accounts. The Haldane Trust was not consolidated prior to the year ended 31 March 2021 as it was immaterial.

Certain trustees of L&W can be trustees of other bodies who may in turn provide funding to L&W. Trustees declare their interests in line with the policies of L&W and the funding bodies and do not participate in decisions affecting L&W. There were no other connected charities and related parties during the year to 31 March 2025 or the year to 31 March 2024.

Trustee expenses of £763 were reimbursed for the year to 31 March 2025 (£603 for the year to 31 March 2024).

22. Financial derivatives

There were no financial derivatives as of 31 March 2025 or 31 March 2024.

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Legal and administrative details

Company registration number: 02603322

Charity registration number: 1002775

Registered office: Office 1.23, St Martins House
7 Peacock Lane
Leicester
LE1 5PZ

Patron: HRH The Princess Royal

**Chief Executive and
Company Secretary:** Stephen Evans

Trustees: Margaret Galliers (President)
Jeremy Moore (Chair)
Timothy Render (Treasurer)
Lauren Harris (Chair of Audit, Risk & Assurance
Committee)
Richard Spear (appointed Dec 2024) (Chair of Wales
Strategy Group)
Haf Merrifield
Chris Banks
Belinda Vernon
Harriet Ayles
Nichola Ivory-Chapman
Ayokunle Salam
Ruth Spellman (resigned Sep 2024)
Jeffrey Greenidge (resigned May 2024)

Committees

Learning and Work has established two Committees and a Strategy Group. The members during the relevant period are as follows:

Audit, Risk & Assurance Committee

Lauren Harris (Chair, appointed Jun 2024)
Ayokunle Salam
Belinda Vernon
Kathryn Mackenzie
Paul Greening
Jamie Hutchinson
Ruth Spellman (resigned Sep 2024)
Jeffrey Greenidge (resigned May 2024)

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2025

Learning and Work Institute Wales Strategy Group

Richard Spear (Chair, appointed Dec 2024)	Alan Felstead
Michelle Matheron	Katy Stevenson
Sarah Quibell	Amanda Wilkinson
Rachel Cable	Jamie Insole
Michelle Kerswell	Llyr ap Gareth
Catherine Jenkins	Linsey Imms
Jeffrey Greenidge (Chair, resigned May 2024)	

People & Remuneration Committee

Margaret Galliers
 Timothy Render
 Jeremy Moore
 Nichola Ivory-Chapman (appointed Jul 2024)

Senior Management:

Stephen Evans	Chief Executive
Vacancy	Director of Policy & Research
Paul Cleminson	Director of Finance & Operations
Naomi Clayton	Director of Policy & Research (left Mar 2025)

Solicitors: Shakespeare Martineau
 Two Colton Square
 Leicester, LE1 1QH

External auditor and accountants TC Group (appointed Sep 2024)
 10 Stadium Business Court
 Millennium Way
 Derby, DE24 8HP

Bankers: Bank of Scotland
 8 Humberstone Gate
 Leicester, LE1 3PH

Investment advisors: Canaccord Genuity Wealth Limited
 88 Wood Street
 London
 EC2V 7QR

Haldane Trust Trustees: Jeremy Moore (Chair)
 Haf Merrifield

Accounts



**Trustees' report and financial statements
For the year ended 31 March 2024**

Index to the financial statements

Foreword	3
Report of the Trustees - Impact Report	4-10
Report of the Trustees – continued	11-19
Report of the independent auditor	20-22
Statement of financial activities	23
Balance sheet	24
Cash flow statement	25
Notes to the financial statements	26-41
Legal and administrative details	42-43

Foreword

We are proud of the difference we have made during challenging times. A cost-of-living crisis following a decade of low growth has left many struggling to make ends meet and public services stretched. Restarting stalled economic growth in ways that benefit those on the lowest incomes must be part of the answer. Our work helped to highlight ways we can do this and make the changes demanded by the combination of demographic changes like an aging population and advances in technology.

Rising economic inactivity after the pandemic constrains growth, makes it difficult for employers to find the people they need, and limits people's opportunities. We helped build understanding of the challenge, including the rise of people out of work due to long-term sickness, and shape what needs to change. That included building the evidence of what works by evaluating DWP's Restart and health-led trials, and working on the broader changes needed by supporting the Health Foundation's Healthier Working Lives Commission.

Weaknesses in the UK's skills base compared to other countries, particularly in intermediate skills and essential skills like literacy and numeracy, have held back both our economy and people's life chances for more than a century. Our research revealed the Government has cut adult skills funding in England by £1 billion since 2010 and that employers are spending 26% less on training per employee than in 2005. We argued that reform of the apprenticeship levy, a new Skills Tax Credit, and a widened Lifelong Learning Entitlement could make a difference.

We also looked at how to better support particular groups of people and different types of learning. That included campaigning for changes in the 21 hour rule that means too many young adult carers face a narrower range of learning options than other young people if they need to continue receiving Carer's Allowance. And highlighting the difference English for Speakers of Other Languages can make, as well as how learning can support health through social prescribing, and testing a new Citizen's Curriculum in Wales.

The range of ways in which learning can make a difference were showcased in our Festival of Learning and Inspire! Awards.

Lastly, longer working lives will mean people will need to update their skills and change careers more often. Our research highlighted that around 5% of adults change sector or occupation each year, often facing a drop in earnings when doing so. We argued for better support for people to change career and update their skills.

None of this is possible without our excellent and dedicated trustees and team. We thank them for their work over the year.

The year ahead will see a UK General Election. Whatever the result of that, the need for a step change in learning, skills and employment is clear. We will continue to make that case, build the evidence base, shape policy, and test new ways of working.

Jeremy Moore and Stephen Evans

Report of the Trustees: impact report

The following pages summarise the key impacts we have achieved over the year.

Strategic priorities and impact

Our vision is for a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life.

Our strategic plan sets out how we seek to achieve our vision, including our mission, and values. Our work is organised into six priorities:

1. Lifelong learning.

Learning through life, for any reason and none, improves work, health, wellbeing and citizenship. People learn in many ways, including family and community learning. Yet participation in learning is unequal. Our focus is on the case for participating in learning and policy and practice to achieve this.

2. Employment and social security.

Employment is relatively high, but economic inactivity has risen primarily due to long-term sickness, limiting both opportunity and prosperity. Our aim is to help ensure everyone who can work gets the support they need to access, remain and thrive in the workforce.

3. Essential and life skills.

Capabilities like literacy, language, numeracy, digital, citizenship and health and financial skills are fundamental to life and work. Yet nine million adults lack functional skills and participation in learning has fallen sharply. Our focus is on developing new ways to engage people and deliver learning.

4. Pay, progression and security.

Work should be good quality and provide opportunities for progression and development. Yet five million people are low paid, and too many people become stuck in low pay. Our focus is on support for people in low pay to progress, including careers advice and skills improvements, and developing and spreading best practice on the quality of work.

5. Apprenticeships and technical education.

High-quality apprenticeships and world-class technical education should be open to all who can benefit from them. Yet the number of apprenticeships has fallen, access to them is unequal and the quality of provision variable. Our focus is on the quality of and access to apprenticeships, and technical education that works for adults and young people.

6. Social justice and inclusion.

Everyone should have the chance to go as far as their efforts will take them - life chances should not be constrained by background. Yet social mobility is lower than in other countries. Our focus is on advocating for better support for groups that often miss out and trying new ways of delivering this with partners.

We have helped shape policy and practice nationally, regionally and locally.

Policy and advocacy

We encourage evidence-based policy development and use our insights to improve service design and delivery. We help to shape the debate by working closely with our partners and testing out new approaches, and engaging across the political spectrum with elected representatives, government officials and others across the UK.

Highlights of our achievements during 2023-24 include:

- Influencing thinking on how to support people to switch careers, including highlighting the 'career changer pay penalty'.
- Continuing to influence thinking on how to reverse the decline in employer investment in skills, which our research has shown is down 26% per employee since 2005.
- Helping to secure an increase in the Care Leavers Apprenticeship Bursary, based on evidence from our research and our relationship with DfE.
- Building support for our campaign to exempt young adult carers from the 21 hour rule which prevents people studying more than 21 hours per week from claiming Carer's Allowance, including engagement with a range of MPs and tabling of parliamentary questions.
- Influencing and informing the development of devolved Adult Education Budget policy in Greater London, the West Midlands and other mayoral combined authorities, through a range research and evaluation projects.
- Securing a firm commitment to Wales as a nation of second chances through the piloting and expected mainstreaming of a Citizens' Curriculum for Wales.
- Supporting the new Commission for Tertiary Education in Wales to understand its lifelong learning duties through learner focus groups.
- Being called to give evidence by a number of Committees, including the Work and Pensions Committee on the UK Shared Prosperity Fund, and the importance of localised employment support for economically inactive people.
- Establishing and leading a new partnership with the Department for Work and Pensions, Communities that Work, Institute for Employment and 10 housing associations to test a community-based approach to employment support.

In addition, we responded to **inquiries and Government consultations**, and submitted evidence to, and presented at, All-Party Parliamentary Groups including the APPG for Youth Affairs and APPG for Adult Education.

We built engagement with key audiences through media and social media.

We received around **558 pieces of media coverage** in 2023-24 for our campaigns and unique research and analysis, with our commentary of labour market statistics featuring regularly in national news. We achieved significant national media coverage in print, online and broadcast for our policy research, including in The Telegraph, The Times, The Financial Times, The Economist, The i, BBC News, BBC Radio 4 and BBC Radio 5 Live. Our work has also been featured in sector press including FE Week, FE News, Education Journal, People Management, Municipal Journal, LocalGov, Children and Young People Now, Wonkhe, Inside Housing and The Stage.

Our **website received 258,185 views in the year**. We had spikes around report publications, including the Adult Participation in Learning Survey and our events, including our Employment and Skills Summit Lifelong Learning Week and Festival of Learning Awards. Our **L&W Wales website drew 9,700 users**.

Our **@LearnWorkUK Twitter account has 18,200 followers** and our **@LearnWorkCymru Twitter account has 4,709 followers**. Our **YouTube channels had 19,500 views with 87,800 minutes of footage viewed**. The number of followers on **LinkedIn rose more than 1,100 this year to 5,869**. We had **7,598 page views** and **3,159 unique visitors**.

Bringing people together

We maintain a range of networks, advocate through coalitions, and convene people and organisations to focus on burning issues, and to increase our influence and impact. We secure Ministers, senior political figures, and industry leaders to speak at our online and in-person events throughout the year.

Events

Our **Better Work Conference** in April, brought **100 stakeholders** together to explore different dimensions of job quality, including mental health, worker rights and flexible work. In November, we hosted our **Employment and Skills Summit** online. The event was sponsored by Clarion Futures, Youth Futures Foundation, Edge Foundation and City and Guilds and **400 people** registered to join. Our annual **English, Maths and ESOL conference**, delivered in person for the first time since 2019 to **100 participants**, focussed on Multiply delivery and using technology in essential skills teaching. We also held webinars as part of Lifelong Learning Week, focusing on career change and health, and policy roundtables on disability employment and employer investment in skills. In Wales, we held a webinar on the future of Fair Work with the Deputy Minister for Social Partnership as the headline speaker with around **60 attendees**. We also launched our research into employment support in Wales at the Pierhead Building in Cardiff Bay, with involvement from several Members of the Senedd and around **70 attendees**.

We inspired more adults to take up learning for life.

Festival of Learning in England and Adult Learners' Week in Wales have celebrated the best in adult learning and inspired people to learn for more than 30 years, inspiring similar celebrations around the world.

We partnered with the West Midlands Combined Authority to deliver their inaugural **West Midlands Adult Learning Awards**, with the ceremony taking place in May 2023. We also worked with the team at City Hall to deliver the **Mayor of London's Adult Learning Awards** for the second time, with a celebration in November for adult learners and their supporters. In England, **Festival of Learning** was supported by NOCN, City Lit, the Education and Training Foundation, Skills and Education Group and Phoenix Insights, and we worked with organisations such as HOLEX, Association of Colleges, AELP and WEA. Award winner announcements took place in July, and the ten winners and seven finalists were selected from nearly 200 nominations. The **awards ceremony livestream has been viewed more than 1,500 times**. Award winner stories received **widespread sector press coverage**. **Lifelong Learning Week** took place from 6 to 10 November 2023 and featured a different theme each day, including **career change, creativity and culture, health and learning for the**

future. During the week, we also published the 27th edition of our annual **Adult Participation in Learning Survey** and hosted our annual **English, Maths and ESOL Conference**.

In Wales, **Adult Learners' Week** involved a collaborative partnership with 150 partners to provide a mix of **over 600** online and in-person courses, tasters, events and learning resources. **Over 15,000 people engaged with the campaign** throughout September. Learning opportunities were delivered by a range of stakeholders including The Open University in Wales, Amgueddfa Cymru | Museum Wales, UNISON Cymru, The Digital College, Adult Community Learning providers, Wales TUC, Working Denbighshire, Reaching Wider Partnership, Swansea MAD and others. We worked with Welsh Government to organise a multi-media marketing campaign which signed posted hundreds of people to advice, guidance and events hosted on the Working Wales and Adult Learners' Week websites. **Our online campaign platform** hosted free courses, special events, learner stories and links to further information. **There were 34k page views** throughout September, and our **content generated over 12 million impressions on Twitter**.

We held the Inspire! Adult Learning Awards and the Inspire! Tutor awards in September and March respectively with contributions from then **Minister for Education, Jeremy Miles and John Griffiths MS**. The awards were attended by **over 200 guests** in City Hall, Cardiff **and the award winner success stories generated 61 pieces of media coverage including ITV news, S4C and Radio Wales**.

We developed solutions to meet the big challenges.

Here is a snapshot of our wide-ranging **research and development work**. We are proud to partner with national and local government, businesses and charities, maintaining our reputation for high quality research and analysis.

Valuing lifelong learning. In its 27th year, our adult participation in learning survey showed that, after a decade of decline during the 2010s, participation in learning has risen for the second year in a row. Almost one in two adults (49%) say they have taken part in learning in the last three years – the highest rate since the survey began in 1996. The survey also demonstrates a shift in the number of adults learning independently and for leisure, with interest sparked during the pandemic and helping to fill the gap as investment in learning from government and employers fell over the previous decade. However, the survey continues to highlight stark inequalities in who participates in learning, meaning there is much more to do to ensure fair access to opportunities. Through our multi-year strategic partnership with Ufi VocTech Trust we continue to support the adoption and deployment of technology to help every adult in the UK get the skills they need to participate and benefit from our transitioning economy. This includes collaborations with four places across the UK to test and learn what works to increase adult participation in learning.

Our wide-ranging work in partnership with Welsh Government has led to increased profile of and access to adult learning opportunities. In Wales, we have undertaken a review of adult learning partnerships to inform governance of the sector as it transitions towards regulation by the Commission on Tertiary Education and Research. We continue to support the work of the adult education External Reference Group and the aim of increasing the number of adult learners in Wales. We coordinated the work of Taith, the new international learner exchange programme in Wales for adult education. Our work has encouraged adult learning organisations

to develop and submit proposals for international exchange and to widen opportunities for disadvantaged learners.

Improving outcomes for young people. As co-chairs of the Youth Employment Group, we have regularly convened our members and called for a Young Person's Guarantee through events at party conferences, alongside our regular meetings with politicians and government officials across departments. Our evaluation of the NEAS Youth Employment Service is helping to improve outcomes for young people with autism. Alongside this, our research for Welsh Government has helped to ensure that supported employment coaches are able to offer young people the help they need to move into employment. We have trained and supported groups of care experienced young people to research and campaign on issues that are important to them. As a result care experience has been recognised as a protected characteristic by their local authorities. Our Driving Change in Higher Education project is supporting universities to introduce new policies and support to improve young adult carers' experiences and outcomes. In partnership with Carers Trust, our campaign to exempt young adult carers from the 21 hour rule in the benefit system has gained good support and is raising awareness of the challenges that young adult carers face in accessing further education.

High quality, accessible apprenticeships and technical education. To work for employers and people, apprenticeships and technical education need to be high quality and accessible. We have continued working with the Strategic Development Network (SDN) to deliver the Government's T-Level employer support programme. We have undertaken further research on apprenticeships for St Martin's Group, and presented our findings on the barriers apprenticeship employers face, and how employers can support apprenticeship completion, at an industry-leaders' event. We published our research on behalf of WorldSkills UK on how young people can acquire the world-class technical skills the UK needs to become a global leader in advanced manufacturing. We undertook a review of the vocational education and training system in Wales with a view to drawing in European best practice on initial and continuing vocational education to inform the new tertiary commission.

Understanding what works. We tested ways of helping people reskill and change career through four pilots across the UK – in Edinburgh, Belfast, Tees Valley and Wales – as part of our flagship programme, New Futures. Our multi-year national evaluation of DWP's Restart scheme setting out findings from the longitudinal cohort study, a survey of Restart providers, case study research of twelve Restart areas and recommendations has informed DWP's development of Restart's successor programme. The full evaluation of the Work and Health Unit's Health-led Trials, published by the DWP in July, included a process evaluation led by L&W. This was the largest evaluation of Individual Placement and Support (IPS) ever conducted and contained valuable insights to inform the design of the Government's ongoing expansion of IPS. We have been working with DWP and others to develop pilots with housing associations and partners to test place-based approaches to increasing employment.

Improving employment opportunities. Ahead of the 2023 Autumn Statement, we published new analysis which found that people who are unemployed are ten times more likely to be in work 6 months later than economically inactive people, and only 1% of people economically inactive due to long-term sickness are in work six months later. We called for a UK employment rate of 80% to be achieved through extending employment support, working with employers on recruitment and job design and investing in social infrastructure like health, skills and childcare. We have continued to inform proposed benefit reforms and our response to the proposed changes to the Work Capability Assessment featured in the Telegraph and as a letter in the

Times, arguing for the need to extend support to find work, rather than just tightening eligibility for benefits. As a partner in the Health Foundation's Health Equals campaign we are making the case for investment in initiatives that help people stay in work, but also to change the way we think about health, wellbeing and work. We have also formed a new collaboration alongside the Institute for Employment Studies and Royal Society for Public Health to be the research partners for the Commission for Healthier Working Lives, supported by the Health Foundation. In Wales, we evaluated an ESF-funded programme run by Gower College, which has worked with 5,500 people, including many people who are in part-time, low paid or insecure work. It includes in-work employment support, building on our expertise in this area including evaluation of the Welsh Government's In Work Support Service. We also published a report, which way now for employment support in Wales, that examined the complexities of the current policy landscape and set out suggestions for improvements. We worked with the West Midlands Combined Authority to develop a blueprint for Adult Employment and Skills Hubs across the region.

Helping people on low pay to progress and build skills. Around five million people in Britain are low paid – relatively high by international standards, though falling as the minimum wage rises. Our Better Work Network – a policy and practice-based initiative in London and across the UK –increased membership to over 800 members. We published new research with the Equality and Human Rights Commission on the future of work and the impacts on people with certain protected characteristics. Our findings suggest that ethnic minorities, older workers and disabled people are overrepresented in the gig economy, self-employment and industries at risk of automation. We co-hosted a roundtable on employer investment in skills with Edge Foundation and HMT in mid-December, and hosted a Fair Work in Wales seminar, sharing our research on trends in job quality and evidence on what works to support people to access better work.

Improving literacy, numeracy and life skills. We modelled essential skills needs down to ward level in England, and engaged MPs, including the shadow skills minister, with data on their local areas at a parliamentary event hosted by the Adult Literacy Trust. We supported devolved areas in England develop adult learning and essential skills policy, evaluating Multiply in the West Midlands and delivering work for the GLA on the use of remote learning in adult education since Covid-19, on migrant communities' access to adult education provision, and on the impact of the rising cost of living on adult education. As part of our work with the British Army, our evaluation of the Army Foundation College (Harrogate) demonstrated clear benefits for young people gaining Level 2 and 3 qualifications, including English and maths. In our role as South East Regional ESOL Co-ordinator, we delivered a substantial DLUHC-funded ESOL capacity building programme, working with ETF, Learning Unlimited and local authorities to support new and experienced ESOL practitioners and volunteers across the region. This has included: 34 teachers trained with a Level 5 ESOL subject specialist course and 113 participants in short CPD courses, 15 prospective teachers supported to gain a Level 3 teaching award, 40 volunteers trained to deliver English language conversation clubs and three local authorities supported with a small grant to improve ESOL networks and co-ordination locally. In Wales, we took part in the ESOL Reform Implementation Group set up by Welsh Government to implement the recommendations provided by our ESOL policy review last year. This included hosting an ESOL conference in Cardiff and growing our ESOL Network in Wales by coordinating professional learning, and helping practitioners to come together with policymakers, for example at our recent event in Coleg Cambria Wrexham, to understand the challenges facing the sector, which will continue with further activity next year.

International work. We continue to play an active role in the European Association for the Education of Adults and the European Basic Skills Network, sharing insights from our work with adult learning providers, practitioners and policymakers across Europe. At EAEA's annual conference in Zagreb, we facilitated a workshop on green skills for adults, drawing on findings from the Adult Participation in Learning survey. We chaired the RegALE project dissemination event in Brussels, which highlighted effective practice in adult learning at the regional level. At EBSN's annual conference in Pecs, we shared insights from our work on effective practice in adult literacy and numeracy in London. We were delighted to be able to host a meeting of the EAEA Executive Board, and UK adult education stakeholders, in Manchester, and to participate in an expert seminar in Berlin, advising the German Federal Ministry of Education and Research on the future direction of its adult literacy strategy. In Wales we have an ongoing exchange with partners in the Republic of Ireland through the Taith Programme, which included a practice sharing event as part of Adult Learners' Week.

Report of the Trustees - continued

The Company Board who are the Directors of the Company and Trustees of the Charity present their report together with the audited financial statements for the year ended 31 March 2024. This report constitutes the Trustees' Annual Report for the purposes of charity law, and both the Directors' report and Strategic Report for the purposes of company law. The Strategic (Impact) Report is on pages 4-10.

Results

The statement of financial activities is set out on page 23 and shows the net movement in funds for the year.

Tax status

The Company is a registered charity, number 1002775, and is exempt from corporation tax and income tax.

Our objectives

Learning and Work Institute is established for the advancement of all forms of adult education and the relief and prevention of unemployment and poverty.

Our vision

A prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions through life.

Our mission

- We are an independent research and development organisation dedicated to promoting lifelong learning, full employment and inclusion.
- We research what works, influence policy, develop new ways of thinking and help implement new approaches.
- Working with partners, we inspire people to learn and help transform people's experiences of learning and employment.
- What we do benefits individuals, families, communities and the wider economy.

Our values

Learning and Work Institute's work is informed by core values, notably:

- **Ambition:** the leading and powerful voice for the benefits of lifelong learning and economic inclusion;
- **Independence:** the highest standards and an unshakeable commitment to being open-minded, honest and fair;
- **Collaboration:** partnership and networking is at the heart of what we do and how we operate;
- **Expertise:** evidence-based thinking delivering real-world change in learning, skills and employment.

Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the organisation.

The Trustees review the activities of the organisation against its aims on an ongoing basis and are satisfied that all activities continue to be related to the aims.

Learning and Work Institute seeks to benefit all members of the public in the UK, with no exclusions. Its focus is on those adults who have benefited least from initial education and training. For further information please see the impact report on page 4.

Structure, governance & management

Constitution

The Company is incorporated as a company limited by guarantee (Registered No. 02603322). It is governed according to the provisions contained in the Memorandum and Articles of Association. The liability of the members in the event of a winding up is limited to £1.

Governance structure

The Company Board consists of a maximum of 12 members, including the L&W President as specified in the Articles of Association. The Board membership comprises:

- President.
- Chair of Company Board.
- Honorary Treasurer.
- Chair of Audit Committee.
- Chair of Learning and Work Institute Wales Strategy Group.
- Up to 7 co-opted members, chosen to secure a proper balance of members in terms of skills, experience and diversity including the Chair of the Audit Committee.

Currently the Company Board has 12 members.

All members of the Company Board exercise their authority in their capacity as Trustees under the relevant companies' legislation and as Trustees of the charity.

The Company Board maintains a strategic overview of the work of the organisation and its annual work programme and is responsible for all National Learning and Work Institute governance, regulatory and accountable functions, including financial and legal matters, and may establish standing committees with delegated authority to carry out specific and detailed work on its behalf. Whilst delegating the detailed consideration of policies and work programmes to standing committees, of which the designated Board members may be ex-officio members, the Board members may call in any matter for their determination.

However, the Company Board establishes as standing committees:

- The Audit Committee is responsible for advising the Board on the effectiveness of risk management, internal control and governance arrangements within the organisation.

- The Remuneration Committee oversees the principles and process of the remuneration relationship with staff and unions. It also oversees the process of determining annual awards. There is an organisational award based on financial position and future outlook, inflation and other factors. In addition, L&W has a mechanism to make individual awards based on merit. Remuneration of the CEO and his direct reports is determined by the Remuneration Committee.
- L&W's Wales Strategy Group is the Committee established to oversee operations in Wales and has devolved responsibility.

Each Committee's constitution includes designated representatives of the Company Board ex-officio, plus a balance of elected and co-opted members, with specific terms of reference. The members of the Committees are listed on pages 42 and 43.

The Chief Executive of L&W is appointed by the Company Board, which is responsible for all the arrangements relating to this appointment. The Chief Executive is the Company Secretary. It is the responsibility of the Chief Executive to carry forward the agreed policies and work programmes of L&W and to ensure continuity of action and policy between meetings of the governing bodies. The Chief Executive is the accounting officer of L&W and is responsible, with the senior management team, for the establishment and supervision of suitable systems of financial and resource management and control in respect of all its activities.

The Haldane Trust

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £122,000 at 31 March 2024 (£113,000 at 31 March 2023). Due to the common control and materiality, the investments of the Haldane Trust are consolidated into the L&W accounts. Further details are provided in note 21 to the financial statements.

Recruitment, induction and training of Trustees

A Search Committee is established to identify nominations to the Company Board, including the post of President, which are proposed to the membership by the Board. Members can also nominate Trustees.

Most Trustees are already familiar with the work of L&W when appointed, having served on other committees or been involved in its work, and many also serve on other charity boards.

The members' handbook details the responsibilities of New Directors and Trustees are inducted and given the members' handbook detailing their responsibilities.

L&W hosts an annual residential meeting for Board Members to discuss strategy and various issues of policy and practice.

Periodically the Board self-assesses its effectiveness by way of a survey and has a follow up discussion. Any knowledge gaps or other concerns are identified and acted on.

Financial review for the year ended 31 March 2024

Trustees are confident that L&W continues to operate on a going concern basis. The organisation is in control of its annual income and expenditure and enters 2024-25 having already secured a very significant proportion of the income required for the year ahead. Furthermore, resilience is derived from free reserves held in the form of short term investments that have a current market value in accordance with the reserves policy.

More generally, as for many organisations in the third sector, L&W continues to experience funding pressures. Focus continues to be placed on pipeline development to increase funding from sources other than government grants. L&W continues to have a positive impact and uses its funds carefully to deliver on all contracts and grant agreements.

Our major funders include the Welsh Government that provides ongoing funding under a grant arrangement, supporting a range of work as well as Adult Learners' Week activities in Wales. We are grateful to all our funders including but not limited to Association of Colleges, NOCN, City & Guilds, Charities Aid Foundation, Department of Work and Pensions, Department of Education, Education and Training Foundation, European Commission, The Health Foundation, Greater London Authority, Ministry of Defence, National Lottery Community Fund and many others.

Year on year headline income increased by £4,175,000 through the one-off pension surplus of £4,850,000 brought about by the exit from the Local Government Pension Scheme (LGPS) defined benefit pension scheme. Income from charitable activity declined during the year however higher activity on the Charities Aid Foundation project that concludes in Autumn 2024 where £2,145,000 of grant funding was recognised in full in year end 31 March 2021 is a significant contributory factor. Diversification of income sources and a focus on pipeline continue to be a major focus for future income generation.

L&W also raises income from conference activities and sponsorship. Any surplus generated from these and other sources is used to fund L&W's advocacy and information work and initiatives of importance to our strategic objectives and to strengthen the reserves as specified in the Reserves Policy. Expenditure supporting each activity is a combination of direct costs, salary costs for staff directly employed on that activity and support costs. Direct costs are incurred as part of contracts or are specific to an event or campaign.

Net expenditure before unrealised gains/losses on investments was a surplus of £3,271,000. The prior year net income was a deficit of £989,000. This improvement of £4,260,000 is attributable to the exit of the LGPS defined benefit pension scheme and one off contribution of £4,850,000.

Pension schemes

The organisation operated the LGPS which is administered by the Local Pensions Partnership (LPP), until November 30th 2023 at which point L&W fully exited the scheme for all staff. The LGPS scheme was a funded multi-employer defined benefit pension scheme.

As of December 1st 2023 L&W offer a defined contribution pension scheme with Standard Life to all staff.

At the point of exit from the LGPS scheme an actuarial valuation showed a surplus of £4,850,000 that the scheme administrator has advised will be paid to L&W in due course. The surplus has been accrued as income for the year. As part of the changes to staff terms and conditions a payment of £471,000 to staff from the surplus will be paid in due course and has been accrued as expenditure for the year.

Note the March 2023 FRS 102 calculation from the LGPS scheme's actuaries showed a surplus of £4,667,000, (2022 £11,863,000 deficit, 2021 £17,090,000 deficit, 2020 £10,751,000 deficit, 2019 £12,098,000 deficit).

In February 2017, the organisation provided the LPP with a first charge over investments capped at £1,000,000 that will be released at the point of surplus payment to L&W.

Reserves policy

The Trustees reviewed their desired reserves policy in March 2024. The overriding principle is that L&W should use its reserves to maintain financial stability of the organisation and meet the needs of the organisation's beneficiaries both current and future. Free reserves are defined as the following:

- A minimum of £300,000 necessary to cover the statutory obligations of winding up its affairs; And a maximum of £1,500,000 necessary to cover a temporary loss of income (6months) in order for the organisation to plan its future strategy

Organisation free reserves at the end of March 2024 were £1,410,000 comprising £1,501,000 of short term investments and (£91,000) unrestricted bank account balance.

The organisation has sufficient reserves to meet its policy requirement. The Trustees note that the organisation holds short term investments with a market value of £1,501,000 as of 31 March 2024 and the ability to access long term investments in exceptional circumstances. In conjunction with a viable three year financial plan underpinned by a funding plan and ability to flex the cost base the Trustees consider the organisation to be a going concern.

Investment policy

Investment performance is overseen by a nominated Trustee, the CEO and Director of Finance and Operations. Reviews are held with the Investment Managers and reports are made to the Board of Trustees. The Investment Policy was last reviewed and approved by Trustees in March 2024.

The current approach for short term investments is for a low risk profile to preserve capital. Up to 100% can be invested in fixed income investments, with a minimum of 50% invested in bonds rated AA- or above, the remainder of the bond element should be investment grade credit. A maximum of 20% can be invested in equity funds that invest in 'large cap' companies. All assets must be liquid and realisable as cash. The objective is to maintain the value of the portfolio in real terms over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

The current approach for long term investments is for a medium risk profile to generate an income to contribute to the work of L&W whilst maintaining the real value of the portfolio. To

achieve the long term objectives of this mandate this portfolio will hold a diversified blend of asset classes including bonds, equities, alternatives and cash. The objective is to increase the value of the portfolio by targeting a return of 3-4% in real terms over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

Risk management

The Trustees have overall responsibility for ensuring that the organisation has an appropriate system of controls to manage risk and safeguard its assets. A risk management framework and process is in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the organisation faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The identified risks and the consequent risk management activities are reviewed by the Audit Committee at each of their meetings. Any risks that could have a significant impact on the organisation's success in achieving its objectives are considered by the Trustees.

The strategic risk register includes a clear articulation of the specific actions that will be undertaken to mitigate risk. The major risks and mitigations are summarised as follows:

Risk	Mitigation
Failure to influence the policy changes we want to see.	Maintenance of strong relationships with officials. Controls on external communication. Strategic plan sets clear priorities.
Failure in Governance.	A rigorous process of self-audit, independent internal audit and Charity Commission checklists is in place. Non-Exec Audit Committee sits three times a year.
Failure to secure adequate income to offset costs and break even.	Strategic plan underpinned by funding plans which are regularly reviewed. Plan to reduce overhead costs.
Cashflow – inability to pay staff and suppliers on time.	Regular cashflow reviews by management and Board. Ability to call on £1.5m+ of short term investments.
Failure of IT systems and GDPR breach.	Cyber essentials plus accredited and external IT security audited. Staff mandatory training of threats.
Staff are not engaged, and we lack sufficient capacity & capability to deliver our strategy.	Mechanisms to monitor capacity in place. Engagement of staff monitored through the Investors in People survey.

The internal audit programme is approved by the Audit Committee and the findings and conclusions are reported to the Audit Committee. The Audit Committee reports to the Board on the overall efficiency of the risk management process and the adequacy of the internal control systems.

Financial risk

L&W uses cash and other liquid resources to fund its operations. Investments are maintained as part of the reserves for funds which are not required as working capital. The Trustees review the levels of investments and working capital required under the reserves policy.

The main risk is from any potential shortfall in funding. The organisation has a strategic plan which is underpinned by programmes of work. These in turn are underpinned by a funding plan. Funding is reviewed every month by the Management team of L&W and on a quarterly basis by the Trustees. A significant proportion of funding required for the year ahead has already been secured. As mentioned earlier in this report, further comfort is derived from having short term investments valued at over 6 month's worth of income.

Grant making

Occasionally L&W manages and distributes grants on behalf of other agencies and government departments. L&W may distribute the grant, provide support to the recipient, and monitor the outcomes as part of the contract with the funder. All such grants will be made in accordance with the contract requirements. Receipt of funding by L&W and payment to the grant recipients are recognised in the accounts at the time of entitlement. The reader will have already noted in the financial review the impact of the £2.145m grant received in February 2021 from the Charities Aid Foundation which was recognised in full in the accounts to the year 31 March 2021 despite the delivery of the project materially occurring during the years to 31 March 2022 and 31 March 2024.

Remuneration policy

Sets out the principles and process of the remuneration relationship with staff and unions. It also includes the process of determining annual awards. Remuneration of the CEO and his direct reports are also determined by the Remuneration Committee who make an objective assessment of the appropriate level considering factors such as the market, needs of the organisation and comparable benchmarks. This is fully reviewed in consultation with staff and unions when changes occur. L&W seeks to offer a competitive salary and benefits package to attract and retain quality staff in the context of:

- Affordability
- Equality – no discrimination
- Simplicity and ease of understanding and application by everyone in the organisation
- Committing to pay at least the living wage to all staff.

Disability policy

L&W promotes Inclusion, Equality and Diversity throughout its work and this commitment underpins the organisation's staffing policies and recruitment and selection processes. This is articulated through L&W's People Strategy.

L&W has processes in place to support staff with disclosed disabilities; including for example making reasonable adjustments to the workplace and taking advice and guidance from Access to Work. We also work closely with staff to review working patterns and ways of working.

Staff training and continuous professional development

L&W's staff development plan is part of our wider commitment to continuous quality improvement. The plan is based on input from our personal development review process and an organisational skill needs analysis. Learning and development starts with the induction process and continues throughout the lifecycle through role specific development, individual career paths and any other development in pursuit of our strategic aims. During the year a range of formal and informal learning took place. Within our performance review process, objectives are cascaded from the strategic plan to all staff ensuring everybody understands how their role contributes to L&W's strategic aims.

Trustees' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 organisation and of the profit or loss of the organisation for that period.

- 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 proper accounting records that 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' liability insurance

L&W maintained Trustees liability insurance cover during the year and continue to do so within the Management liability package.

Creditor payment policy and practice

It is the policy of L&W to follow standard payment terms of 30 days (or as otherwise agreed with the supplier) unless there are reasons to dispute the amounts with suppliers. Trade creditors at the end of the year were £109,000 equating to 11 creditor days (2023 £303,000 and 26 days).

Auditors

Haysmacintyre LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

Future plans

L&W's strategic plan 2024-29 is available at www.learningandwork.org.uk. L&W seek a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life. To progress this, L&W will prioritise work in the areas of lifelong learning, essential skills, employment, and better work. Trustees consider the combination of the strategic plan, careful financial and operational management and reserves will ensure any challenges will be overcome. This report which includes the Strategic Report required by company law, has been approved by the Board both as company directors and charity Trustees.

ON BEHALF OF THE TRUSTEES

Jeremy Moore

Jeremy Moore
Chair of Company Board
4th July 2024

Stephen Evans

Stephen Evans
Company Secretary
4th July 2024

Independent auditor's report to the members of National Learning and Work Institute

Independent auditor's report to the members of National Learning and Work Institute

Opinion

We have audited the financial statements of National Learning and Work Institute for the year-ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Organisation Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2024 and of the group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustee and Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other

information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee and Strategic Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee and Strategic Report (which incorporates the strategic report and the directors' report prepared for the purpose of company law).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group/charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to related to the

Charity Commission, GDPR, health and safety regulations and employment law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to areas of estimation uncertainty and to manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at unusual times, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Siobhan Holmes (Senior Statutory Auditor, ACA, DChA)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place, London, EC4R 1AG

9 August 2024

Consolidated statement of financial activities (incorporating the income and expenditure account)

	Note	Unrestricted funds	Restricted funds	Endowed funds	2024 Total funds	2023 Total funds
		£'000	£'000	£'000	£'000	£'000
Income						
Investment income	2	117			117	94
Income from charitable activities – from core projects	3	2,177	243		2,420	3,130
Income from other charitable activities	4	123			123	111
Income from pension exit	4	4,850			4,850	-
Total income		7,267	243	-	7,510	3,335
Expenditure						
Cost of raising investment funds	5	36			36	38
Cost of core charitable activities	5	2,668	962		3,630	4,122
Cost of other charitable activities	5	102			102	164
Cost of pension exit	5	471			471	-
Total expenditure		3,277	962	-	4,239	4,324
Net income (expenditure) before gains on investment assets		3,990	(719)	0	3,271	(989)
Realised and unrealised gains / (losses)		389		9	398	(482)
Net income (expenditure)		4,379	(719)	9	3,669	(1,471)
Change in financial assumptions on defined benefit pension scheme		-			-	11,863
Net movement in funds for the year		4,379	(719)	9	3,669	10,392
Reconciliation of funds						
Total funds brought forward		6,011	1,076	113	7,200	(3,192)
Total funds carried forward		10,390	357	122	10,869	7,200

All activities are continuing and are in furtherance of the objectives of the organisation. The net expenditure for the purposes of the Companies Act was £3,271,000 (2023: £989,000 net income).

Balance sheet

	Note	Organisation		Group	
		2024	2023	2024	2023
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	2	7	2	7
Long term Investments	11	4,678	6,014	4,800	6,127
Total fixed assets		4,680	6,021	4,802	6,134
Current assets					
Debtors	12	5,620	878	5,620	878
Cash at bank and in hand		240	1,201	240	1,201
Short term Investments		1,501	-	1,501	-
Total current assets		7,361	2,079	7,361	2,079
Creditors falling due within one year	13	1,251	987	1,251	987
Net current assets		6,110	1,092	6,110	1,092
Total assets less current liabilities		10,790	7,113	10,912	7,226
Creditors falling due after more than one year	15	43	26	43	26
Net assets excluding pension liabilities		10,747	7,087	10,869	7,200
Defined benefit pension scheme liability	19	-	-	-	-
Net assets including pension liability		10,747	7,087	10,869	7,200
The funds of the charity					
Unrestricted funds excluding pension liabilit		10,390	6,011	10,390	6,011
Pension reserve		-	-	-	-
Restricted funds	16	357	1,076	357	1,076
Haldane Trust endowment	21	-	-	122	113
Total charity funds		10,747	7,087	10,869	7,200

The financial statements were approved and authorised for issue by the Board of Trustees on 4 July 2024

Jeremy Moore

Jeremy Moore
Trustee

Tim Render

Tim Render
Trustee

Consolidated cash flow statement

	Note	2024 £'000	2023 £'000
Cash used in operating activities	18	(1,670)	(1,086)
Cash flows from investing activities			
Interest and dividend income		117	94
Sales of investments		1,753	1,888
Purchase of investments		(1,161)	(1,504)
Cash provided by (used in) investing activities		709	478
Increase (decrease) in cash in the year		(961)	(608)
Cash at the beginning of the year		1,201	1,809
Total cash at the end of the year		240	1,201

The accompanying accounting policies and notes form an integral part of these financial statements. The company had no borrowing; therefore no statement of net debt is shown.

Notes to the financial statements

1 Accounting policies

L&W is a Private company by guarantee incorporated in England and Wales with the registered office detailed on Page 42. It meets the definition of a public benefit entity as defined by FRS 102. The principal accounting policies adopted in the preparation of the financial statements are as follows;

a) Basis of preparation

The financial statements have been prepared in accordance with 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 (FRS102) (second edition effective 1 January 2019) -(Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements are prepared in thousands of pounds (£'000s).

b) Basis of consolidation

In 2021 the trustees reviewed the accounting treatment in respect of the Haldane Trust, a charity controlled by L&W. On the basis that the Haldane Trust was material as of 31 March 2021 and remains material as of 31 March 2024, it is consolidated into L&W's financial statements on a line-by-line basis.

c) Preparation of the accounts on a going concern basis

Trustees have reviewed the forecast results, cashflow and reserves for the foreseeable future and a minimum period of twelve months and consider factors that may influence income such as a reduction in Government funding. Trustees are confident L&W will continue and there is no material uncertainty over its ability to operate as a going concern. More information can be found in the Trustees report on page 15.

d) Estimates and judgements

The financial statements include estimates and judgements which are susceptible to change in subsequent periods. The defined benefit pension scheme liability is calculated by the scheme's actuary and based on the assumptions set out in note 19. Dilapidation liabilities are estimated for leasehold properties and based on the expected cost of fulfilling L&W's obligation under the leases. The actual amounts payable may vary from the amounts calculated with landlords.

e) Income and expenditure account

The Statement of Financial Activities on page 23 discloses the information required within the Income and Expenditure account and as such no separate Income and Expenditure account has been prepared.

f) Income

The recognition of income as receivable varies according to the nature of the income. Income from contracts and performance related grants is recognised only to the extent that related services have been delivered and contract or performance conditions met. Income received in excess of that recognised as earned is carried forward as deferred income. Donations and general grants are credited to the Statement of Financial Activities as they become due. For grants which are not specifically

performance-related income is recognised once L&W is entitled to the funds, receipt is considered probable, and the amount can be reliably measure. Unspent amounts related to such grants are carried forward as funds. Attention is drawn to the Charities Aid Foundation grant of £2.145m received in February 2021, recognised in full in the year to 31 March 2021, but where nearly all of the work will be done in the years to 31 March 2022 and 2024. Accordingly, the SOFA included a large surplus related to the Charities Aid Foundation work in the year to 31 March 2021 but deficits for years to 31 March 2022, 2023 and 2024.

g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the management costs incurred by professional advisors in the management of the organisation's investments.
- Expenditure on the charitable activities in furtherance of the organisation's objectives and any associated support costs.
- Costs of carrying out other trading activities namely the provision of publications and conference and event activities
- Other expenditure representing those items not falling into any other heading.

h) Allocation of support costs

Support costs are those functions that assist the work of the organisation but do not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll and governance costs which all support the charitable objectives. The bases on which support costs have been allocated are set out in note 6.

i) Operating leases

The organisation classifies the lease of printing equipment as operating leases. The title to the equipment remains with the lessor and the equipment is replaced every 3-5 years. The organisation also has leases for the office buildings from which it operates. Rentals payable under operating leases are charged as an expense on a straight line basis over the term of the lease.

j) Investments

Investments are valued at the market rate prevailing at the balance sheet date.

Net gains and losses on revaluation and disposals during the year are included in the statement of financial activities.

k) Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised at cost and are depreciated over the estimated useful economic life on a straight line basis as follows;

Tangible fixed assets are stated at cost net of depreciation.

Computer equipment	-	33% straight line
Office equipment	-	20% straight line
Buildings maintenance	-	6-20% straight line
Leasehold improvements	-	straight line over balance of leases

l) Creditors

Creditors are recognised where the organisation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amounts due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Provisions

An assessment of dilapidations liabilities is made for leasehold properties. The provision is based on an assessment of the nature of each lease, risk of materialisation and size of each property.

n) Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements entered into.

Where the contractual obligations of financial instruments are classed as financial liabilities, financial liabilities are presented as such in the balance sheet. Finance costs & gains or losses relating to financial liabilities are included in the Statement of Financial Activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

o) Pension costs

Employees are automatically enrolled into a defined contribution pension scheme with standard life as of 1st December 2023. Previously employees were automatically enrolled into the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership (LPP) scheme formerly known as the London Pension Funds Authority (LPFA). L&W has now fully exited from the LGPS. This was funded by contributions from employee and employer.

At the year ended 31 March 2024 all employees were in the defined contribution standard life scheme.

p) Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

2. Investment income

The income derived from dividends and interest received from the charity's investments held and managed in the UK, and interest arising from money held in interest bearing accounts.

	2024 Total £'000	2023 Total £'000
Dividends	108	91
Interest on investments	3	2
Interest on Bank accounts	6	1
Total Investment Income	117	94

3. Income from charitable activities – core projects

	Contract & sales 2024 £'000	Recurrent grant 2024 £'000	Total 2024 £'000
L&W Wales	44	734	778
Research and development	1,261	378	1,639
Campaigns, promotions and advocacy	3		3
Total charitable activities income	1,308	1,112	2,420

	Contract & sales 2023 £'000	Recurrent grant 2023 £'000	Total 2023 £'000
L&W Wales	254	580	834
Research and development	2,040	-	2,040
Campaigns, promotions and advocacy	15	241	256
Total charitable activities income	2,309	821	3,130

Income analysed by funding source

	Total 2024 £'000	Total 2023 £'000
Departments for Education	8	274
Welsh Government	794	709
Department of Work and Pensions	237	592
Ministry of Defence	124	177
Other Government	-	-
European Funding	58	(30)
Public sector	435	281
Charitable trusts	630	707
Other project funding	134	420
	2,420	3,130

4. Income from other charitable activities

	2024 Total £'000	2023 Total £'000
Conference and events income	120	76
Other income	3	35
Total income from other charitable activities	123	111
Income from Pension Exit	4,850	-

5. Analysis of total expenditure

	Unrestricted 2024 £'000	Restricted 2024 £'000	Total 2024 £'000
Direct project costs	659	383	1,042
Direct salary costs associated with projects	1,170	579	1,749
Allocation of support costs	744		744
Allocation of governance costs	95	0	95
Total costs of core charitable activities	2,668	962	3,630
Other charitable activity direct costs	39		39
Other charitable activity direct salary costs	63		63
Total costs of other charitable activities	102	0	102
Cost of raising investment funds/ Investment Management Fees	36		36
Cost of pension exit	471		471
	Unrestricted 2023 £'000	Restricted 2023 £'000	Total 2023 £'000
Direct project costs	741	692	1,433
Direct salary costs associated with projects	1,345	706	2,051
Allocation of support costs	417	87	504
Allocation of governance costs	111	23	134
Total costs of core charitable activities	2,614	1,508	4,122
Other charitable activity direct costs			64
Other charitable activity direct salary costs			87
Allocation of support costs			10
Allocation of governance costs			3
Total costs of other charitable activities			164
Cost of raising investment funds/ Investment Management Fees			38

6. Analysis of support and governance costs

	2024 Total £'000	2023 Total £'000
Support costs		
FRS 102 Cost of Defined Benefit Pension Scheme	0	130
Support Staff Salaries	350	371
Additional Defined Benefit Pension contribution	0	13
Office costs	167	199
Computer	104	94
Depreciation	5	12
HR Costs	53	55
Travel	27	26
Policy and publicity	0	3
Telephone	11	14
Printing and stationery	6	16
Finance, VAT recovery and Other	21	-
Total support costs	744	933
Governance costs		
Salaries and FRS102 Cost of Defined Benefit Pension Scheme	0	137
Audit services	31	25
Board and Committee Costs	4	-
Legal and insurances	60	25
Total governance costs	95	187
Cost of raising investment funds/ Investment Management Fees	36	38

Notes on basis of allocation

Support and governance cost are the total L&W overheads plus specified support staff. Cost of the defined benefit pension scheme shown above is an allocation of the total charge shown in note 19, based upon the cost of support staff as a proportion of all staff.

7. Net expenditure for the year

This is stated after charging:	2024 £'000	2023 £'000
Operating leases		
Land and buildings	114	121
Others	-	3
Depreciation	5	12
Auditors remuneration		
External audit fees	31	25
Other accountancy services	-	-
Trustee's indemnity insurance	6	6

8. Analysis of staff costs, trustee expenses and the cost of key management personnel

	2024 £'000	2023 £'000
Salaries and wages	1,616	1,700
Social security costs	171	184
Pension costs		
Employer contributions paid	372	316
Addition Defined Benefit Pension Scheme Charges	0	76
	<u>2,159</u>	<u>2,276</u>

Not included in the above are termination costs of £2,745 (2023: £17,078).

The number of employees where emoluments (including salary and taxable benefits) exceeded £60,000 was:

	2024 Number	2023 Number
£ 60,001 - £ 70,000	2	1
£ 70,001 - £ 80,000	2	-
£ 80,001 - £ 90,000	-	1
£ 90,001 - £ 100,000	1	-
£100,001 and above	1	1
	<u>6</u>	<u>3</u>

The key management personnel of the organisation comprise the Trustees, the Chief Executive Officer and the Senior Management Team. Trustees were not paid any remuneration for their services in the year, nor in the prior year. The total employment benefits for the Senior Management Team, including the CEO, was £756,178 (2023: £668,152).

9. Staff numbers

The average annual headcount of employees, employed by L&W during the year:

	2024	2023
Employees	<u>39</u>	<u>45</u>

L&W has a number of part-time employees. The average number of full-time equivalents employed during the year was as follows:

	2024	2023
Employees – full time equivalents	<u>37</u>	<u>42</u>

10. Tangible fixed assets

	Computer equipment	Office equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2023	136	8	144
Disposals	(6)		(6)
At 31 March 2024	130	8	138
Depreciation			
At 1 April 2023	133	4	137
Elimination on Disposal	(6)		(6)
Charge for the year	3	2	5
At 31 March 2024	130	6	136
Net book value			
At 31 March 2024	0	2	2
At 31 March 2023	3	4	7

11. Investments (all held and managed in the UK)

	Long term £'000	Short term £'000
At 1 April 2023 - L&W	6,014	-
Additions at cost	1,131	-
Disposal at proceeds	(2,014)	-
Realised and unrealised gains	(93)	-
Movement in cash	(360)	1,501
At 31 March 2024	<u>4,678</u>	<u>1,501</u>

The long term fixed asset investments were held as follows

	2024 £'000	2023 £'000
Listed stocks and shares	4,504	5,747
Cash	174	267
Market value at 31 March 2024	<u>4,678</u>	<u>6,014</u>

The short term current asset investments were held as follows

	2024 £'000	2023 £'000
Listed stocks and shares	746	-
Cash	755	-
Market value at 31 March 2024	<u>1,501</u>	<u>-</u>

The L&W book cost of listed stock and shares was £4,927,541 (2023 £5,993,513).

On the Balance sheet, the consolidated investments include the Haldane Trust portfolio valued at £122,000 as of 31 March 2024 and £113,000 as of 31 March 2023.

12. Debtors

	2024	2023
	£'000	£'000
Trade debtors	390	626
Prepayments and accrued income	379	252
Other debtors	4,851	-
	<u>5,620</u>	<u>878</u>

13. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	109	303
Other creditors	471	46
Tax and social security	114	185
Accruals	162	55
Deferred income (see note 14)	259	245
Provision for costs of relocation on new premises	136	153
	<u>1,251</u>	<u>987</u>

14. Deferred income

	Balance at 31-Mar-23	Movement In year	Balance at 31-Mar-24
	£'000	£'000	£'000
Restricted funds charitable activities	120	(23)	97
Unrestricted funds charitable activities	125	4	129
Unrestricted funds other trading activities	0	33	33
	<u>245</u>	<u>14</u>	<u>259</u>

15. Creditors: amounts falling due after more than one year

	2024	2023
	£'000	£'000
Provision for costs of relocation on leased premises	<u>43</u>	<u>26</u>

16. Analysis of charitable funds

Analysis of movement in restricted fund

	2024 £'000	2023 £'000
Opening balance	1,076	2,052
Income	243	413
Expenditure	(962)	(1,389)
Closing balance	357	1,076

L&W gratefully acknowledge the following grant income recovered and receivable.

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer from/(to) unrestricted funds
	2024 £'000	2024 £'000	2024 £'000	2024 £'000
DFE				
core funding for agreed projects	-	-	-	-
DFE				
Festival of Learning England			-	-
DFE – specific projects agreed, incremental to core funding	-	-	-	-
Charitable Trusts	239	(239)	-	-
Charities Aid Foundation		(889)	(889)	-
Ministry of Defence			0	-
Other consultancy/research				
Various	4	166	170	-
	243	(962)	(719)	-

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer
	2023 £'000	2023 £'000	2023 £'000	2023 £'000
DFE				
core funding for agreed projects	518	(589)	(71)	-
DFE				
Festival of Learning England	241	(241)	-	-
DFE – specific projects agreed, incremental to core funding	110	(110)	-	-
European Programmes				
Various				
Charitable Trusts	420	(420)	-	-
Charities Aid Foundation	0	(82)	(82)	-
Ministry of Defence	90	(90)	-	-
Other consultancy/research				
Various	-	-	-	-
	1,379	(1,532)	(153)	-

17. Analysis of net assets between funds

	Balance at 01-Apr-23 £'000	Movement In year £'000	Balance at 31-Mar-24 £'000
Restricted funds	1,076	(719)	357
Unrestricted funds	6,011	4,379	10,390
Endowment funds	113	9	122
	<u>7,200</u>	<u>3,669</u>	<u>10,869</u>

	Restricted funds 2024 £'000	Unrestricted funds 2024 £'000	Endowment funds 2024 £'000	Total funds 2024 £'000
Fund balances at 31 March 2024 are represented				
Tangible fixed assets	-	2	-	2
Long term Investments	-	4,678	122	4,800
Short term Investments	-	1,501	-	1,501
Cash at bank	331	(91)	-	240
Current assets	123	5,497	-	5,620
Current liabilities	(97)	(1,154)	-	(1,251)
Creditors of more than one year	-	(43)	-	(43)
Total net assets	<u>357</u>	<u>10,390</u>	<u>122</u>	<u>10,869</u>

	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Endowment funds 2023 £'000	Total funds 2023 £'000
Fund balances at 31 March 2023 are represented				
Tangible fixed assets	-	7	-	7
Investments	-	6,014	113	6,127
Cash at bank	1,079	122	-	1,201
Current assets	143	735	-	878
Current liabilities	(146)	(841)	-	(987)
Creditors of more than one year	-	(26)	-	(26)
Total net assets	<u>1,076</u>	<u>6,011</u>	<u>113</u>	<u>7,200</u>

18. Reconciliation of net movements in funds to net cash flow from operating activities

	2024 £'000	2023 £'000
Net movement in funds	3,669	10,380
FRS 102 Non cash adjustment	0	(11,863)
Add back depreciation charge	5	12
Deduct interest income shown in investing activities	(117)	(94)
Decrease (increase) in debtors	(4,742)	244
Increase (decrease) in creditors	264	(395)
Increase (decrease) in creditor long term	-	-
Investments (gains) / losses	(389)	485
Movement in investment cash	(360)	145
Net cash used in operating activities	(1,670)	(1,086)

19. Pension costs

The organisation contributed to a defined benefit pension schemes being the Local Government Pension Scheme (LGPS) administered by the Local Pensions until 30 November 2023. The assets of this scheme were held in independently administered funds. Contributions were paid based on the recommendations of the qualified actuaries.

(a) The LGPS scheme

Although this is a multi-employer scheme the actuaries have advised the Trustees that they are able to identify L&W's share of the scheme's underlying assets and liabilities. The valuation of the fund has been calculated in accordance with FRS102 by the actuary appointed by the scheme's administrator using their standard assumptions as follows:

	31-Mar 2024	31-Mar 2023
Actuarial assumptions:		
Rate of increase in pensions and CPI rate of inflation	-	2.90%
Rate of increase in salaries	-	3.90%
Rate used to discount scheme liabilities	-	4.80%

To assess the value of the Employer's liabilities at 31 March 2023, the actuaries have rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2022, using financial assumptions that comply with FRS102.

To calculate the asset share the actuaries have rolled forward the assets allocated to the Employer at 31 March 2022 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuaries adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022. The assumed life expectancies, based on assumptions, are set out in the table below:

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2024

Life expectancy from age 65 (years)		2024	2023
Retiring today	Males	-	21.7
	Females	-	24.3
Retiring in 20 years	Males	-	21.9
	Females	-	25.3

The amounts recognised in the balance sheet are determined as follows:

	31-Mar 2024 £'000	31-Mar 2023 £'000
The Estimated asset allocation for the Employer:		
Equities	-	20,007
Target return Portfolio	-	6,326
Infrastructure	-	4,305
Property	-	3,341
Cash	-	781
Total	-	34,760
Present value of funded liabilities	-	(30,093)
Net pension asset / (liability)	-	4,667
<i>Pension Liability per Balance Sheet</i>	-	-

The movement in the defined benefit obligation over the year was as follows:

	2024 £'000	2023 £'000
Reconciliation of opening and closing balances of the present value of the defined obligation:		
Opening defined benefit obligation	-	46,080
Current service cost	-	775
Interest cost	-	1,185
Contributions paid by members	-	118
Changes in financial assumptions	-	(19,028)
Changes in demographic assumption	-	(1,107)
Estimated benefits paid net of transfers in	-	(1,296)
Experience loss / (gain) on defined benefit obligation	-	3,300
Past service costs including curtailments	-	66
Closing defined benefit obligation	-	30,093

The movement in the fair value of employer assets over the year was as follows:

	2024 £'000	2023 £'000
Reconciliation of opening and closing balances of the fair values of the Fund assets:		
Opening fair value of employer assets	-	34,217
Interest on assets	-	880
Return on assets less interest	-	468
Other actuarial gains/(losses)	-	(24)
Administration expenses	-	(10)
Contributions paid by members	-	118
Contributions paid by the employer	-	407
Estimated benefits paid	-	(1,296)
Closing fair value of employer assets	-	34,760

The amounts recognised in the statement of financial activities are as follows:

	2024 £'000	2023 £'000
The amounts recognised in the profit and loss statement:		
Administration expenses	-	10
Current service cost	-	841
Net interest on the defined liability (asset)	-	305
	-	1,156

Amounts for the current and previous accounting periods ended 31 March:

	2024 £'000	2023 £'000
Fair value of employer assets	-	34,760
Present value of defined benefit obligation	-	(30,093)
Surplus/(deficit)	-	4,667
Return on fund assets in excess of interest	-	468
Change in financial assumptions	-	(19,028)
Remeasurement of the net assets/(defined liability)	-	17,279

20. Commitments

Operating lease payments amounted to £113,699 during 2023/24. The leases to which these amounts relate expire as follows:

	2024		2023	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire in:				
Less than one year	45	-	10	-
One to five years	60	-	135	-
Total	105	-	145	0

21. Connected charities and related parties

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £122,000 as of 31 March 2024 (£113,000 as of 31 March 2023). Due to the common control and materiality, the investments of the Haldane Trust have been consolidated into the L&W accounts. The Haldane Trust was not consolidated prior to the year ended 31 March 2021 as it was immaterial.

Certain trustees of L&W can be trustees of other bodies who may in turn provide funding to L&W. Trustees declare their interests in line with the policies of L&W and the funding bodies and do not participate in decisions affecting L&W. One trustee provided consultancy services to a project during the year ended 31 March 2023 for the value of £3,600. There were no other connected charities and related parties during the year to 31 March 2024 or the year to 31 March 2023.

One trustee provided consultancy services to a project during the year ended 31 March 2023 for the value of £3,600. Trustee expenses of £603 were reimbursed for the year to 31 March 2024 (£876 for the year to 31 March 2023).

23. Financial derivatives

There were no financial derivatives as of 31 March 2024 or 31 March 2023.

Legal and administrative details

Company registration number: 02603322

Charity registration number: 1002775

Registered office: 3rd Floor Arnhem House
31 Waterloo Way
Leicester
LE1 6LP

Patron: HRH The Princess Royal

**Chief Executive and
Company Secretary:** Stephen Evans

Trustees: Margaret Galliers (President)
Jeremy Moore (Chair)
Timothy Render (Treasurer)
Jeffrey Greenidge
Lauren Harris
Haf Merrifield
Ruth Spellman
Chris Banks
Belinda Vernon (appointed Mar 2024)
Harriet Ayles (appointed Mar 2024)
Nichola Ivory-Chapman (appointed Mar 2024)
Ayokunle Salam (appointed Nov 2023)
Charlotte Bosworth (resigned Sep 2023)
Tony Lawlor (resigned Nov 2023)

Committees

Learning and Work has established two Committees and a Strategy Group. The members during the relevant period are as follows:

Audit Committee

Vacancy (Chair)
Jeffrey Greenidge
Ruth Spellman
Ayokunle Salam (appointed Jun 2023)
Kathryn Mackenzie (appointed Jun 2023)
Paul Greening
Jamie Hutchinson

Tony Lawlor (Chair resigned Nov 2023)

Learning and Work Institute Wales Strategy Group

Jeffrey Greenidge (Chair)	Sian Cartwright (resigned Feb 2024)
Michelle Matheron	Alan Felstead
Sarah Quibell	Katy Stevenson
Rachel Cable	Amanda Wilkinson
Michelle Kerswell	Jamie Insole
Catherine Jenkins	Llyr ap Gareth
Richard Spear	Linsey Imms (appointed Feb 2024)

Remuneration Committee

Margaret Galliers
Timothy Render
Jeremy Moore

Senior Management:

Stephen Evans	Chief Executive
Naomi Phillips	Deputy Chief Executive
Paul Cleminson	Director of Finance & Operations

Solicitors: Shakespeare Martineau
Two Colton Square
Leicester, LE1 1QH

External auditor and accountants Haysmacintyre LLP
10 Queen Street Place
London, EC4R 1AG

Bankers: Bank of Scotland
8 Humberstone Gate
Leicester, LE1 3PH

Investment advisors: Canaccord Genuity Wealth Limited
88 Wood Street
London
EC2V 7QR

Haldane Trust Trustees: Margaret Galliers (Chair)
Haf Merrifield

Accounts



Trustees' report and financial statements For the year ended 31 March 2023

Index to the financial statements

Foreword	3
Report of the Trustees - Impact Report	4-10
Report of the Trustees – continued	11-20
Report of the independent auditor	21-23
Statement of financial activities	24
Balance sheet	25
Cash flow statement	26
Notes to the financial statements	27-42
Legal and administrative details	43-44

Foreword

Times have been tough for many across the last year. A cost-of-living crisis coming after a decade of low growth in productivity and the economy has hit those on low incomes the hardest and left many public services struggling. Overall, employment rates remain relatively high, but the UK is the only G7 country to see economic inactivity higher now than pre-pandemic and too many people are in low paid or insecure work.

Our work has highlighted these issues and generated ideas for change. Our Better Work Network showed the impact of expected hikes in energy prices on low-income Londoners and made the case for Government support which came through the Energy Price Guarantee.

We argued the UK should aim for the highest employment rate in the G7, an extra 1.2 million people in work. Our analysis highlighted that there are one million workers missing from the workforce compared to pre-pandemic trends, with gender and class differences in the main causes of this. That helped to inform the Government's response to rising economic inactivity.

Our analysis showed the UK continues to underinvest in skills. In England, government investment is set to be £1 billion lower in 2025 than in 2010. We showed that employers are investing 28% less in training per employee than in 2005. We argued for increased public investment in learning to boost growth and opportunity, and a new skills tax credit and reforms to the apprenticeship levy to encourage employers to invest.

Yet we know adults remain interested in learning. Our Adult Participation in Learning Survey showed a continued recovery in the proportion of adults taking part in learning, particularly driven by self-directed and online learning but with stark inequalities between groups and areas. Our Inspire! awards in Wales and Festival of Learning in England celebrated the achievements of adult learners. And we were delighted to give a special recognition award to adult educators in Ukraine, who continue to support people and their country.

We cover a wide range of policy areas and there are so many ways in which learning and work can make a difference – to individual opportunity, business success, economic growth, health, wellbeing and inclusion and more. But funding for this work is ever tighter and more challenging to come by.

That makes us even more proud of our work and the difference it continues to make. We are grateful for the hard work and dedication of our excellent team, who have faced the same cost of living pressures as everyone else, and for the expertise and commitment of our trustees.

In the year ahead we will redouble our efforts to make the case for learning and work, build the evidence base, shape policy, and test new ways of working.

Jeremy Moore and Stephen Evans

Report of the Trustees: impact report

The following pages summarise the key impacts we have achieved over the year.

Strategic priorities and impact

Our vision is for a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life.

Our strategic plan sets out how we seek to achieve our vision, including our mission, and values. Our work is organised into six priorities:

1. Lifelong learning.

Learning through life, for any reason and none, improves work, health, wellbeing and citizenship. People learn in many ways, including family and community learning. Yet participation in learning is unequal. Our focus is on the case for participating in learning and policy and practice to achieve this.

2. Employment and social security.

The pandemic increased inequalities and, while Government action helped limit the economic impact, labour market inactivity has risen and some groups have fared worse than others. Our focus is on those such as older people, disabled people and young people who are often excluded from or disadvantaged in the labour market.

3. Essential and life skills.

Capabilities like literacy, language, numeracy, digital, citizenship and health and financial skills are fundamental to life and work. Yet nine million adults lack functional skills and participation in learning has fallen sharply. Our focus is on developing new ways to engage people and deliver learning.

4. Pay, progression and security.

Work should be good quality and provide opportunities for progression and development. Yet five million people are low paid, and too many people become stuck in low pay. Our focus is on support for people in low pay to progress, including careers advice and skills improvements, and developing and spreading best practice on the quality of work.

5. Apprenticeships and technical education.

High-quality apprenticeships and world-class technical education should be open to all who can benefit from them. Yet the number of apprenticeships has fallen, access to them is unequal and the quality of provision variable. Our focus is on the quality of and access to apprenticeships, and technical education that works for adults and young people.

6. Social justice and inclusion.

Everyone should have the chance to go as far as their efforts will take them - life chances should not be constrained by background. Yet social mobility is lower than in other countries. Our focus is on advocating for better support for groups that often miss out and trying new ways of delivering this with partners.

We have helped shape policy and practice nationally, regionally and locally.

Policy and advocacy

We encourage evidence-based policy development and use our insights to improve service design and delivery. We help to shape the debate by working closely with our partners and testing out new approaches, and engaging across the political spectrum with elected representatives, government officials and others across the UK.

A significant part of our work this year has been deepening understanding of what's needed for **social and economic renewal and recovery** following the pandemic. Highlights of our achievements include:

- Influencing thinking on how to increase labour market participation through our analysis of the challenge and of what works, including contributing to the Government's review of economic inactivity.
- We found a 28% fall in employer investment in training per employee since 2005 and argued for measures to change this.
- Our work highlighting the cost of living challenge for low paid Londoners revealed that households in London faced an additional bill of £7 billion in 2022-23 from rising energy costs, increasing to £16 billion in 2023.
- Shaping regional and local debates on skills and employment through our strategic relationships and research, helping to put economic inactivity on the local policy agenda.
- Supporting ten areas with essential skills modelling to inform local Multiply investment plans and two areas with calls for evidence on economic inactivity to inform UK Shared Prosperity Fund commissioning.
- Helping to secure a commitment to a Charter for Lifelong Learning in Wales and delivering a programme on a Citizens' Curriculum for Wales as part of the Minister for Education's commitment to a 'Second chance nation'.
- Being called to give evidence by a number of Committees, including the Senedd Economy, Trade and Rural Affairs Committee on the impact of the cost of living crisis and the young people's guarantee and the House of Lords Education Committee seminar to inform an inquiry on young people and skills for the digital and green economy.
- Entering major new multi-year collaborations including with Health Foundation, Phoenix Insights and Ufi VocTech Trust.

In addition, we responded to **inquiries and Government consultations**, and submitted evidence to, and presented at, All-Party Parliamentary Groups including on Youth Employment and on Adult Education.

We built engagement with key audiences through media and social media.

We received around **1,900 pieces of media coverage** in 2022-23 for our campaigns and unique research and analysis, with our commentary of labour market statistics featuring regularly in national news. We achieved significant national media coverage in print, online and broadcast for our policy research, including in The Telegraph, The Times, The Mirror, The Financial Times, The Economist, BBC News Channel and GB News. Our work has also been featured in sector press including FE Week, FE News, Education Journal, People Management and Local Government Chronicle. We received notable coverage for our 'Missing workers' report on economic inactivity, including in the Daily Mirror, and our publication on employer investment in skills, including in the Daily Telegraph.

Our **website received around 190,000 views in the year**. We had spikes around report publications, including the Adult Participation in Learning Survey and our events, including Maximising Multiply, Festival of Learning Awards ceremony and our Housing, Learning and Work Conference.

The number of followers for our **@LearnWorkUK Twitter account rose 200 in the year, to 18,400** and our **@LearnWorkCymru Twitter account rise 40 to 4,712**. Our **YouTube channels had 14,700 views with 84,000 minutes of footage viewed**.

We've been building our presence on **LinkedIn** as a way to connect to others. In the eight months from July 2022 – March 2023, we **increased our followers by 790**, and we had **3,739 page views** and **1,554 unique visitors**.

Wales figures show that **@LearnWorkCymru account received over 56,422 profile visits** and **L&W Wales YouTube had over 190.5k views with over 584,000 minutes of footage viewed by users**.

Bringing people together

We maintain a range of networks, advocate through coalitions, and convene people and organisations to focus on burning issues, and to increase our influence and impact. We secure Ministers, senior political figures, and industry leaders to speak at our online and in-person events throughout the year.

Events

In November, Andy Street, **Mayor of the West Midlands**, and Alison McGovern MP, **Shadow Minister for Work and Pensions**, headlined our **Employment and Skills Convention**, which was held in person for the first time since 2019 and welcomed **200 delegates**. Our annual **English, Maths and ESOL conference**, delivered online to **300 participants**, focussed on adult numeracy and Multiply delivery. We also held roundtables and a **webinar with 250 attendees** to support local authorities to help develop their Multiply investment plans. In Wales we held an ESOL Development Day to reflect on the findings of our ESOL review for Welsh Government with over **70 attendees**. Finally, our **Housing, Learning and Work Conference** held jointly with Communities that Work attracted around **200 delegates** to explore inclusive economic growth, devolution of policy and funding and the transition to a net zero economy. In-between conferences, we held webinars and shorter events, to mark the publications of reports and external events, and our senior team shared platforms at events hosted by other organisations.

We inspired more adults to take up learning for life.

Festival of Learning in England and Adult Learners' Week in Wales have celebrated the best in adult learning and inspired people to learn for 30 years, inspiring similar celebrations around the world.

This was a year of firsts. We worked with the team at City Hall to deliver the **Mayor of London's inaugural Adult Learning Awards**, with a celebration in October for adult learners and their supporters. In January 2023, we worked with the West Midlands Combined Authority to open nominations for the **first-ever West Midlands Adult Learning Awards**.

In England, **Festival of Learning** was supported by Department for Education, NOCN, City Lit, the Education and Training Foundation, and Skills and Education Group, and we worked with organisations such as HOLEX, Association of Colleges, AELP and WEA. Award winner announcements took place in July, and the ten winners and five finalists were selected from nearly 200 nominations. The **awards ceremony livestream has been viewed more than 1,500 times** and our **Twitter hashtag achieved 420,000 impressions**. Award winner stories received **widespread sector press coverage**.

Lifelong Learning Week took place from 7-11 November 2022 and featured a range of activities including launch of the 26th edition of the annual **Adult Participation in Learning survey**, a **celebration of the arts and learning**, and an **'Employer Takeover Day' led by Business in the Community**.

In Wales, **Adult Learners' Week** worked with over 100 partners to provide a mix of 500 online courses, events and community-based outreach and taster activity, and **over 15,000 people engaged with the campaign**. Learning opportunities were delivered by a range of stakeholders including Adult Learning Wales, Wales TUC, Big Ideas Wales, Digital Communities Wales and the network of community learning, further and higher education, training and voluntary learning providers. We worked with Welsh Government to promote the campaign and to signpost people to advice and guidance at Working Wales and to the Adult Learners' Week/Change Your Story platform. Our **online platform** hosting course listings, special events, learner stories and links to further information, advice and support **had over 55,131 page views** and our **content generated over 8.5 million impressions on Twitter**.

We held the Inspire! Learning and Tutor awards in October and March respectively with contributions from the **Minister for Education Jeremy Miles** and **John Griffiths MS**. The awards were attended by **180 guests** and **led to 20 pieces of media coverage** with **414k impressions** on our Twitter hashtag #InspireCymru2022.

We developed solutions to meet the big challenges.

Here is a snapshot of our wide-ranging **research and development work**. We are proud to partner with national and local government, businesses and charities, maintaining our reputation for high quality research and analysis.

Valuing lifelong learning. In its 26th year, our survey showed that, after a decade of decline during the 2010s, participation in learning remains back at levels last seen in the early 2000s: around two in five adults (42%) say they have taken part in learning in the last three years. The survey also demonstrates a shift in the number of adults learning independently and informally, with interest sparked during the pandemic and helping to fill the gap as formal and publicly funded learning fell over the previous decade. However, the survey continues to highlight stark inequalities in who participates in learning, meaning there is much more to do to ensure fair access to opportunities. In January 2023 we launched a multi-year strategic partnership with Ufi VocTech Trust. Our planned programme of work includes place-based collaborations, funding, evaluation and advocacy and is designed to use the power of VocTech (Vocational Technology) to increase adult participation in learning.

Our wide-ranging work in partnership with Welsh Government has led to increased profile of and access to adult learning opportunities. In Wales, we have undertaken a review of adult learning partnerships to inform governance of the sector as it transitions towards regulation by the Commission on Tertiary Education and Research. We continue to support the work of the adult education External Reference Group and the aim of increasing the number of adult learners in Wales. We coordinated the work of Taith, the new international learner exchange

programme in Wales for adult education. Our work has encouraged adult learning organisations to develop and submit proposals for international exchange and to widen opportunities for disadvantaged learners.

Improving outcomes for young people. As co-chairs of the Youth Employment Group, we continued to bring stakeholders together to improve support for young people. Building on our partnership with The Prince's Trust, we shone a light on economic inactivity among young people and the high cost of mental health difficulties in holding them back from opportunities. This research has been widely utilised by others and referenced in Parliament. Our evaluations of the Prince's Trust Future Workforce Fund, UK Government's Occupational traineeships and Welsh Government's supported employment pilot built the evidence base on helping young people into work. We designed a framework for the DfE's Academic Progression Pathway pilot, which is now being trialled across England to support young people into academic learning. We worked with 39 colleges and three universities across the UK as part of our Driving Change in Further Education project, which has improved the support that young adult carers receive in colleges and higher education across the UK. By working directly with young people we have highlighted care leavers' lived experience of the welfare system and enabled them to advocate for change that will give them the support they need to achieve their potential.

High quality, accessible apprenticeships and technical education. To work for employers and people, apprenticeships and technical education need to be high quality and accessible. As a result of our work with JP Morgan on pre-apprenticeships, providers set up new programmes and adapted existing provision to meet the needs of young people who face barriers to work. We have continued working with the Strategic Development Network (SDN) to deliver the Government's T-Level employer support programme. We presented our research undertaken on behalf of St Martin's Group to explore the experiences, outcomes and destinations of apprentices who complete their programmes compared to those who do not, at an industry-leaders' event. This has led to further partnership working. We informed the wider roll out of Local Skills Improvement Plans (LSIP) through our partnership with IFF to evaluate the Department for Education's Skills Accelerator Development Fund pilot.

Understanding what works. We completed the evaluation of the Catch 22 Horizons programme, designed to help people overcome social barriers to work such as homelessness, mental health or poor education. We presented the findings of the second wave of the evaluation of the Restart Scheme to DWP, which has informed the design of future employment programmes.

Our flagship programme, New Futures, is testing ways of helping people reskill and change career through four pilots across the UK – in Edinburgh, Belfast, Tees Valley and Wales. We established an external stakeholder reference group of experts from across sectors which has increased our reach with the programme. More than 50 people have started in jobs or industries that are new to them after receiving support from the pilots. We secured funding from the Health Foundation, via its Health Equals coalition, for a one-year policy post plus activities that will focus on health and work, synthesising evidence to develop new public policy solutions and influence for change.

Improving skills and employment opportunities. We are influencing conversations about the future landscape of employment support through evaluations, research and our policy proposals. Our research shows that Jobcentre Plus and DWP-commissioned provision only support one in ten out-of-work 50-64 year olds and disabled people, and we fed this in to the Government's economic inactivity review. We worked with Barking and Dagenham Council to design a new supported employment programme, which is now helping people with learning

difficulties and mental health needs across the borough to gain vital skills for work. We also delivered employment and skills journey mapping and user needs analysis for the Central London Integration Hub, which will inform employment support for refugees and disabled people across a number of Boroughs. We have continued to work with social landlords who provide employment support, with our Building Opportunities report published together with Communities that Work, National Federation of ALMOs, National Housing Federation, and Institute for Employment Studies (IES). We engaged employers in National Foundation for Educational Research (NFER)'s five-year Nuffield-funded research programme on The Skills Imperative 2035: Essential skills for tomorrow's workforce, and supported the launch of its second working paper. We contributed to wider discussions on Net Zero and jobs for the future, including through our research for WorldSkills UK on young people and technical green skills.

Helping people on low pay to progress and build skills. Around five million people in Britain are low paid – relatively high by international standards, though falling as the minimum wage rises. Our Better Work Network – a policy and practice-based initiative in London and across the UK – has increased membership to over 800 members. We published a report examining the impacts of the cost of living crisis on low paid workers and held a seminar with the Communities and Social Policy Unit at Greater London Authority (GLA). We partnered with Trades Union Congress (TUC) to host a webinar on worker voice and representation in the workplace, and collaborated with the GLA to convene a private roundtable at City Hall with businesses and other stakeholders to explore effective mechanisms for supporting employer investment in skills. We continued to work in partnership with Peabody Trust to produce the Peabody Index, tracking pay and employment for low paid Londoners.

Improving literacy, numeracy and life skills. One in five adults have low essential skills like literacy and numeracy and fewer adults are in learning to improve these skills. To support providers and local commissioners with Multiply delivery, we launched the Multiply Effective Practice Network at our English, maths and ESOL conference in November 2022. The network has attracted over 250 members and held its inaugural webinar in February 2023. We helped to inform local Multiply delivery plans through extending our essential skills data map to the whole of England, and publishing research commissioned by the Greater London Authority on effective practice in English and maths for adults. Together with HOLEX, we convened the Skills for Life Alliance, bringing together key sector stakeholders, along with observers from the Department for Education (DfE) and DWP, to argue for a greater focus and action on adult essential skills in skills policy and practice.

Working with the University of South Wales we reviewed ESOL policy for the Welsh Government leading to a clear set of recommendations for further action. We also held an ESOL Development Day in Cardiff and Vale College bringing together the sector and Welsh Government to take our recommendations forward. We continued to grow our ESOL Network in Wales by coordinating professional learning, and helping practitioners to come together with policymakers to understand the challenges facing the sector, which will continue with further activity next year.

International work. We continue to play an active role in the European Association for the Education of Adults and the European Basic Skills Network. We shared our work on essential skills screening with over 60 European stakeholders at the EBSN annual conference in Vienna. In the Regional Capacity for Adult Learning and Education (RegALE) project, we organised a two-day study visit at City Lit, focused on advocacy and campaigns, and a webinar on impact measurement and evaluation in adult learning. We acted as the Sector Organising Body for Adult Education for Taith, the Welsh Government's international exchange programme, to

European partners, including dedicated sessions with international partners on how to link with organisation in Wales. We've also secured funding for an exchange between partners in Wales and Aontas in the Republic of Ireland.

Report of the Trustees - continued

The Company Board who are the Directors of the Company and Trustees of the Charity present their report together with the audited financial statements for the year ended 31 March 2023. This report constitutes the Trustees' Annual Report for the purposes of charity law, and both the Directors' report and Strategic Report for the purposes of company law. The Strategic (Impact) Report is on pages 4-10.

Results

The statement of financial activities is set out on page 24 and shows the net movement in funds for the year.

Tax status

The Company is a registered charity, number 1002775, and is exempt from corporation tax and income tax.

Our objectives

Learning and Work Institute is established for the advancement of all forms of adult education and the relief and prevention of unemployment and poverty.

Our vision

A prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions through life.

Our mission

- We are an independent research and development organisation dedicated to promoting lifelong learning, full employment and inclusion.
- We research what works, influence policy, develop new ways of thinking and help implement new approaches.
- Working with partners, we inspire people to learn and help transform people's experiences of learning and employment.
- What we do benefits individuals, families, communities and the wider economy.

Our values

Learning and Work Institute's work is informed by core values, notably:

- **Ambition:** the leading and powerful voice for the benefits of lifelong learning and economic inclusion;
- **Independence:** the highest standards and an unshakeable commitment to being open-minded, honest and fair;
- **Collaboration:** partnership and networking is at the heart of what we do and how we operate;
- **Expertise:** evidence-based thinking delivering real-world change in learning, skills and employment.

Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the organisation.

The Trustees review the activities of the organisation against its aims on an ongoing basis and are satisfied that all activities continue to be related to the aims.

Learning and Work Institute seeks to benefit all members of the public in England and Wales, with no exclusions. Its focus is on those adults who have benefited least from initial education and training. For further information please see the impact report on page 4.

Structure, governance & management

Constitution

The Company is incorporated as a company limited by guarantee (Registered No. 02603322). It is governed according to the provisions contained in the Memorandum and Articles of Association. The liability of the members in the event of a winding up is limited to £1.

Governance structure

The Company Board consists of a maximum of 10 members, including the L&W President as specified in the Articles of Association. The Board membership comprises:

- President.
- Chair of Company Board.
- Honorary Treasurer.
- Chair of Audit Committee.
- Chair of Learning and Work Institute Wales Strategy Group.
- Up to 5 co-opted members, chosen to secure a proper balance of members in terms of skills, experience and diversity including the Chair of the Audit Committee.

Currently the Company Board has ten members.

All members of the Company Board exercise their authority in their capacity as Trustees under the relevant companies' legislation and as Trustees of the charity.

The Company Board maintains a strategic overview of the work of the organisation and its annual work programme and is responsible for all National Learning and Work Institute governance, regulatory and accountable functions, including financial and legal matters, and may establish standing committees with delegated authority to carry out specific and detailed work on its behalf. Whilst delegating the detailed consideration of policies and work programmes to standing committees, of which the designated Board members may be ex-officio members, the Board members may call in any matter for their determination.

However, the Company Board establishes as standing committees:

- The Audit Committee is responsible for advising the Board on the effectiveness of risk management, internal control and governance arrangements within the organisation.

- The Remuneration Committee oversees the principles and process of the remuneration relationship with staff and unions. It also oversees the process of determining annual awards. There is an organisational award based on financial position and future outlook, inflation and other factors. In addition, L&W has a mechanism to make individual awards based on merit. Remuneration of the CEO and his direct reports is determined by the Remuneration Committee.
- L&W's Wales Strategy Group is the Committee established to oversee operations in Wales and has devolved responsibility.

Each Committee's constitution includes designated representatives of the Company Board ex-officio, plus a balance of elected and co-opted members, with specific terms of reference. The members of the Committees are listed on pages 43 and 44.

The Chief Executive of L&W is appointed by the Company Board, which is responsible for all the arrangements relating to this appointment. The Chief Executive is the Company Secretary. It is the responsibility of the Chief Executive to carry forward the agreed policies and work programmes of L&W and to ensure continuity of action and policy between meetings of the governing bodies. The Chief Executive is the accounting officer of L&W and is responsible, with the senior management team, for the establishment and supervision of suitable systems of financial and resource management and control in respect of all its activities.

The Haldane Trust

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £113,000 at 31 March 2023 (£122,000 at 31 March 2022). Due to the common control and materiality, the investments of the Haldane Trust are consolidated into the L&W accounts. Further details are provided in note 21 to the financial statements.

Recruitment, induction and training of Trustees

A Search Committee is established to identify nominations to the Company Board, including the post of President, which are proposed to the membership by the Board. Members can also nominate Trustees.

Most Trustees are already familiar with the work of L&W when appointed, having served on other committees or been involved in its work, and many also serve on other charity boards.

The members' handbook details the responsibilities of New Directors and Trustees are inducted and given the members' handbook detailing their responsibilities.

L&W hosts an annual residential meeting for Board Members to discuss strategy and various issues of policy and practice.

Periodically the Board self-assesses its effectiveness by way of a survey and has a follow up discussion. Any knowledge gaps or other concerns are identified and acted on.

Financial review for the year ended 31 March 2023

Trustees are confident that L&W continues to operate on a going concern basis. The organisation is in control of its annual income and expenditure and enters 2023-24 having already secured a very significant proportion of the income required for the year ahead. Furthermore, resilience is derived from reserves held in the form of investments that have a current market value in excess of one year of income.

More generally, as for many organisations in the third sector, L&W continues to experience funding pressures. Focus continues to be placed on pipeline development to increase funding from sources other than government grants. L&W continues to have a positive impact and uses its funds carefully to deliver on all contracts and grant agreements.

Our major funders include the Department for Education who provide a core grant which is used to fund the successful Festival of Learning in England. The Welsh Government provides ongoing funding under a grant arrangement, supporting a range of work as well as Adult Learners' Week activities in Wales. We are grateful to all our funders including but not limited to Association of Colleges, Barrow Cadbury Trust, the Black Stork Charity, Catch 22, Charities Aid Foundation, Department of Work and Pensions, the Education and Training Foundation, European Commission, EY Foundation, Greater London Authority, Institute for Employment Studies, Lloyds Bank Foundation, Local Government Association, Ministry of Defence, NESTA, National Lottery Community Fund, Princes Trust, Trust for London and many others.

Year on year headline income increased by £557,000 through greater contract sales in both Wales and England. Diversification of income sources and a focus on pipeline have each contributed to this higher level of income for the year.

L&W also raises income from conference activities and sponsorship. Any surplus generated from these and other sources is used to fund L&W's advocacy and information work and initiatives of importance to our strategic objectives and to strengthen the reserves as specified in the Reserves Policy. Expenditure supporting each activity is a combination of direct costs, salary costs for staff directly employed on that activity and support costs. Direct costs are incurred as part of contracts or are specific to an event or campaign.

Net expenditure before unrealised gains/losses on investments and changes in the valuation of the pensions scheme under FRS102 assumptions was a deficit of £989,000. The prior year net income was a deficit of £1,344,000. This improvement of £355,000 is largely attributable to higher income.

This year the pension scheme valuation as calculated under the requirements of FRS 102 is a surplus of £4,667,000 as a result changes in financial assumptions used by the actuary to calculate the value. The Balance Sheet reports a valuation of zero due to the accessibility of this fund being at the discretion of the London Pension Fund Authority and not a contractual obligation.

The FRS 102 adjustment leads to a net improvement in funds for the year of £10,392,000, last year this was also an improvement of £4,722,000.

Pension schemes

The organisation operates the Local Government Pension Scheme (LGPS) which is administered by the Local Pensions Partnership (LPP),

The LGPS scheme is a funded multi-employer defined benefit pension scheme. The March 2023 FRS 102 calculation from the scheme's actuaries showed a surplus of £4,667,000 through higher government gilt and bond rates and higher interest rates (2022 £11,863,000 deficit, 2021 £17,090,000 deficit, 2020 £10,751,000 deficit, 2019 £12,098,000 deficit).

Asset values increased by £543,000 in the year, and the actuary's calculation of the present value of the defined benefit obligation reduced by £15,987,000 underpinned by an increase in the discount rate applied from 2.6% in 2022 to 4.8% for 2023. The FRS 102 calculation is sensitive to the discount rate used by the actuaries, note that a 0.1% increase in the discount rate improves the calculated liability by approximately £1m. For the 2023 calculation the actuary also assumed an increases in pensions and salaries of 2.90% compared to the prior year of 3.25%, The assumption for salaries only was 3.90% compared to 4.25% for the prior year.

It should be noted that the scheme's administrator (LPP) performed a triennial valuation as of 31 March 2022. This was calculated using different methodology and assumptions to the FRS102 valuations. The triennial valuation is used by the LPP to set the contribution rates paid by the organisation for three years from 1 April 2023 to fund the pension scheme. The 2022 triennial valuation was a surplus of £1,750,000 with a 105.5% funding level (2019 £1,231,000 deficit, 96%).

In February 2017, the organisation provided the LPP with a first charge over investments capped at £1,000,000 and continues to work closely with the LPP in an open and collaborative manner to discuss future funding and financial management when appropriate.

Although the fund has returned to a surplus any future return to a deficit poses a serious issue for L&W. The trustees continually manage the risk on a proactive basis in partnership with the LPP.

Reserves policy

The Trustees reviewed their desired reserves policy in December 2022. The overriding principle is that L&W should use its reserves to maintain financial stability of the organisation and meet the needs of the organisation's beneficiaries both current and future. Reserves are held for the following purposes:

- To cover statutory obligations and to wind up its own affairs in an orderly way;
- To cover any fixed expenditure commitments in the event of loss of income on a temporary basis and to provide the Company with time to plan its future strategy;
- To provide for the net costs of continued operations of projects and to fund initiatives of importance to adult learning which do not meet their costs;

- To meet any potential deficit in the pension scheme,
- To meet any permanent shortfall in the operational cash requirements of the charity;
- To meet the costs of planned major capital expenditure;
- All these calls on reserves are interrelated, so whilst reserves are ultimately held to cover statutory obligations they may be used as working capital in the short term, where it is known that funding will eventually be received.
- The long-term objective is that separate sums should be designated to meet statutory obligations and for working capital needs.

Required level of reserves

The targeted level of reserves is calculated as follows:

- To cover all statutory costs in the event of closure;
- To cover a 25% loss of income;
- To cover 6 months operational costs of continued operation;
- To cover the known capital expenditure costs for the next 6 months;
- To cover the pension costs using latest actuarial valuation.
- To cap reserves at the greater of one year's turnover or the FRS102 pension deficit.
- In the event that reserves, currently held as investments, should fall below £5m market value, then the Board will create and implement a strategy to return reserves to that level or above.

The reserves target is therefore the cap of £5,000,000 following the pension valuation becoming a surplus.

Organisation reserves at the end of March 2023 before the FRS 102 calculated pension surplus were £7,087,000 (March 2022 £8,561,000). After the FRS 102 pension valuation the net balance sheet asset remains £7,087,000 (March 2022 liability £3,302,000).

The organisation has returned to a position whereby there is sufficient reserves to meet its policy requirement following the FRS 102 surplus valuation. The Trustees note that the organisation holds investments with a market value of £6,014,000 as of 31 March 2023. In conjunction with a viable three year financial plan underpinned by a funding plan and ability to flex the cost base the Trustees consider the organisation to be a going concern.

Investment policy

Investment performance is overseen by a nominated Trustee, the CEO and Director of Finance and Operations. Reviews are held with the Investment Managers and reports are made to the Board of Trustees. The Trustees have approved an Investment Policy that has the objective of increasing reserves towards and to meet the reserves policy. The Investment Policy was last reviewed in December 2022. The current investment approach is to achieve a target return in a well-diversified portfolio comprising the appropriate asset classes and individual investments for a UK charity, which are quoted on the most widely used stock exchanges and regulated markets. The risk profile is medium, which allows for significant exposure to global equities and other diversifying investments, that will be held within a balanced portfolio. The objective is to increase the value of the portfolio by targeting total nominal return of 5-6% over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

Risk management

The Trustees have overall responsibility for ensuring that the organisation has an appropriate system of controls to manage risk and safeguard its assets. A risk management framework and process is in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the organisation faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The identified risks and the consequent risk management activities are reviewed by the Audit Committee at each of their meetings. Any risks that could have a significant impact on the organisation's success in achieving its objectives are considered by the Trustees.

The strategic risk register includes a clear articulation of the specific actions that will be undertaken to mitigate risk. The major risks and mitigations are summarised as follows:

Risk	Mitigation
Failure to influence the policy changes we want to see.	Maintenance of strong relationships with officials. Controls on external communication. Strategic plan sets clear priorities.
Failure in Governance	A rigorous process of self-audit, independent internal audit and Charity Commission checklists is in place. Non-Exec Audit Committee sits three times a year.
Failure to secure adequate income to offset costs and break even	Strategic plan underpinned by funding plans which are regularly reviewed. Plan to reduce overhead costs.
Cashflow – inability to pay staff and suppliers on time	Regular cashflow reviews by management and Board. Ability to call on £6m+ of investments.
Failure to service pension scheme	Three-year agreement in place with the Scheme's Administrator from March 2023. Scheme actuarial valuation surplus £3m.
Failure of IT systems and GDPR breach	Cyber essentials accredited and external IT security audited. Staff mandatory training of threats.
Staff are not engaged, and we lack sufficient capacity & capability to deliver our strategy.	Mechanisms to monitor capacity in place. Engagement of staff monitored through the Investors in People survey.

The internal audit programme for the following year is approved by the March sitting of the Audit Committee on an annual basis and the findings and conclusions are reported to the Audit Committee. The Audit Committee reports to the Board on the overall efficiency of the risk management process and the adequacy of the internal control systems.

Financial risk

L&W uses cash and other liquid resources to fund its operations. Investments are maintained as part of the reserves for funds which are not required as working capital. The Trustees review the levels of investments and working capital required under the reserves policy.

The main risk is from any potential shortfall in funding. The organisation has a strategic plan which is underpinned by programmes of work. These in turn are underpinned by a funding plan. Funding is reviewed every month by the Management team of L&W and on a quarterly basis by the Trustees. A significant proportion of funding required for the year ahead has already been secured. As mentioned earlier in this report, further comfort is derived from having investments valued at over a year's worth of income.

Grant making

Occasionally L&W manages and distributes grants on behalf of other agencies and government departments. L&W may distribute the grant, provide support to the recipient, and monitor the outcomes as part of the contract with the funder. All such grants will be made in accordance with the contract requirements. Receipt of funding by L&W and payment to the grant recipients are recognised in the accounts at the time of entitlement. The reader will have already noted in the financial review the impact of the £2.145m grant received in February 2021 from the Charities Aid Foundation which was recognised in full in the accounts to the year 31 March 2021 despite the delivery of the project materially occurring during the years to 31 March 2022 and 31 March 2023.

Remuneration policy

Sets out the principles and process of the remuneration relationship with staff and unions. It also includes the process of determining annual awards. Remuneration of the CEO and his direct reports are also determined by the Remuneration Committee who make an objective assessment of the appropriate level considering factors such as the market, needs of the organisation and comparable benchmarks. This was fully reviewed in 2022/23 in consultation with staff and recognised unions then reviewed again each year in September. L&W seeks to offer a competitive salary and benefits package to attract and retain quality staff in the context of:

- Affordability
- Equality – no discrimination
- Simplicity and ease of understanding and application by everyone in the organisation
- Committing to pay at least the living wage to all staff.

Disability policy

L&W promotes Inclusion, Equality and Diversity throughout its work and this commitment underpins the organisation's staffing policies and recruitment and selection processes. This is articulated through L&W's People Strategy.

L&W has processes in place to support staff with disclosed disabilities; including for example making reasonable adjustments to the workplace and taking advice and guidance from Access to Work. We also work closely with staff to review working patterns and ways of working.

Staff training and continuous professional development

L&W's staff development plan is part of our wider commitment to continuous quality improvement. The plan is based on input from our personal development review process and an organisational skill needs analysis. Learning and development starts with the induction process and continues throughout the lifecycle through role specific development, individual career paths and any other development in pursuit of our strategic aims. During the year a range of formal and informal learning took place. Within our performance review process, objectives are cascaded from the strategic plan to all staff ensuring everybody understands how their role contributes to L&W's strategic aims.

Sharing information with employees

L&W has several mechanisms to inform and consult with staff on matters of significance.

- The Chief Executive holds monthly briefing sessions for all staff.
- The Senior Management Team meets on a fortnightly basis and then cascades information and holds discussions with departmental teams.
- A Staff Reference Group meets periodically with a member of the Senior Management Team to discuss matters of significant change or importance. The Staff Reference Group members are responsible for seeking staff ideas and opinions to present at meetings and to feedback from meetings.
- Matters of major change such as Appraisal, Remuneration and other HR Policy changes and restructuring are discussed with staff and unions.
- L&W staff periodically hold several different peer group meetings.
- Policies and procedures are available to all staff.
- Information is shared with staff at away days.

Trustees' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 organisation and of the profit or loss of the organisation for that period.

- 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 proper accounting records that 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' liability insurance

L&W maintained Trustees liability insurance cover during the year and continue to do so within the Management liability package.

Creditor payment policy and practice

It is the policy of L&W to follow standard payment terms of 30 days (or as otherwise agreed with the supplier) unless there are reasons to dispute the amounts with suppliers. Trade creditors at the end of the year were £303,000 equating to 26 creditor days (2022 £230,000 and 20 days).

Auditors

Haysmacintyre LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

Future plans

L&W's strategic plan 2021-24 is available at www.learningandwork.org.uk. L&W seek a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life. To progress this, L&W will prioritise work in the areas of lifelong learning, employment and social security, essential and life skills, good work and progression, apprenticeships and technical education, social justice and inclusion. Trustees consider the combination of the strategic plan, careful financial and operational management and reserves will ensure any challenges will be overcome. This report which includes the Strategic Report required by company law, has been approved by the Board both as company directors and charity Trustees.

ON BEHALF OF THE TRUSTEES

Jeremy Moore

Jeremy Moore
Chair of Company Board
13th July 2023

Stephen Evans

Stephen Evans
Company Secretary
13th July 2023

Independent auditor's report to the members of National Learning and Work Institute

Independent auditor's report to the members of National Learning and Work Institute

Opinion

We have audited the financial statements of National Learning and Work Institute for the year-ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Organisation Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2023 and of the group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustee and Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee and Strategic Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2023

- the strategic report and the directors' report included within the Trustees and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee and Strategic Report (which incorporates the strategic report and the directors' report prepared for the purpose of company law).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 19-20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group/charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to registered charities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to areas of estimation uncertainty and to manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at unusual times, postings by unusual users or with unusual descriptions; and

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2023

- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Charity and not for profit Partner)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 27 July 2023

Consolidated statement of financial activities (incorporating the income and expenditure account)

	Note	Unrestricted funds	Restricted funds	Endowed funds	2023 Total funds	2022 Total funds
		£'000	£'000	£'000	£'000	£'000
Income						
Investment income	2	94			94	72
Income from charitable activities – from core projects	3	2,598	532		3,130	2,644
Income from other charitable activities	4	111			111	62
Total income		2,803	532	0	3,335	2,778
Expenditure						
Cost of raising investment funds	5	38			38	38
Cost of core charitable activities	5	2,614	1,508		4,122	4,009
Cost of other charitable activities	5	164			164	75
Total expenditure		2,816	1,508	0	4,324	4,122
Net income (expenditure) before gains on investment assets		(13)	(976)	0	(989)	(1,344)
Realised and unrealised gains / (losses)		(473)		(9)	(482)	29
Net income (expenditure)		(486)	(976)	(9)	(1,471)	(1,315)
Change in financial assumptions on defined benefit pension scheme		11,863			11,863	6,037
Net movement in funds for the year		11,377	(976)	(9)	10,392	4,722
Reconciliation of funds						
Total funds brought forward		(5,366)	2,052	122	(3,192)	(7,914)
Total funds carried forward		6,011	1,076	113	7,200	(3,192)

All activities are continuing and are in furtherance of the objectives of the organisation. The net expenditure for the purposes of the Companies Act was £989,000 (2022: £1,344,000 net income).

Balance sheet

	Note	Organisation		Group	
		2023	2022	2023	2022
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	7	7	7	7
Investments	11	6,014	7,031	6,127	7,153
Total fixed assets		6,021	7,038	6,134	7,160
Current assets					
Debtors	12	878	1,122	878	1,122
Cash at bank and in hand		1,201	1,809	1,201	1,809
Total current assets		2,079	2,931	2,079	2,931
Creditors falling due within one year	13	987	1,382	987	1,382
Net current assets		1,092	1,549	1,092	1,549
Total assets less current liabilities		7,113	8,587	7,226	8,709
Creditors falling due after more than one year	15	26	26	26	26
Net assets excluding pension liabilities		7,087	8,561	7,200	8,683
Defined benefit pension scheme liability	19	0	(11,863)	0	(11,863)
Net assets including pension liability		7,087	(3,302)	7,200	(3,180)
The funds of the charity					
Unrestricted funds excluding pension liability		6,011	6,497	6,011	6,497
Pension reserve		0	(11,863)	0	(11,863)
Restricted funds	16	1,076	2,052	1,076	2,052
Haldane Trust endowment	21	-	-	113	122
Total charity funds		7,087	(3,314)	7,200	(3,192)

The financial statements were approved and authorised for issue by the Board of Trustees on 13 July 2023

Jeremy Moore

Jeremy Moore
Trustee

Tim Render

Tim Render
Trustee

Consolidated cash flow statement

	Note	2023 £'000	2022 £'000
Cash used in operating activities	18	(1,086)	(1,224)
Cash flows from investing activities			
Interest and dividend income		94	72
Sales of investments		1,888	5,375
Purchase of investments		(1,504)	(5,203)
Purchase of tangible fixed assets		-	(11)
Cash provided by (used in) investing activities		478	233
Increase (decrease) in cash in the year		(608)	(991)
Cash at the beginning of the year		1,809	2,800
Total cash at the end of the year		1,201	1,809

The accompanying accounting policies and notes form an integral part of these financial statements. The company had no borrowing; therefore no statement of net debt is shown.

Notes to the financial statements

1 Accounting policies

L&W is a Private company by guarantee incorporated in England and Wales with the registered office detailed on Page 43. It meets the definition of a public benefit entity as defined by FRS 102. The principal accounting policies adopted in the preparation of the financial statements are as follows;

a) Basis of preparation

The financial statements have been prepared in accordance with 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 (FRS102) (effective 1 January 2019) -(Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements are prepared in thousands of pounds (£'000s).

b) Basis of consolidation

In 2021 the trustees reviewed the accounting treatment in respect of the Haldane Trust, a charity controlled by L&W. On the basis that the Haldane Trust was material as of 31 March 2021 and remains material as of 31 March 2023, it is consolidated into L&W's financial statements on a line-by-line basis.

c) Preparation of the accounts on a going concern basis

Trustees have reviewed the forecast results, cashflow and reserves for the foreseeable future and a minimum period of twelve months and consider factors that may influence income such as a reduction in Government funding. Trustees are confident L&W will continue and there is no material uncertainty over its ability to operate as a going concern. More information can be found in the Trustees report on page 16.

d) Estimates and judgements

The financial statements include estimates and judgements which are susceptible to change in subsequent periods. The defined benefit pension scheme liability is calculated by the scheme's actuary and based on the assumptions set out in note 19. Dilapidation liabilities are estimated for leasehold properties and based on the expected cost of fulfilling L&W's obligation under the leases. The actual amounts payable may vary from the amounts calculated with landlords.

e) Income and expenditure account

The Statement of Financial Activities on page 24 discloses the information required within the Income and Expenditure account and as such no separate Income and Expenditure account has been prepared.

f) Income

The recognition of income as receivable varies according to the nature of the income. Income from contracts and performance related grants is recognised only to the extent that related services have been delivered and contract or performance conditions met. Income received in excess of that recognised as earned is carried forward as deferred income. Donations and general grants are credited to the Statement of Financial Activities as they become due. For grants which are not specifically

performance-related income is recognised once NLWI is entitled to the funds, receipt is considered probable, and the amount can be reliably measure. Unspent amounts related to such grants are carried forward as funds. Attention is drawn to the Charities Aid Foundation grant of £2.145m received in February 2021, recognised in full in the year to 31 March 2021, but where nearly all of the work will be done in the years to 31 March 2022 and 2023. Accordingly, the SOFA included a large surplus related to the Charities Aid Foundation work in the year to 31 March 2021 but deficits for years to 31 March 2022 and 2023.

g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the management costs incurred by professional advisors in the management of the organisation's investments.
- Expenditure on the charitable activities in furtherance of the organisation's objectives and any associated support costs.
- Costs of carrying out other trading activities namely the provision of publications and conference and event activities
- Other expenditure representing those items not falling into any other heading.

h) Allocation of support costs

Support costs are those functions that assist the work of the organisation but do not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll and governance costs which all support the charitable objectives. The bases on which support costs have been allocated are set out in note 6.

i) Operating leases

The organisation classifies the lease of printing equipment as operating leases. The title to the equipment remains with the lessor and the equipment is replaced every 3-5 years. The organisation also has leases for the office buildings from which it operates. Rentals payable under operating leases are charged as an expense on a straight line basis over the term of the lease.

j) Investments

Investments are valued at the market rate prevailing at the balance sheet date.

Net gains and losses on revaluation and disposals during the year are included in the statement of financial activities.

k) Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised at cost and are depreciated over the estimated useful economic life on a straight line basis as follows;

Tangible fixed assets are stated at cost net of depreciation.

Computer equipment	-	33% straight line
Office equipment	-	20% straight line
Buildings maintenance	-	6-20% straight line
Leasehold improvements	-	straight line over balance of leases

l) Creditors

Creditors are recognised where the organisation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amounts due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Provisions

An assessment of dilapidations liabilities is made for leasehold properties. The provision is based on an assessment of the nature of each lease, risk of materialisation and size of each property.

n) Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements entered into.

Where the contractual obligations of financial instruments are classed as financial liabilities, financial liabilities are presented as such in the balance sheet. Finance costs & gains or losses relating to financial liabilities are included in the Statement of Financial Activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

o) Pension costs

Employees are automatically enrolled into the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership (LPP) scheme formerly known as the London Pension Funds Authority (LPFA). This is funded by contributions from employee and employer.

For the year ended 31 March 2023 all employees were in the LGPS scheme.

The LGPS scheme administered by the LPP is a multi-employer defined benefit scheme administered for the benefit of local authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

The scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method on the basis of triennial valuations and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent it is recoverable by the organisation. The assumptions made by the actuary have a material effect on the net liability, these are disclosed in note 19.

2. Investment income

The income derived from dividends and interest received from the charity's investments held and managed in the UK, and interest arising from money held in interest bearing accounts.

	2023	2022
	Total	Total
	£'000	£'000
Dividends	91	72
Interest on investments	2	-
Interest on Bank accounts	1	-
Total Investment Income	94	72

3. Income from charitable activities – core projects

	Contract & sales	Recurrent grant	Total
	2023	2023	2023
	£'000	£'000	£'000
L&W Wales	254	580	834
Research and development	2,040	-	2,040
Campaigns, promotions and advocacy	15	241	256
Total charitable activities income	2,309	821	3,130

	Contract & sales	Recurrent grant	Total
	2022	2022	2022
	£'000	£'000	£'000
L&W Wales	-	509	509
Research and development	1,265	583	1,848
Campaigns, promotions and advocacy	-	287	287
Total charitable activities income	1,265	1,379	2,644

Income analysed by funding source

	Total	Total
	2023	2022
	£'000	£'000
Departments for Education	274	870
Welsh Government	709	509
Department of Work and Pensions	592	13
Ministry of Defence	177	90
Other Government	-	-
European Funding	(30)	127
Public sector	281	201
Charitable trusts	707	793
Other project funding	420	41
	3,130	2,644

4. Income from other charitable activities

	2023 Total £'000	2022 Total £'000
Conference and events income	76	62
Other income	35	-
Total income from other charitable activities	111	62

5. Analysis of total expenditure

	Unrestricted 2023 £'000	Restricted 2023 £'000	Total 2023 £'000
Direct project costs	741	692	1,433
Direct salary costs associated with projects	1,345	706	2,051
Allocation of support costs	417	87	504
Allocation of governance costs	111	23	134
Total costs of core charitable activities	2,614	1,508	4,122
Other charitable activity direct costs			64
Other charitable activity direct salary costs			87
Allocation of support costs			10
Allocation of governance costs			3
Total costs of other charitable activities			164
Investment management fees			38

	L&W Wales 2022 £'000	Research & Development 2022 £'000	Campaigns 2022 £'000	Total 2022 £'000
Direct project costs	120	501	37	658
Direct salary costs associated with projects	345	1,984	108	2,437
Allocation of support costs	100	647	58	805
Allocation of governance costs	13	87	9	109
Total costs of core charitable activities	578	3,219	212	4,009
Other charitable activity direct costs				6
Other charitable activity direct salary costs				41
Allocation of support costs				25
Allocation of governance costs				3
Total costs of other charitable activities				75
Investment management fees				38

6. Analysis of support and governance costs

	2023 Total £'000	2022 Total £'000
Support costs		
FRS 102 Cost of Defined Benefit Pension Scheme	130	145
Support Staff Salaries	371	397
Additional Defined Benefit Pension contribution	13	13
Accommodation	199	-
Computer	94	76
Depreciation	12	16
HR Costs	55	113
Travel	26	1
Policy and publicity	3	13
Telephone	14	18
Printing and stationery	16	2
Total support costs	933	794
Governance costs		
Salaries and FRS102 Cost of Defined Benefit Pension Scheme	137	75
Audit services	25	9
Legal and insurances	25	28
Total governance costs	187	112

Notes on basis of allocation

Support and governance cost are identified and then allocated on income earned. Cost of the defined benefit pension scheme shown above is an allocation of the total charge shown in note 19, based upon the cost of support staff as a proportion of all staff.

7. Net expenditure for the year

This is stated after charging:	2023 £'000	2022 £'000
Operating leases		
Land and buildings	121	118
Others	3	3
Depreciation	12	18
Auditors remuneration		
External audit fees	25	24
Other accountancy services	-	-
Trustee's indemnity insurance	6	10

8. Analysis of staff costs, trustee expenses and the cost of key management personnel

	2023 £'000	2022 £'000
Salaries and wages	1,700	1,603
Social security costs	184	162
Pension costs		
Employer contributions paid	316	345
Addition Defined Benefit Pension Scheme Charges	76	787
Teachers' Pension scheme	-	-
	<u>2,276</u>	<u>2,897</u>

Not included in the above are termination costs of £17,078 (2022: £47,422).

The number of employees where emoluments (including salary and taxable benefits) exceeded £60,000 was:

	2023 Number	2022 Number
£ 60,001 - £ 70,000	1	2
£ 80,001 - £ 90,000	1	-
£100,001 and above	1	1
	<u>3</u>	<u>3</u>

The key management personnel of the organisation comprise the Trustees, the Chief Executive Officer and the Senior Management Team. Trustees were not paid any remuneration for their services in the year, nor in the prior year. The total employment benefits for the Senior Management Team, including the CEO, was £668,152 (2022: £574,612).

9. Staff numbers

The average annual headcount of employees, employed by L&W during the year:

	2023	2022
Employees	<u>45</u>	<u>46</u>

L&W has a number of part-time employees. The average number of full-time equivalents employed during the year was as follows:

	2023	2022
Employees – full time equivalents	<u>42</u>	<u>42</u>

10. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2022	228	81	309
Disposals	(92)	(73)	(165)
At 31 March 2023	136	8	144
Depreciation			
At 1 April 2022	216	74	290
Elimination on Disposal	(92)	(73)	(165)
Charge for the year	9	3	12
At 31 March 2023	133	4	137
Net book value At 31 March 2023	3	4	7

11. Investments (all held and managed in the UK)

	£'000
At 1 April 2022 - L&W	7,031
Additions at cost	1,469
Disposal at proceeds	(1,861)
Realised and unrealised gains	(474)
Movement in cash	(151)
At 31 March 2023	6,014

The fixed asset investments were held as follows

	2023 £'000	2022 £'000
Listed stocks and shares	5,747	6,613
Cash	267	418
Market value at 31 March	6,014	7,031

The L&W book cost of listed stock and shares was £5,993,513 (2022 £6,340,457).

On the Balance sheet, the consolidated investments include the Haldane Trust portfolio valued at £113,000 as of 31 March 2023 and £122,000 as of 31 March 2022.

12. Debtors

	2023	2022
	£'000	£'000
Trade debtors	626	496
Prepayments and accrued income	252	626
Other debtors	-	-
	<u>878</u>	<u>1,122</u>

13. Creditors: amounts falling due within one year

	2023	2022
	£'000	£'000
Trade creditors	303	230
Other creditors	46	11
Tax and social security	185	145
Accruals	55	9
Deferred income (see note 14)	245	821
Provision for costs of relocation on new premises	153	166
	<u>987</u>	<u>1,382</u>

14. Deferred income

	Balance at 31-Mar-22	Movement In year	Balance at 31-Mar-23
	£'000	£'000	£'000
Restricted funds charitable activities	64	56	120
Unrestricted funds charitable activities	816	(691)	125
Unrestricted funds other trading activities	10	(10)	0
	<u>890</u>	<u>(645)</u>	<u>245</u>

15. Creditors: amounts falling due after more than one year

	2023	2022
	£'000	£'000
Provision for costs of relocation on leased premises	<u>26</u>	<u>26</u>

16. Analysis of charitable funds

Analysis of movement in restricted fund

	2023 £'000	2022 £'000
Opening balance	2,052	2,205
Income	413	1,379
Expenditure	(1,389)	(1,532)
Closing balance	1,076	2,052

L&W gratefully acknowledge the following grant income recovered and receivable.

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer from/(to) unrestricted funds
	2023 £'000	2023 £'000	2023 £'000	2023 £'000
DFE				
core funding for agreed projects	-	-	-	-
DFE				
Festival of Learning England	241	(241)	-	-
DFE – specific projects agreed, incremental to core funding	-	-	-	-
European Programmes				
Various	(30)	(17)	(47)	-
Charitable Trusts	32	(32)	-	-
Charities Aid Foundation	0	(841)	(841)	-
Ministry of Defence	170	(157)	13	-
Other consultancy/research				
Various	-	(101)	(101)	-
	413	(1,389)	(976)	-

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer from/(to) unrestricted funds
	2022 £'000	2022 £'000	2022 £'000	2022 £'000
DFE				
core funding for agreed projects	518	(589)	(71)	-
DFE				
Festival of Learning England	241	(241)	-	-
DFE – specific projects agreed, incremental to core funding	110	(110)	-	-
European Programmes				
Various				
Charitable Trusts	420	(420)	-	-
Charities Aid Foundation	0	(82)	(82)	-
Ministry of Defence	90	(90)	-	-
Other consultancy/research				
Various	-	-	-	-
	1,379	(1,532)	(153)	-

17. Analysis of net assets between funds

	Balance at 01-Apr-22 £'000	Movement In year £'000	Balance at 31-Mar-23 £'000
Restricted funds	2,052	(976)	1,076
Unrestricted funds	(5,366)	11,377	6,011
Endowment funds	122	(9)	113
	(3,192)	10,392	7,200

	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Endowment funds 2023 £'000	Total funds 2023 £'000
Fund balances at 31 March 2023 are represented				
Tangible fixed assets	-	7	-	7
Investments	-	6,014	113	6,127
Cash at bank	1,079	122	-	1,201
Current assets	143	735	-	878
Current liabilities	(146)	(841)	-	(987)
Creditors of more than one year	-	(26)	-	(26)
Defined benefit pension scheme liability	-	-	-	-
Total net assets	1,076	6,011	113	7,200

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2023

	Restricted funds 2022 £'000	Unrestricted funds 2022 £'000	Endowment funds 2022 £'000	Total funds 2022 £'000
Fund balances at 31 March 2022 are represented				
Tangible fixed assets	-	(5)	-	(5)
Investments	-	7,031	122	7,153
Cash at bank	1,726	83	-	1,809
Current assets	326	898	-	1,224
Current liabilities	-	(1,484)	-	(1,484)
Creditors of more than one year	-	(26)	-	(26)
Defined benefit pension scheme liability	-	(11,863)	-	(11,863)
Total net assets	2,052	(5,366)	122	(3,192)

18. Reconciliation of net movements in funds to net cash flow from operating activities

	2023 £'000	2022 £'000
Net movement in funds	10,380	4,722
FRS 102 Non cash adjustment	(11,863)	(5,227)
Add back depreciation charge	12	36
Deduct interest income shown in investing activities	(94)	(72)
Decrease (increase) in debtors	244	(292)
Increase (decrease) in creditors	(395)	(165)
Increase (decrease) in creditor long term	-	5
Investments (gains) / losses	485	(29)
Movement in investment cash	145	(202)
Net cash used in operating activities	(1,086)	(1,224)

19. Pension costs

The organisation contributes to a defined benefit pension schemes being the Local Government Pension Scheme (LGPS) administered by the Local Pensions. The assets of this scheme is held in independently administered funds. Contributions are paid based on the recommendations of the qualified actuaries.

(a) The LGPS scheme

Although this is a multi-employer scheme the actuaries have advised the Trustees that they are able to identify L&W's share of the scheme's underlying assets and liabilities. The valuation of the fund has been calculated in accordance with FRS102 by the actuary appointed by the scheme's administrator using their standard assumptions as follows:

	31-Mar 2023	31-Mar 2022
Actuarial assumptions:		
Rate of increase in pensions and CPI rate of inflation	2.90%	3.25%
Rate of increase in salaries	3.90%	4.25%
Rate used to discount scheme liabilities	4.80%	2.60%

To assess the value of the Employer's liabilities at 31 March 2023, the actuaries have rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2022, using financial assumptions that comply with FRS102.

To calculate the asset share the actuaries have rolled forward the assets allocated to the Employer at 31 March 2022 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuaries adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2022. The assumed life expectancies, based on assumptions, are set out in the table below:

Life expectancy from age 65 (years)		2023	2022
Retiring today	Males	21.7	22.5
	Females	24.3	24.3
Retiring in 20 years	Males	21.9	22.6
	Females	25.3	25.8

The amounts recognised in the balance sheet are determined as follows:

	31-Mar 2023 £'000	31-Mar 2022 £'000
The Estimated asset allocation for the Employer:		
Equities	20,007	18,998
Target return Portfolio	6,326	7,518
Infrastructure	4,305	3,498
Property	3,341	3,064
Cash	781	1,139
Total	34,760	34,217
Present value of funded liabilities	(30,093)	(46,080)
Net pension asset / (liability)	4,667	(11,863)
<i>Pension Liability per Balance Sheet [1]</i>	0	(11,863)

The movement in the defined benefit obligation over the year was as follows:

	2023 £'000	2022 £'000
Reconciliation of opening and closing balances of the present value of the defined obligation:		
Opening defined benefit obligation	46,080	47,506
Current service cost	775	747
Interest cost	1,185	941
Contributions paid by members	118	113
Changes in financial assumptions	(19,028)	(2,258)
Changes in demographic assumption	(1,107)	-
Estimated benefits paid net of transfers in	(1,296)	(1,096)
Experience loss / (gain) on defined benefit obligation	3,300	111
Past service costs including curtailments	66	16
Closing defined benefit obligation	30,093	46,080

The movement in the fair value of employer assets over the year was as follows:

	2023 £'000	2022 £'000
Reconciliation of opening and closing balances of the fair values of the Fund assets:		
Opening fair value of employer assets	34,217	30,416
Interest on assets	880	602
Return on assets less interest	468	3,890
Other actuarial gains/(losses)	(24)	-
Administration expenses	(10)	(40)
Contributions paid by members	118	113
Contributions paid by the employer	407	332
Estimated benefits paid	(1,296)	(1,096)
Closing fair value of employer assets	34,760	34,217

The amounts recognised in the statement of financial activities are as follows:

	2023 £'000	2022 £'000
The amounts recognised in the profit and loss statement:		
Administration expenses	10	40
Current service cost	841	763
Net interest on the defined liability (asset)	305	339
	1,156	1,142

Amounts for the current and previous accounting periods ended 31 March:

	2023 £'000	2022 £'000
Fair value of employer assets	34,760	34,217
Present value of defined benefit obligation	(30,093)	(46,080)
Surplus/(deficit)	4,667	(11,863)
Return on fund assets in excess of interest	468	3,890
Change in financial assumptions	(19,028)	2,258
Remeasurement of the net assets/(defined liability)	17,279	6,037

20. Commitments

Operating lease payments amounted to £121,385 during 2022/23. The leases to which these amounts relate expire as follows:

	2023		2022	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire in:				
Less than one year	10	-	-	3
One to five years	135	-	380	3
Total	145	-	380	6

21. Connected charities and related parties

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £113,000 as of 31 March 2023 (£122,000 as of 31 March 2022). Due to the common control and materiality, the investments of the Haldane Trust have been consolidated into the L&W accounts. The Haldane Trust was not consolidated prior to the year ended 31 March 2021 as it was immaterial.

22. Trustees and other bodies

Certain trustees of L&W can be trustees of other bodies who may in turn provide funding to L&W. Trustees declare their interests in line with the policies of L&W and the funding bodies and do not participate in decisions affecting L&W. One trustee provided consultancy services to a project during the year ended 31 March 2023 for the value of £3,600. There were no other connected charities and related parties during the year to 31 March 2023 or the year to 31 March 2022.

23. Financial derivatives

There were no financial derivatives as of 31 March 2023 or 31 March 2022.

24. Related Parties

As per note 22 one trustee provided consultancy services to a project during the year ended 31 March 2023 for the value of £3,600. There were no related party transactions in the year to 31 March 2023 or 31 March 2022.

Legal and administrative details

Company registration number: 02603322

Charity registration number: 1002775

Registered office: 3rd Floor Arnhem House
31 Waterloo Way
Leicester
LE1 6LP

Patron: HRH The Princess Royal

**Chief Executive and
Company Secretary:** Stephen Evans

Trustees: Margaret Galliers (President)
Jeremy Moore (Chair)
Timothy Render (Treasurer)
Charlotte Bosworth
Jeffrey Greenidge
Lauren Harris
Tony Lawlor
Haf Merrifield
Ruth Spellman
Chris Banks

Committees

Learning and Work has established two Committees and a Strategy Group. The members during the relevant period are as follows:

Audit Committee

Tony Lawlor (Chair)
Jeff Greenidge
Ruth Spellman
Paul Greening
Jamie Hutchinson

Learning and Work Institute Wales Strategy Group

Jeff Greenidge (Chair)	Sian Cartwright
Michelle Matheron	Alan Felstead
Sarah Quibell	Katy Stevenson
Rachel Cable	Amanda Wilkinson
Michelle Kerswell	Jamie Insole
Catherine Jenkins	Llyr ap Gareth
Richard Spear	

Remuneration Committee

Margaret Galliers
Timothy Render
Jeremy Moore

Senior Management:

Stephen Evans	Chief Executive
Naomi Phillips	Deputy Chief Executive
Paul Cleminson	Director of Finance & Operations

Solicitors:	Shakespeare Martineau Two Colton Square Leicester, LE1 1QH
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External auditor and accountants	Haysmacintyre LLP 10 Queen Street Place London, EC4R 1AG
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Bankers:	Bank of Scotland 8 Humberstone Gate Leicester, LE1 3PH
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Investment advisors:	Canaccord Genuity Wealth Limited 88 Wood Street London EC2V 7QR
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Haldane Trust Trustees:	Margaret Galliers (Chair) Haf Merrifield
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Accounts



**Trustees' report and financial statements
For the year ended 31 March 2022**

Index to the financial statements

Foreword	3
Report of the Trustees - Impact Report	4
Report of the Trustees – continued	10
Report of the independent auditor	20
Statement of financial activities	22
Balance sheet	23
Cash flow statement	24
Notes to the financial statements	25
Legal and administrative details	41

Foreword

The prevailing theme of the year has been uncertainty. New waves of coronavirus meant new waves of lockdowns and restrictions. The ending of restrictions has not meant the end of the virus, and countries around the world have been hit by supply chain issues and price rises as economies have moved out of deep freeze. Latterly this was exacerbated by Russia's invasion of Ukraine.

That has meant great uncertainty and challenges for many people. We have sought to highlight this and promote solutions. The furlough scheme did its job, protecting millions of jobs. But this hides a worrying rise in economic inactivity as many, particularly the over 50s, stopped looking for work altogether. We helped shine a light on the one million people missing from our labour market compared to if pre-pandemic trends had continued and argued for employment support to focus more on this group.

The first multi-year spending review for some time included welcome increases in funding for adult learning. But our analysis showed this would still leave funding in England some £750 million lower in real terms by 2024-25 compared to 2010-11, showing how far there is still to go. Meanwhile, 63% fewer adults are improving their literacy and numeracy compared to a decade ago, despite nine million adults needing to do so. We set up a Skills for Life Alliance, backed by analysis and international case studies, to try to change this.

As restrictions have eased, attention has turned to the future. We developed an index to explore the need for and challenges of 'levelling up', continued to celebrate amazing adult learners in England and Wales, mapped a spike in lifelong learning through the pandemic, and helped the Welsh Government set ambitions for the qualifications of the population in 2050.

Our work is wide ranging. We work in complex sectors in partnership with a range of organisations. We must also work ever harder to gain funding for our work – the year saw dozens of funders supporting dozens of projects. And, of course, our staff have faced the same challenges as everyone else, affected by the pandemic and the rising cost of living. That makes our achievements even more remarkable, and we extend our thanks to all our brilliant staff and trustees.

We know that, whatever the policy challenge, widening access to learning and good work are central. We will continue our work to make the case for this, build the evidence base, shape policy, and test new ways of working.

Maggie Galliers and Stephen Evans

Report of the Trustees: impact report

The following pages summarise the key impacts we have achieved over the year.

Strategic priorities and impact

Our vision is for a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life.

Our strategic plan sets out how we seek to achieve our vision, including our mission, and values. Our work is organised into six priorities:

1. Lifelong learning.

Learning through life, for any reason and none, improves work, health, wellbeing and citizenship. People learn in many ways, including family and community learning. Yet participation in learning is unequal and has fallen. Our focus is on the case for participating in learning and policy and practice to achieve this.

2. Employment and social security.

The pandemic increased inequalities and, while Government action helped limit the economic impact, labour market inactivity has risen and some groups have fared worse than others. Our focus is on those such as older people, disabled people and young people who are often excluded from or disadvantaged in the labour market.

3. Essential and life skills.

Capabilities like literacy, language, numeracy, digital, citizenship and health and financial skills are fundamental to life and work. Yet nine million adults lack functional skills and participation in learning has fallen sharply. Our focus is on developing new ways to engage people and deliver learning.

4. Pay, progression and security.

Work should be good quality and provide opportunities for progression and development. Yet five million people are low paid, and too many people become stuck in low pay. Our focus is on support for people in low pay to progress, including careers advice and skills improvements, and developing and spreading best practice on the quality of work.

5. Apprenticeships and technical education.

High-quality apprenticeships and world-class technical education should be open to all who can benefit from them. Yet the number of apprenticeships has fallen, access to them is unequal and the quality of provision variable. Our focus is on the quality of and access to apprenticeships, and technical education that works for adults and young people.

6. Social justice and inclusion.

Everyone should have the chance to go as far as their efforts will take them - life chances should not be constrained by background. Yet social mobility is lower than in other countries. Our focus is on advocating for better support for groups that often miss out and trying new ways of delivering this with partners.

We have helped shape policy nationally and locally

Policy and advocacy

We encourage evidence-based policy development. We help to shape the debate by working closely with MPs, civil servants and others, as well as raising and widening the debate through events, parliamentary sessions, and the media.

A significant part of our work this year has been deepening understanding of the economic impacts of coronavirus, and looking ahead to what's needed for **renewal and recovery**.

Highlights of our achievements include:

- helping to shape the Government's response to the labour market impacts of the pandemic through the Plan for Jobs;
- giving oral evidence to the Work and Pensions Select Committee on the Government's Plan for Jobs and employment support, and to the Economy Committee of the London Assembly;
- identifying the one million gap in the UK's workforce compared to pre-pandemic trends as a result of rising economic inactivity and analysing the sources of and solutions to this challenge, this is widely accepted and quoted;
- pre-empting and responding to the Levelling Up White Paper by setting out five measures of success in employment and skills, and published a map of how opportunity varies across the country;
- helping to secure new policy commitments such as the Young Person's Guarantee, a review of adult literacy and numeracy levels, ongoing support for the adult community learning sector, and the introduction of Mid-Life Career Reviews in Wales;
- developing new national milestones for qualification levels in Wales, adopted by the Welsh Government; and
- securing commitments to strengthen Citizens' Curriculum in Wales through new pilots.

In addition, we responded to **several inquiries and Government consultations**, and submitted evidence to the Education Committee on their major inquiries into the future of post 16 qualifications and Careers Education, Information, Advice and Guidance (CEIAG).

Towards the end of the year, we **developed an offer to local government to support their investment plans for Multiply adult numeracy initiatives and UK Shared Prosperity Fund (UKSPF) allocations**, and scoped longer-term partnerships that support with the subsequent delivery of programmes.

Bringing people together

We convene to increase our influence and impact. We maintain a range of networks, advocate through coalitions, and bring people together to focus on burning issues. We secure Ministers, senior political figures, and industry leaders to speak at our online and in-person events throughout the year.

Events

In July, Mims Davies MP, **Minister for Employment**, and Kate Green MP, **Shadow Secretary of State for Education** at the time, headlined our **Employment and Skills Convention**, with more than **1,300 delegates**. The annual **Employability and Skills Wales Convention** in November 2021 had keynote speakers including Vaughan Gething MS, **Minister for Economy** and Nikki Lawrence, Chief Executive at Careers Wales, and secured over **380 attendees and viewers**. Our **Better Work Summit** brought together key stakeholders from across London, with over **120 attendees**, to explore how to support access to better work and progression from low pay after the pandemic. The event featured a keynote from Rajesh Agrawal, the **Deputy Mayor of London for Business**. Our **Youth Employment and Skills Summit** in October hosted **Metro Mayor for Liverpool City Region** Steve Rotheram and Minister Mims Davies MP as keynote speakers. Our annual **English, Maths and ESOL conference**, delivered online to **515 participants**, highlighted the role of essential and life skills in recovering from the pandemic. Finally, our **Housing, Learning and Work Conference** held jointly with Communities that Work attracted around **600 delegates** to explore the Government's Levelling Up agenda.

In-between conferences, we held webinars and shorter events, to mark the publications of reports and external events, and our senior team shared platforms at events hosted by other organisations.

We increased our reach and relevance, building engagement with key audiences

We received around **1,100 pieces of media coverage** in 2021-22. Our research and analysis were featured in Guardian, Independent, Telegraph, Times, Mirror and Big Issue. Our analysis of labour market statistics featured almost monthly in national news. Our work has also been featured in sector press including FE Week, FE News, People Management and Business Insider. Notable coverage for specific campaigns included our adult participation in learning survey, and our work on apprenticeships and technical education.

Our **website received more than 310,000 views in the year**, slightly up from the previous year. We had spikes around report publications and other popular pages have included our resources for English language learning and conversation clubs, and pages on lifelong learning and essential skills. Our campaign websites also received increased attention this year.

The number of followers for our **@LearnWorkUK** Twitter account rose **400 in the year, to 18,200**. Our **YouTube channels** had **25,200 views** with **204,000 minutes of footage viewed**, an increase on the previous year.

Wales figures show that **@LearnWorkCymru** account received over **52,000 profile views** and **L&W Wales YouTube** had over **19,000 views** with **228,000 minutes of footage viewed** by users.

We inspired more adults to take up learning for life

The Festival of Learning in England and Adult Learners' Week in Wales have celebrated the best in adult learning and inspired people to learn for 30 years, inspiring similar celebrations around the world.

In England, **Festival of Learning** is supported by Department for Education, NOCN, WEA, City Lit, the Education and Training Foundation, and Skills and Education Group, and we worked with organisations such as HOLEX, Association of Colleges, AELP, World Skills UK and Open University. Award winner announcements took place in July, and the twelve winners and seven finalists were selected from over 200 nominations. The **awards ceremony livestream was viewed by over 1,200 individuals** and our **Twitter hashtag achieved 1.1 million impressions**. Award winner stories received **widespread sector press coverage**.

We welcomed **HRH The Princess Royal** to our **centenary celebration event** during **Lifelong Learning Week** in November. HRH met previous Patron Award winners and an Adult Learners' Week winner from 1993. We were thrilled to receive supportive messages from Kate Green MP and Angela Rayner MP, and we published a series of blogs to celebrate lifelong learning and our centenary. **Social activity saw 4.7 million impressions, 1,100 tweets and 511 different users** tweeting about Lifelong Learning Week. This is up on the figures reached in 2020.

In Wales, **Adult Learners' Week** worked with over 200 partners to provide a mix of 500 online courses, events and community-based outreach and taster activity, and **nearly 10,000 people engaged with learning activities**. Learning opportunities were delivered by a range of stakeholders including Adult Learning Wales, Wales TUC, Big Ideas Wales, Digital Communities Wales and the network of community learning, further and higher education, training and voluntary learning providers. We worked with Welsh Government to promote the campaign and to signpost people to advice and guidance at Working Wales and to the Adult Learners' Week/Change Your Story platform. Our **online platform** hosting course listings, special events, learner stories and links to further information, advice and support **had over 167,000 page views** and our **content generated over six million impressions on Twitter**.

Just ahead of Adult Learners' Week, Jeremy Miles the Welsh Government Minister for Education and the Welsh Language presented 13 **Inspire! Awards** to celebrate the achievements of adult learners, families, communities and workplace projects. Our **online award ceremony had an audience of 1,000**, and award winners **featured in print and broadcast media**, with two being interviewed on S4C.

We developed solutions to meet the big challenges

Here is a snapshot of our wide-ranging research and development work. We are proud to partner with national and local government, businesses and charities, maintaining our reputation for high quality research and analysis.

Improving outcomes for young people. We are co-chairs of the Youth Employment Group, helping us shape support for young people. Our Facing the Future report, in partnership with The Prince's Trust, explored the impact of the pandemic on young people's employment, their future job prospects and the cost of higher youth unemployment. Alongside this we proposed a Youth Guarantee to improve employment and skills outcomes. We worked with the Social Mobility Commission to explore the impact of the pandemic upon young people, with our findings contributing to their annual State of the Nation report 2022.

Understanding what works. We worked with Nesta to explore what works for online adult learning and data-driven solutions to help people find rewarding future careers. We supported 11 innovators to evaluate the effectiveness and impact of their online learning interventions, and developed an evaluation toolkit to support others. We delivered the initial evaluation of the Catch 22 Horizons programme, designed to help people overcome social barriers to work such as homelessness, mental health or poor education. We presented the findings of the first wave of the evaluation of the Restart Scheme to DWP, which has helped to inform management and redesign of the scheme.

Understanding adult participation in learning. In its 25th year, our survey showed that 44% of adults have taken part in learning in the last three years – marking the first rise in participation since 2015. However, the survey continues to highlight stark inequalities in who participates in learning, meaning there is much more to do to ensure fair access to opportunities. The survey's findings on people's motivations and barriers are helping to inform the development of policy, including the National Skills Fund in England and Personal Learning Accounts pilot in Wales.

Improving literacy, numeracy and life skills. One in five adults have low essential skills like literacy and numeracy and fewer adults are in learning to improve these skills. Together with HOLEX, we convened the Skills for Life Alliance, bringing together key sector stakeholders, along with observers from the Department for Education (DfE) and DWP, to argue for a greater focus and action on adult essential skills in skills policy and practice. To support the Alliance's work, we published Getting the Basics Right, a summary of the case for action on adult essential skills. We also worked with three MCAs to understand the drivers of low participation in those areas. We advised the DfE on future delivery models for Essential Digital Skills and the Greater London Authority (GLA) on social prescribing to adult education, to improve the health and wellbeing of Londoners.

High quality, accessible apprenticeships and technical education. To work for employers and people, apprenticeships and technical education need to be high quality and accessible. We are working with the Strategic Development Network (SDN) to deliver the Government's T level employer support programme, and with IFF Research to evaluate the DfE Skills Accelerator programme. We also worked with DfE to review their occupational traineeship pilots

and support providers to roll out the programme. We have undertaken research on behalf of World Skills UK on how young people can acquire the technical skills needed to support the UK's transition to a net zero economy. We continued our research programme on apprenticeships including exploring how early withdrawals can be reduced. In partnership with JP Morgan, we worked with providers from different parts of the world to identify and share effective practice in the design and delivery of pre-apprenticeship programmes for young people.

Engaging adults in career learning. The pandemic has likely accelerated the need for people to change careers and update their skills more often. Our flagship programme, New Futures, is testing ways of helping people reskill and change career through five pilots across the UK. We have also undertaken research to inform National Skills Fund policy in England, including exploring how skills bootcamps can help to address green skills gaps, engaging adults in the Free Courses for Jobs offer, and adults' cost barriers to Level 3 learning.

Valuing lifelong learning. In Wales, we have supported the review of adult education committed to in the Programme for Government. We will continue to support the work of the adult education External Reference and the aim of increasing the number of adult learners in Wales. We began coordinating the work of Taith, the new international learner exchange programme in Wales. Our work is encouraging adult learning organisations to develop and submit proposals for international exchange and to widen opportunities for disadvantaged learners.

Improving skills and employment opportunities. We're analysing the equality and human rights implications of emerging labour market trends for groups with different protected characteristics. We're also with the National Foundation for Educational Research's (NFER) on the Skills Imperative 2035 research programme to analyse the future of essential employment skills in our changing labour market. We undertook research for DfE into a new Academic Progression Pathway for young people, to inform the development of a future pilot.

Helping people on low pay to progress and build skills. Around five million people in Britain are low paid – relatively high by international standards, though falling as the minimum wage rises. Our Better Work Network – a policy and practice-based initiative in London and across the UK – has increased membership by nearly 30 per cent to over 600 members. We published the first Better Work Audit for London, informing the GLA's economic strategy and Boroughs' approaches to in-work poverty. We established a new partnership with Peabody Trust to produce the Peabody Index, tracking pay and employment for low paid Londoners. Our report on the creation of more 'good jobs' fed into the Poverty and Inequality Commission's advice to the Scottish Government on its Child Poverty Delivery Plan 2022-26.

Ensuring everyone can get the help they need. Life chances are closely linked to people's background. Our work with care leavers and young adult carers highlights the significant barriers to learning and employment that these young people face. We worked with four groups of care leavers, from different parts of England, to understand their experiences of the welfare system and to support them to advocate for change. Our Driving Change project, in partnership

with Carers Federation, has worked with over 40 colleges and three universities across the UK, to directly improve support for young adult carers. We worked with EY Foundation to review the delivery of online employability programmes for young people from disadvantaged backgrounds and highlighted the impact of inclusive and high quality programmes.

Supporting under-represented groups. We continued to grow our ESOL Network in Wales by offering online development workshops during the pandemic, coordinating professional learning, and helping practitioners to come together with policymakers to understand the challenges facing the sector. Working with the University of South Wales we are reviewing ESOL policy for the Welsh Government.

International work. Our decade-long role as UK National Coordinator for the European Agenda for Adult Learning came to an end in December 2021. We continue to play an active role in the European Association for the Education of Adults and the European Basic Skills Network. We shared our work on informal, volunteer-led English language provision with over 50 European stakeholders at the EBSN annual conference in Malta, the first face-to-face event in two years. Through the Regional Capacity for Adult Learning and Education (RegALE) project, we continue to collaborate with partners on a range of topical adult education issues.

Report of the Trustees - continued

The Company Board who are the Directors of the Company and Trustees of the Charity present their report together with the audited financial statements for the year ended 31 March 2022. This report constitutes the Trustees' Annual Report for the purposes of charity law, and both the Directors' report and Strategic Report for the purposes of company law. The Strategic (Impact) Report is on pages 4-10.

Results

The statement of financial activities is set out on page 22 and shows the net movement in funds for the year.

Tax status

The Company is a registered charity, number 1002775, and is exempt from corporation tax and income tax.

Our objectives

Learning and Work Institute is established for the advancement of all forms of adult education and the relief and prevention of unemployment and poverty.

Our vision

A prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions through life.

Our mission

- We are an independent research and development organisation dedicated to promoting lifelong learning, full employment and inclusion.
- We research what works, influence policy, develop new ways of thinking and help implement new approaches.
- Working with partners, we inspire people to learn and help transform people's experiences of learning and employment.
- What we do benefits individuals, families, communities and the wider economy.

Our values

Learning and Work Institute's work is informed by core values, notably:

- **Ambition:** the leading and powerful voice for the benefits of lifelong learning and economic inclusion;
- **Independence:** the highest standards and an unshakeable commitment to being open-minded, honest and fair;
- **Collaboration:** partnership and networking is at the heart of what we do and how we operate;
- **Expertise:** evidence-based thinking delivering real-world change in learning, skills and employment.

Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the organisation.

The Trustees review the activities of the organisation against its aims on an ongoing basis and are satisfied that all activities continue to be related to the aims.

Learning and Work Institute seeks to benefit all members of the public in England and Wales, with no exclusions. Its focus is on those adults who have benefited least from initial education and training. For further information please see the impact report on page 4.

Structure, governance & management

Constitution

The Company is incorporated as a company limited by guarantee (Registered No. 02603322). It is governed according to the provisions contained in the Memorandum and Articles of Association. The liability of the members in the event of a winding up is limited to £1.

Governance structure

The Company Board consists of a maximum of 10 members, including the L&W President as specified in the Articles of Association. The Board membership comprises:

- President.
- Chair of Company Board.
- Honorary Treasurer.
- Chair of Audit Committee.
- Chair of Learning and Work Institute Wales Strategy Group.
- Up to 5 co-opted members, chosen to secure a proper balance of members in terms of skills, experience and diversity including the Chair of the Audit Committee.

Currently the Company Board has nine members.

All members of the Company Board exercise their authority in their capacity as Trustees under the relevant companies' legislation and as Trustees of the charity.

The Company Board maintains a strategic overview of the work of the organisation and its annual work programme and is responsible for all National Learning and Work Institute governance, regulatory and accountable functions, including financial and legal matters, and may establish standing committees with delegated authority to carry out specific and detailed work on its behalf. Whilst delegating the detailed consideration of policies and work programmes to standing committees, of which the designated Board members may be ex-officio members, the Board members may call in any matter for their determination.

However, the Company Board establishes as standing committees:

- The Audit Committee is responsible for advising the Board on the effectiveness of risk management, internal control and governance arrangements within the organisation.

- The Remuneration Committee oversees the principles and process of the remuneration relationship with staff and unions. It also oversees the process of determining annual awards. There is an organisational award based on financial position and future outlook, inflation and other factors. In addition, L&W has a mechanism to make individual awards based on merit. Remuneration of the CEO and his direct reports is determined by the Remuneration Committee.
- L&W's Wales Strategy Group is the Committee established to oversee operations in Wales and has devolved responsibility.

Each Committee's constitution includes designated representatives of the Company Board ex-officio, plus a balance of elected and co-opted members, with specific terms of reference. The members of the Committees are listed on pages 44 and 45.

The Chief Executive of L&W is appointed by the Company Board, which is responsible for all the arrangements relating to this appointment. The Chief Executive is the Company Secretary. It is the responsibility of the Chief Executive to carry forward the agreed policies and work programmes of L&W and to ensure continuity of action and policy between meetings of the governing bodies. The Chief Executive is the accounting officer of L&W and is responsible, with the senior management team, for the establishment and supervision of suitable systems of financial and resource management and control in respect of all its activities.

The Haldane Trust

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £122,000 at 31 March 2022 (£124,000 at 31 March 2021). Due to the common control and materiality, the investments of the Haldane Trust are consolidated into the L&W accounts. Further details are provided in note 21 to the financial statements.

Recruitment, induction and training of Trustees

A Search Committee is established to identify nominations to the Company Board, including the post of President, which are proposed to the membership by the Board. Members can also nominate Trustees.

Most Trustees are already familiar with the work of L&W when appointed, having served on other committees or been involved in its work, and many also serve on other charity boards.

The members' handbook details the responsibilities of New Directors and Trustees are inducted and given the members' handbook detailing their responsibilities.

L&W hosts an annual residential meeting for Board Members to discuss strategy and various issues of policy and practice.

Periodically the Board self-assesses its effectiveness by way of a survey and has a follow up discussion. Any knowledge gaps or other concerns are identified and acted on.

Financial review for the year ended 31 March 2022

Trustees are confident that L&W continues to operate on a going concern basis. The organisation is in control of its annual income and expenditure and enters 2022-23 having already secured a very significant proportion of the income required for the year ahead. Furthermore, resilience is derived from reserves held in the form of investments that have a current market value in excess of one year of income. Trustees note that following the outbreak of Covid 19 in March 2020 the organisation seamlessly switched to homeworking with negligible effect on operations and that this continued successfully throughout 2021-22.

More generally, as for many organisations in the third sector during 2021-22, L&W continued to experience funding pressures. L&W increased income from non-government sources, but not enough to compensate for the reduction government commissioning observed this year. Focus continues to be placed on pipeline development to increase funding from sources other than government grants. L&W continues to have a positive impact and uses its funds carefully to deliver on all contracts and grant agreements.

Our major funders include the Department for Education who provide a core grant, part of which is used to fund the successful Festival of Learning in England. The Welsh Government provides ongoing funding under a grant arrangement, supporting a range of work as well as Adult Learners' Week activities in Wales. We are grateful to all our funders including but not limited to Association of Colleges, Barrow Cadbury Trust, the Black Stork Charity, Catch 22, Charities Aid Foundation, Department of Work and Pensions, the Education and Training Foundation, European Commission, EY Foundation, Greater London Authority, Institute for Employment Studies, Lloyds Bank Foundation, Local Government Association, Ministry of Defence, NESTA, National Lottery Community Fund, Princes Trust, Trust for London and many others.

Year on year headline income decreased by £2,684,000. This is predominantly because the prior year income included a £2,145,000 grant received from Charities Aid Foundation in February 2021. Under accounting regulations we were obliged to recognise the grant in full in 2020-21 whilst nearly all the work and associated costs are being delivered over 2021-22 and 2022-23. This effectively overstates underlying financial performance in 2020-21 by £2,134,000 and will correspondingly understate the current year and 2022-23 when the work is performed with no revenue remaining to recognise in these years.

L&W also raises income from conference activities and sponsorship. Any surplus generated from these and other sources is used to fund L&W's advocacy and information work and initiatives of importance to our strategic objectives and to strengthen the reserves as specified in the Reserves Policy. Expenditure supporting each activity is a combination of direct costs, salary costs for staff directly employed on that activity and support costs. Direct costs are incurred as part of contracts or are specific to an event or campaign.

Net expenditure before unrealised gains/losses on investments and changes in the valuation of the pensions scheme under FRS102 assumptions was £1,344,000. The prior year net income was £1,022,000 but as noted above this was enhanced by the full recognition of the

£2,145,000 Charities Aid Foundation grant. Accordingly in 2021/22 L&W incurred costs related to the Charities Aid Foundation work with no income to recognise against this.

This year the pension scheme deficit as calculated under the requirements of FRS 102 improved by £6,037,000 as a result of strong asset returns and favourable changes in the assumptions used by the actuary to calculate the deficit. This includes a notional interest charge on the FRS 102 calculated deficit. In contrast the prior year FRS102 calculation worsened by £5,846,000.

The FRS 102 adjustment leads to a net improvement in funds for the year of £4,722,000, last year this was a negative £3,309,000.

Pension schemes

The organisation operates the Local Government Pension Scheme (LGPS) which is administered by the Local Pensions Partnership (LPP),

The LGPS scheme is a funded multi-employer defined benefit pension scheme. The FRS 102 deficit is large in comparison to the size of the organisation due to significant downsizing in the recent past. The March 2022 FRS 102 calculation from the scheme's actuaries showed a deficit of £11,863,000 (2021 £17,090,000 deficit, 2020 £10,751,000 deficit, 2019 £12,098,000 deficit).

Asset values increased by over £3,801,000 in the year, and the actuary's calculation of the present value of the defined benefit obligation reduced by £1,426,000 underpinned by an increase in the discount rate applied from 2.0% in 2020 to 2.6% for 2021. The FRS 102 calculation is sensitive to the discount rate used by the actuaries, Note that a 0.1% increase in the discount rate improves the calculated liability by approximately £1m. For the 2022 calculation the actuary also assumed larger increases in pensions and salaries compared to the prior year, assumed pensions increase was 3.25% 2021, 2.85% 2020 and salaries 4.25% 2021, 3.85% 2020.

It should be noted that the scheme's administrator (LPP) performed a triennial valuation as at 31 March 2019. This was calculated using different methodology and assumptions to the FRS102 valuations. The triennial valuation is used by the LPP to set the contribution rates paid by the organisation for three years from 1 April 2020 to fund the pension scheme. The 2019 triennial valuation of the deficit was £1,231,000 with a 96% funding level (2016 £3,491,000 deficit, 86%).

In February 2017, the organisation provided the LPP with a first charge over investments capped at £1,000,000 and continues to work closely with the LPP in an open and collaborative manner to discuss future funding and financial management when appropriate.

Although the fund deficit poses a serious issue for L&W, the Trustees recognise that by L&W making additional contributions to the pension fund that the deficit should improve in the long term. However, the risk will be continually managed on a proactive basis in partnership with the LPP.

Reserves policy

The Trustees reviewed their desired reserves policy in December 2021. The overriding principle is that L&W should use its reserves to maintain financial stability of the organisation and meet the needs of the organisation's beneficiaries both current and future. Reserves are held for the following purposes:

- To cover statutory obligations and to wind up its own affairs in an orderly way;
- To cover any fixed expenditure commitments in the event of loss of income on a temporary basis and to provide the Company with time to plan its future strategy;
- To provide for the net costs of continued operations of projects and to fund initiatives of importance to adult learning which do not meet their costs;
- To meet any potential deficit in the pension scheme,
- To meet any permanent shortfall in the operational cash requirements of the charity;

- To meet the costs of planned major capital expenditure;
- All these calls on reserves are interrelated, so whilst reserves are ultimately held to cover statutory obligations they may be used as working capital in the short term, where it is known that funding will eventually be received.
- The long-term objective is that separate sums should be designated to meet statutory obligations and for working capital needs.

Required level of reserves

The targeted level of reserves is calculated as follows:

- To cover all statutory costs in the event of closure;
- To cover a 25% loss of income;
- To cover 6 months operational costs of continued operation;
- To cover the known capital expenditure costs for the next 6 months;
- To cover the pension costs using latest actuarial valuation.
- To cap reserves at the greater of one year's turnover or the FRS102 pension deficit.
- In the event that reserves, currently held as investments, should fall below £5m market value, then the Board will create and implement a strategy to return reserves to that level or above.

The reserves target range is between the lower cap of £5,000,000 and the upper cap of £11,863,000 being the FRS 102 pension deficit at March 2022. The deficit is large compared to the size of the organisation due to recent significant downsizing.

Organisation reserves at the end of March 2022 before the FRS 102 calculated pension liability were £8,561,000 (March 2021 £9,064,000). This is reduced by the FRS 102 calculated pension liability to a net balance sheet liability of £3,302,000 (March 2021 liability £8,025,000).

Whilst the organisation does not have sufficient reserves to meet its policy requirement, the Trustees note that the triennial valuation of the pension scheme deficit at 31 March 2019 was £1.2m and that the organisation holds investments with a market value of £7,031,000 at 31 March 2022. In conjunction with a viable three year plan underpinned by a funding plan and ability to flex the cost base the Trustees consider the organisation to be a going concern.

Investment policy

Investment performance is overseen by a nominated Trustee, the CEO and Director of Finance and Operations. Reviews are held with the Investment Managers and reports are made to the Board of Trustees. The Trustees have approved an Investment Policy that has the objective of increasing reserves towards and to meet the reserves policy. The Investment Policy was last reviewed in December 2021. The current investment approach is to achieve a target return in a well-diversified portfolio comprising the appropriate asset classes and individual investments for a UK charity, which are quoted on the most widely used stock exchanges and regulated markets. The risk profile is medium, which allows for significant exposure to global equities and other diversifying investments, that will be held within a balanced portfolio. The objective is to increase the value of the portfolio by targeting total nominal return of 5-6% over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

Risk management

The Trustees have overall responsibility for ensuring that the organisation has an appropriate system of controls to manage risk and safeguard its assets. A risk management framework and process is in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the organisation faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The identified risks and the consequent risk management activities are reviewed by the Audit Committee at each of their meetings. Any risks that could have a significant impact on the organisation's success in achieving its objectives are considered by the Trustees.

The strategic risk register includes a clear articulation of the specific actions that will be undertaken to mitigate risk. The major risks and mitigations are summarised as follows:

Risk	Mitigation
Failure to influence the policy changes we want to see.	Maintenance of strong relationships with officials. Controls on external communication. Strategic plan to sets clear priorities.
Failure to influence the changes in practice we advocate	Use of Evidence to support our work. Strategic plan and key strategic relationships underpin our credibility.
Failure to secure adequate Income	Strategic plan underpinned by funding plans which are regularly reviewed.
Cashflow – inability to pay staff and suppliers on time	Regular cashflow reviews by management and Board. Ability to call on £5m+ of investments immediately.
Failure to service pension scheme	Three year agreement in place with the Scheme's Administrator
Governance and Systems are not robust	Expert independent internal audit committee review. ISO9001, Investors in People and Cyberessentials accreditations.
Insufficient capacity and capability to deliver funder contracts	Mechanisms to monitor capacity in place. Engaged staff.

The internal audit programme is devised by management and audits conducted using expert contractors as appropriate. The Audit Committee review the audit programme in advance and the outcomes of audits and considers all matters of risk, control, and governance. The Committee in turn reports to the Board on the overall efficiency of the risk management process and the adequacy of the internal control systems.

During the year the organisation has continued to deal with uncertainty arising from COVID 19 and worked from home without issue, existing controls where required were adapted for home working successfully. The Trustees consider that through ongoing consideration of risks and mitigating actions and the level of the organisation's reserves it is appropriate to adopt the going concern bases for these accounts.

Financial risk

L&W uses cash and other liquid resources to fund its operations. Investments are maintained as part of the reserves for funds which are not required as working capital. The Trustees review the levels of investments and working capital required under the reserves policy.

The main risk is from any potential shortfall in funding. The organisation has a strategic plan which is underpinned by programmes of work. These in turn are underpinned by a funding plan. Funding is reviewed every month by the Management team of L&W and on a quarterly basis by the Trustees. A significant proportion of funding required for the year ahead has already been secured. As mentioned earlier in this report, further comfort is derived from having investments valued at over a year's worth of income.

Grant making

Occasionally L&W manages and distributes grants on behalf of other agencies and government departments. L&W may distribute the grant, provide support to the recipient, and monitor the outcomes as part of the contract with the funder. All such grants will be made in accordance with the contract requirements. Receipt of funding by L&W and payment to the grant recipients are recognised in the accounts at the time of entitlement. The reader will have already noted in the financial review on pages 14-15 the impact of the £2.145m grant received in February 2021 from the Charities Aid Foundation which was recognised in full in the accounts to the year 31 March 2021 despite the delivery of the project materially occurring during the years to 31 March 2022 and 31 March 2023.

Remuneration policy

Sets out the principles and process of the remuneration relationship with staff and unions. It also includes the process of determining annual awards. Remuneration of the CEO and his direct reports are also determined by the Remuneration Committee who make an objective assessment of the appropriate level considering factors such as the market, needs of the organisation and comparable benchmarks. This was fully reviewed in 2017/18 in consultation with staff and recognised unions and further refined in 2018/19 then reviewed again each year in September. L&W seeks to offer a competitive salary and benefits package to attract and retain quality staff in the context of:

- Affordability
- Equality – no discrimination
- Simplicity and ease of understanding and application by everyone in the organisation
- Committing to pay at least the living wage to all staff.

Disability policy

L&W promotes Inclusion, Equality and Diversity throughout its work and this commitment underpins the organisation's staffing policies and recruitment and selection processes. This is articulated through L&W's People Strategy.

L&W has processes in place to support staff with disclosed disabilities; including for example making reasonable adjustments to the workplace and taking advice and guidance from Access to Work. We also work closely with staff to review working patterns and ways of working.

Staff training and continuous professional development

L&W's staff development plan is part of our wider commitment to continuous quality improvement. The plan is based on input from our personal development review process and an organisational skill needs analysis. Learning and development starts with the induction process and continues throughout the lifecycle through role specific development, individual career paths and any other development in pursuit of our strategic aims. During the year a range of formal and informal learning took place. Within our performance review process, objectives are cascaded from the strategic plan to all staff ensuring everybody understands how their role contributes to L&W's strategic aims.

Sharing information with employees

L&W has several mechanisms to inform and consult with staff on matters of significance.

- The Chief Executive holds monthly briefing sessions for all staff.
- The Senior Management Team meets on a fortnightly basis and then cascades information and holds discussions with departmental teams.
- A Staff Reference Group meets periodically with a member of the Senior Management Team to discuss matters of significant change or importance. The Staff Reference Group members are responsible for seeking staff ideas and opinions to present at meetings and to feedback from meetings
- Matters of major change such as Appraisal, Remuneration and other HR Policy changes and restructuring are discussed with staff and unions.
- L&W staff periodically hold several different peer group meetings
- Policies and procedures are available to all staff.
- Information is shared with staff at away days.

Trustees' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 organisation and of the profit or loss of the organisation for that period.

- 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 proper accounting records that 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. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' liability insurance

L&W maintained Trustees liability insurance during the year and continue to do so.

Creditor payment policy and practice

It is the policy of L&W to follow standard payment terms of 30 days (or as otherwise agreed with the supplier) unless there are reasons to dispute the amounts with suppliers. Trade creditors at the end of the year were £186,000 equating to 20 creditor days (2021 £189,000 and 18 days)

Auditors

Haysmacintyre LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

Future plans

L&W's strategic plan 2021-24 is available at www.learningandwork.org.uk. L&W seek a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life. To progress this, L&W will prioritise work in the areas of lifelong learning, employment and social security, essential and life skills, good work and progression, apprenticeships and technical education, social justice and inclusion. Trustees consider the combination of the strategic plan, careful financial and operational management and reserves will ensure any challenges from Covid 19 or otherwise will be overcome. This report which includes the Strategic Report required by company law, has been approved by the Board both as company directors and charity Trustees.

ON BEHALF OF THE TRUSTEES

Margaret Galliers

Maggie Galliers
Chair of Company Board
7th July 2022

Stephen Evans

Stephen Evans
Company Secretary
7th July 2022

Independent auditor's report to the members of National Learning and Work Institute

Independent auditor's report to the members of National Learning and Work Institute

Opinion

We have audited the financial statements of National Learning and Work Institute for the year-ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Organisation Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustee and Strategic Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee and Strategic Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report included within the Trustees and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee and Strategic Report (which incorporates the strategic report and the directors' report prepared for the purpose of company law).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 20-21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group/charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to registered charities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to areas of estimation uncertainty and to manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted at unusual times, postings by unusual users or with unusual descriptions; and

- Challenging assumptions and judgements made by management in their critical accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Siobhan Holmes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

Date: 13 September 2022

10 Queen Street Place
London
EC4R 1AG

Consolidated statement of financial activities (incorporating the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	2022 Total funds £'000	2021 Total Funds £'000
Income						
Investment income	2	72	-	-	72	134
Income from charitable activities – from core projects	3	1,265	1,379	-	2,644	5,352
Income from other charitable activities	4	62	-	-	62	6
Total income		1,399	1,379	-	2,778	5,493
Expenditure						
Cost of raising investment funds	5	38	-	-	38	36
Cost of core charitable activities	5	2,477	1,532	-	4,009	4,283
Cost of other charitable activities	5	75	-	-	75	151
Total expenditure		2,590	1,532	-	4,122	4,470
Net income (expenditure) before gains on investment assets		(1,191)	(153)	-	(1,344)	1,022
Realised and unrealised gains / (losses)		31	-	(2)	29	1,515
Net income (expenditure)		(1,160)	(153)	(2)	(1,315)	2,537
Change in financial assumptions on defined benefit pension scheme		6,037	-	-	6,037	(5,846)
Net movement in funds for the year		4,877	(153)	(2)	4,722	(3,309)
Reconciliation of funds						
Total funds brought forward		(10,231)	2,205	124	(7,902)	(4,593)
Total funds carried forward		(5,354)	2,052	122	(3,180)	(7,902)

All activities are continuing and are in furtherance of the objectives of the organisation. The net expenditure for the purposes of the Companies Act was £1,344,000 (2021: £1,022,000 net income).

Balance sheet

	Note	Organisation		Group	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible assets	10	7	30	7	30
Investments	11	<u>7,031</u>	<u>6,972</u>	<u>7,153</u>	<u>7,096</u>
Total fixed assets		<u>7,038</u>	<u>7,002</u>	<u>7,160</u>	<u>7,126</u>
Current assets					
Debtors	12	1,122	830	1,122	830
Cash at bank and in hand		<u>1,809</u>	<u>2,800</u>	<u>1,809</u>	<u>2,800</u>
Total current assets		<u>2,931</u>	<u>3,630</u>	<u>2,931</u>	<u>3,630</u>
Creditors falling due within one year	13	<u>1,382</u>	<u>1,547</u>	<u>1,382</u>	<u>1,547</u>
Net current assets		<u>1,549</u>	<u>2,083</u>	<u>1,549</u>	<u>2,083</u>
Total assets less current liabilities		8,587	9,085	8,709	9,209
Creditors falling due after more than one year	15	<u>26</u>	<u>21</u>	<u>26</u>	<u>21</u>
Net assets excluding pension liabilities		8,561	9,064	8,683	9,188
Defined benefit pension scheme liability	19	<u>(11,863)</u>	<u>(17,090)</u>	<u>(11,863)</u>	<u>(17,090)</u>
Net assets including pension liability		<u>(3,302)</u>	<u>(8,025)</u>	<u>(3,180)</u>	<u>(7,902)</u>
The funds of the charity					
Unrestricted funds excluding pension liability		6,509	6,859	6,509	6,859
Pension reserve	16	<u>(11,863)</u>	<u>(17,090)</u>	<u>(11,863)</u>	<u>(17,090)</u>
Restricted funds		2,052	2,205	2,052	2,205
Haldane Trust endowment	21	<u>-</u>	<u>-</u>	<u>122</u>	<u>124</u>
Total charity funds		<u>(3,302)</u>	<u>(8,025)</u>	<u>(3,180)</u>	<u>(7,902)</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 7 July 2022

Margaret Galliers

Maggie Galliers
Trustee

Tim Render

Tim Render
Trustee

Consolidated cash flow statement

	Note	2022 £'000	2021 £'000
Cash used in operating activities	18	(1,224)	1,387
Cash flows from investing activities			
Interest and dividend income		72	134
Sales of investments		5,375	945
Purchase of investments		(5,203)	(867)
Purchase of tangible fixed assets		(11)	(16)
Cash provided by (used in) investing activities		233	196
 Increase (decrease) in cash in the year		 (991)	1,583
Cash at the beginning of the year		2,800	1,217
Total cash at the end of the year		<u>1,809</u>	<u>2,800</u>

The accompanying accounting policies and notes form an integral part of these financial statements. The company had no borrowing; therefore no statement of net debt is shown.

Notes to the financial statements

1 Accounting policies

L&W is a Private company by guarantee incorporated in England and Wales with the registered office detailed on Page 42. It meets the definition of a public benefit entity as defined by FRS 102. The principal accounting policies adopted in the preparation of the financial statements are as follows;

a) Basis of preparation

The financial statements have been prepared in accordance with 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 (FRS102) (effective 1 January 2019) -(Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements are prepared in thousands of pounds (£'000s).

b) Basis of consolidation

In 2021 the trustees reviewed the accounting treatment in respect of the Haldane Trust, a charity controlled by L&W. On the basis that the Haldane Trust was material at 31 March 2021 and remains material at 31 March 2022, it is consolidated into L&W's financial statements on a line-by-line basis.

c) Preparation of the accounts on a going concern basis

Trustees have reviewed the forecast results, cashflow and reserves for the foreseeable future and a minimum period of twelve months as well as future potential effects of COVID 19 and any likely reduction in Government funding. Trustees are confident L&W will continue and there is no material uncertainty over its ability to operate as a going concern. More information can be found in the Trustees report on page 14.

d) Estimates and judgements

The financial statements include estimates and judgements which are susceptible to change in subsequent periods. The defined benefit pension scheme liability is calculated by the scheme's actuary and based on the assumptions set out in note 19. Dilapidation liabilities are estimated for leasehold properties and based on the expected cost of fulfilling L&W's obligation under the leases. The actual amounts payable may vary from the amounts calculated with landlords

e) Income and expenditure account

The Statement of Financial Activities on page 22 discloses the information required within the Income and Expenditure account and as such no separate Income and Expenditure account has been prepared.

f) Income

The recognition of income as receivable varies according to the nature of the income. Income from contracts and performance related grants is recognised only to the extent that related services have been delivered and contract or performance conditions met. Income received in excess of that recognised as earned is carried forward as deferred income. Donations and general grants are credited to the Statement of Financial Activities as they become due. For grants which are not specifically

performance-related income is recognised once NLWI is entitled to the funds, receipt is considered probable, and the amount can be reliably measure. Unspent amounts related to such grants are carried forward as funds. Attention is drawn to the Charities Aid Foundation grant of £2.145m received in February 2021, recognised in full in the year to 31 March 2021, but where nearly all of the work will be done in the years to 31 March 2022 and 2023. Accordingly, the SOFA included a large surplus related to the Charities Aid Foundation work in the year to 31 March 2021 but deficits for years to 31 March 2022 and 2023.

g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the management costs incurred by professional advisors in the management of the organisation's investments.
- Expenditure on the charitable activities in furtherance of the organisation's objectives and any associated support costs.
- Costs of carrying out other trading activities namely the provision of publications and conference and event activities
- Other expenditure representing those items not falling into any other heading.

h) Allocation of support costs

Support costs are those functions that assist the work of the organisation but do not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll and governance costs which all support the charitable objectives. The bases on which support costs have been allocated are set out in note 6.

i) Operating leases

The organisation classifies the lease of printing equipment as operating leases. The title to the equipment remains with the lessor and the equipment is replaced every 3-5 years. The organisation also has leases for the office buildings from which it operates. Rentals payable under operating leases are charged as an expense on a straight line basis over the term of the lease.

j) Investments

Investments are valued at the market rate prevailing at the balance sheet date.

Net gains and losses on revaluation and disposals during the year are included in the statement of financial activities.

k) Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised at cost and are depreciated over the estimated useful economic life on a straight line basis as follows;

Tangible fixed assets are stated at cost net of depreciation.

Computer equipment	-	33% straight line
Office equipment	-	20% straight line
Buildings maintenance	-	6-20% straight line
Leasehold improvements	-	straight line over balance of leases

l) Creditors

Creditors are recognised where the organisation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amounts due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Provisions

An assessment of dilapidations liabilities is made for leasehold properties. The provision is based on an assessment of the nature of each lease, risk of materialisation and size of each property.

n) Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements entered into.

Where the contractual obligations of financial instruments are classed as financial liabilities, financial liabilities are presented as such in the balance sheet. Finance costs & gains or losses relating to financial liabilities are included in the Statement of Financial Activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

o) Pension costs

Employees are automatically enrolled into the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership (LPP) scheme formerly known as the London Pension Funds Authority (LPFA). This is funded by contributions from employee and employer.

For the year ended 31 March 2021, all but one of the employees were in the LGPS scheme, the other is in the Teachers Pension Scheme.

The LGPS scheme administered by the LPP is a multi-employer defined benefit scheme administered for the benefit of local authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

The scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method on the basis of triennial valuations, and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent it is recoverable by the organisation. The assumptions made by the actuary have a material effect on the net liability, these are disclosed in note 19.

2. Investment income

The income derived from dividends and interest received from the charity's investments held and managed in the UK, and interest arising from money held in interest bearing accounts.

	2022 Total £'000	2021 Total £'000
Dividends	72	99
Interest on investments	-	33
Interest on Bank accounts	-	2
Total Investment Income	72	134

3. Income from charitable activities – core projects

	Contract & sales 2022 £'000	Recurrent grant 2022 £'000	Total 2022 £'000
L&W Wales		509	509
Research and development	1,265	583	1,847
Campaigns, promotions and advocacy	-	287	287
Total charitable activities income	1,265	1,379	2,644

	Contract & sales 2021 £'000	Recurrent grant 2021 £'000	Total 2021 £'000
L&W Wales	32	515	547
Research and development	3,409	1,164	4,573
Campaigns, promotions and advocacy	6	226	232
Total charitable activities income	3,447	1,905	5,352

Income analysed by funding source

	Total 2022 £'000	Total 2021 £'000
Departments for Education	870	1,031
Welsh Government	509	547
Department of Work and Pensions	13	69
Ministry of Defence	90	58
Other Government	-	72
European Funding	127	217
Public sector	201	346
Charitable trusts	793	2,610
Other project funding	103	402
	<u>2,706</u>	<u>5,352</u>

4. Income from other charitable activities

	2022 Total £'000	2021 Total £'000
Conference and events income	62	-
Other income	-	6
Total income from other charitable activities	<u>62</u>	<u>6</u>

5. Analysis of total expenditure

	L&W Wales 2022 £'000	Research & Dev 2022 £'000	Campaigns 2022 £'000	Total 2022 £'000
Direct project costs	120	501	37	658
Direct salary costs associated with projects	345	1,984	108	2,437
Allocation of support costs	100	647	58	805
Allocation of governance costs	13	87	9	109
Total costs of core charitable activities	578	3,219	212	4,009

Other charitable activity direct costs				6
Other charitable activity direct salary costs				41
Allocation of support costs				25
Allocation of governance costs				3
Total costs of other charitable activities				75
Investment management fees				38

	L&W Wales 2021 £'000	Research & Dev 2021 £'000	Campaigns 2021 £'000	Total 2021 £'000
Direct project costs	80	705	70	855
Direct salary costs associated with projects	441	1,761	168	2,370
Allocation of support costs	115	749	68	932
Allocation of governance costs	16	101	9	126
Total costs of core charitable activities	652	3,316	315	4,283

Other charitable activity direct costs				52
Other charitable activity direct salary costs				66
Allocation of support costs				29
Allocation of governance costs				4
Total costs of other charitable activities				151
Investment management fees				36

6. Analysis of support and governance costs

	2022 Total £'000	2021 Total £'000
Support costs		
FRS 102 Cost of Defined Benefit Pension Scheme	145	80
Support Staff Salaries	397	406
Additional Defined Benefit Pension contributi	13	13
Accommodation	-	220
Computer	76	62
Depreciation	16	54
HR Costs	113	66
Travel	1	3
Policy and publicity	13	9
Telephone	18	35
Printing and stationery	2	13
Total support costs	794	961
Governance costs		
Salaries and FRS102 Cost of Defined Benefit Pension Scheme	75	75
Audit services	9	40
Legal and insurances	28	15
Total governance costs	112	130

Notes on basis of allocation

Support and governance cost are identified and then allocated on income earned. Cost of the defined benefit pension scheme shown above is an allocation of the total charge shown in note 19, based upon the cost of support staff as a proportion of all staff.

7. Net expenditure for the year

This is stated after charging:	2022 £'000	2021 £'000
Operating leases		
Land and buildings	118	115
Others	3	6
Depreciation	18	53
Auditors remuneration		
External audit fees	24	24
Other accountancy services	-	18
Trustee's indemnity insurance	10	10

8. Analysis of staff costs, trustee expenses and the cost of key management personnel

	2022 £'000	2021 £'000
Salaries and wages	1,603	1,876
Social security costs	162	195
Pension costs		
Employer contributions paid	345	396
Addition Defined Benefit Pension Scheme Charges	787	494
Teachers' Pension scheme	-	11
	<u>2,897</u>	<u>2,972</u>

Not included in the above are termination costs of £47,422 (2021: £122,044)

The number of employees where emoluments (including salary and taxable benefits) exceeded £60,000 was:

	2022 Number	2021 Number
£ 60,001 - £ 70,000	2	2
£ 80,001 - £ 90,000	-	1
£100,001 - £110,000	1	1
	<u>3</u>	<u>4</u>

The key management personnel of the organisation comprise the Trustees, the Chief Executive Officer and the Senior Management Team. Trustees were not paid any remuneration for their services in the year, nor in the prior year. Three Trustees were reimbursed expenses for travel and subsistence. The total employment benefits for the Senior Management Team, including the CEO, was £574,612 (2021: £553,641)

9. Staff numbers

The average annual headcount of employees, employed by L&W during the year:

	2022	2021
Employees	<u>46</u>	<u>50</u>

L&W has a number of part-time employees. The average number of full-time equivalents employed during the year was as follows:

	2022	2021
Employees – full time equivalents	<u>42</u>	<u>48</u>

10. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2021	247	55	302
Additions	4	7	11
At 31 March 2022	251	62	313
Depreciation			
At 1 April 2021	215	55	270
Charge for the year	34	2	36
At 31 March 2022	249	57	306
Net book value At 31 March 2022	2	5	7
At 31 March 2021	30	-	30

11. Investments (all held and managed in the UK)

	£'000
At 1 April 2021	7,094
Additions at cost	5,203
Disposal at proceeds	(5,375)
Realised and unrealised gains	29
Movement in cash	202
At 31 March 2022	7,153

The fixed asset investments were held as follows

	2022 £'000	2021 £'000
Listed stocks and shares	6,613	6,857
Cash	418	234
Market value at 31 March	7,031	7,094

The book cost of listed stock and shares was £6,336,075 (2021 £5,582,064).

On the Balance sheet, the consolidated investments include the Haldane Trust portfolio valued at £122,000 as at 31 March 2022 and £124,000 at 31 March 2021.

12. Debtors

	2022 £'000	2021 £'000
Trade debtors	496	510
Prepayments and accrued income	626	320
Other debtors	-	-
	<u>1,122</u>	<u>830</u>

13. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	230	189
Other creditors	11	97
Tax and social security	145	131
Accruals	9	25
Deferred income (see note 14)	821	937
Provision for costs of relocation on new premises	166	166
	<u>1,382</u>	<u>1,547</u>

14. Deferred income

	Balance at 1 April 2021 £'000	Movement In year £'000	Balance at 31 March 2022 £'000
Restricted funds charitable activities	421	(357)	64
Unrestricted funds charitable activities	481	335	816
Unrestricted funds other trading activities	35	(25)	10
	<u>937</u>	<u>(47)</u>	<u>890</u>

15. Creditors: amounts falling due after more than one year

	2022 £'000	2021 £'000
Provision for costs of relocation on leased premises	<u>26</u>	<u>21</u>

16. Analysis of charitable funds

Analysis of movement in restricted fund

	2022 £'000	2021 £'000
Opening balance	2,205	-
Income	1,379	3,501
Expenditure	(1,532)	1,296
Closing balance	<u>2,052</u>	<u>2,205</u>

L&W gratefully acknowledge the following grant income recovered and receivable.

Funder and project details	Income	Expenditure	Surplus / (deficit)	Transfer from/(to) unrestricted funds
	2022 £'000	2022 £'000	2022 £'000	2022 £'000
DFE	518	(589)	(71)	-
core funding for agreed projects				
DFE	241	(241)	-	-
Festival of Learning England				
DFE – specific projects	110	(110)	-	-
agreed, incremental to core funding				
European Programmes				
Various				
Charitable Trusts	420	(420)		-
Charities Aid Foundation	-	(82)	(82)	
Ministry of Defence	90	(90)	-	-
Other consultancy/research				
Various				
	<u>1,379</u>	<u>(1,532)</u>	<u>(153)</u>	<u>-</u>

Funder and project details 2021 Comparator	Income	Expenditure	Surplus / (deficit)	Transfer from/(to) unrestricted funds
	2021 £'000	2021 £'000	2021 £'000	2021 £'000
DFE	775	704	71	-
core funding for agreed projects				
DFE	253	253	-	-
Festival of Learning England				
DFE – specific projects agreed, incremental to core funding	0	0	-	-
 European Programmes				
Various	217	217	-	-
 Charitable Trusts				
Charities Aid Foundation	2,145	11	2,134	-
ETF	17	17	-	-
The National Lottery Community Fund	94	94		
 Other consultancy/research				
Various	0	0	-	-
	<u>3,501</u>	<u>1,296</u>	<u>2,205</u>	<u>-</u>

17. Analysis of net assets between funds

	Balance at 1 April 2021 £'000	Movement In year £'000	Balance at 31 March 2022 £'000
Restricted funds	2,205	(153)	2,052
Unrestricted funds	(10,231)	4,877	(5,354)
Endowment funds	124	(2)	122
	<u>(7,902)</u>	<u>4,722</u>	<u>(3,180)</u>

	Restricted funds 2022 £'000	Unrestricted funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000
Fund balances at 31 March 2022 are represented				
Tangible fixed assets		7		7
Investments		7,031	122	7,153
Cash at bank	1,726	83		1,809
Current assets	326	898		1,224
Current liabilities		(1,484)		(1,484)
Creditors of more than one year		(26)		(26)
Defined benefit pension scheme liability		(11,863)		(11,863)
Total net assets	2,052	(5,354)	122	(3,180)

	Restricted Funds 2021 £'000	Unrestricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total Funds 2021 £'000
Fund balances at 31 March 2021 are represented				
Tangible fixed assets	-	30	-	30
Investments	-	6,972	124	7,096
Cash at bank	2,505	295	-	2,800
Current assets	(371)	1,120	-	749
Current liabilities	-	(1,466)	-	(1,466)
Creditors of more than one year	-	(21)	-	(21)
Defined benefit pension scheme liability	-	(17,090)	-	(17,090)
Total net assets	2,134	(10,159)	124	(7,902)

18. Reconciliation of net movements in funds to net cash flow from operating activities

	2022 £'000	2021 £'000
Net movement in funds	4,722	(3,309)
FRS 102 Non cash adjustment	(5,227)	6,339
Add back depreciation charge	36	52
Deduct interest income shown in investing activities	(72)	(134)
Decrease (increase) in debtors	(292)	471
Increase (decrease) in creditors	(165)	(333)
Increase (decrease) in creditor long term	5	(11)
Investments (gains)	(29)	(1,515)
Movement in investment cash	(202)	(173)
Net cash used in operating activities	(1,224)	(1,387)

19. Pension costs

The organisation contributes to two defined benefit pension schemes, the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership and the Teachers' Pension Scheme, on behalf of its employees. The assets of these schemes are held in independently administered funds. Contributions are paid based on the recommendations of the qualified actuaries. For the year to March 2021 all employees but one were in the LGPS scheme and one employee was in the Teachers' scheme.

(a) The LGPS scheme

Although this is a multi-employer scheme the actuaries have advised the Trustees that they are able to identify L&W's share of the scheme's underlying assets and liabilities. The valuation of the fund has been calculated in accordance with FRS102 by the actuary appointed by the scheme's administrator using their standard assumptions as follows:

	31	31
	March	March
	2022	2021
Rate of increase in pensions and CPI rate of inflation	3.25%	2.85%
Rate of increase in salaries	4.25%	3.85%
Rate used to discount scheme liabilities	2.6%	2.0%

To assess the value of the Employer's liabilities at 31 March 2022, the actuaries have rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2019, using financial assumptions that comply with FRS102.

To calculate the asset share the actuaries have rolled forward the assets allocated to the Employer at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuaries adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an additional parameter of 0.5% and a 2020 weighting of 25%.

The amounts recognised in the balance sheet are determined as follows:

	31 March 2022 £'000	31 March 2021 £'000
Fair value of employer assets:		
Equities	18,998	16,525
LDI/Cashflow matching	-	-
Target return funds/Bonds	7,518	7,159
Infrastructure	3,498	2,578
Commodities	-	-
Property	3,064	2,768
Cash	1,139	1,386
Total	34,217	30,416
Present value of funded liabilities	(46,080)	(47,506)
Net pension liability	(11,863)	(17,090)

The movement in the defined benefit obligation over the year was as follows:

	2022 £'000	2021 £'000
Opening defined benefit obligation	47,506	36,964
Current service cost	747	597
Interest cost	941	859
Contributions paid by members	113	132
Changes in financial assumptions	(2,258)	10,820
Changes in demographic assumption	-	(387)
Estimated benefits paid net of transfers in	(1,096)	(919)
Experience loss / (gain) on defined benefit obligation	111	(560)
Past service costs incl. curtailments – Mcloud/Sergeant judgements	16	-
Closing defined benefit obligation	46,080	47,506

The movement in the fair value of employer assets over the year was as follows:

	2022 £'000	2021 £'000
Opening fair value of employer assets	30,416	26,213
Interest on assets	602	611
Return on assets less interest	3,890	4,027
Other actuarial gains/(losses)	-	-
Administration expenses	(40)	(34)
Contributions paid by members	113	132
Contributions paid by the employer	332	386
Estimated benefits paid	(1,096)	(919)
Closing fair value of employer assets	34,217	30,416

The amounts recognised in the statement of financial activities are as follows:

	2022 £'000	2021 £'000
Administration expenses	40	34
Current service cost	763	597
Net interest on the defined liability (asset)	339	248
	<u>1,142</u>	<u>879</u>

Amounts for the current and previous accounting periods ended 31 March:

	2022 £'000	2021 £'000
Fair value of employer assets	34,217	30,416
Present value of defined benefit obligation	(46,080)	(47,506)
Surplus/(deficit)	(11,863)	(17,090)
Return on fund assets in excess of interest	3,890	4,027
Change in financial assumptions	2,258	(10,820)
Remeasurement of the net assets/(defined liability)	6,037	(5,846)

(b) The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Under the definition set out in FRS102 (Retirement Benefits), the scheme is a multi-employer pension scheme. The organisation is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the organisation has accounted for its contribution as if it were a defined contribution scheme. The last employee who was a member of the scheme retired in December 2020.

20. Commitments

Operating lease payments amounted to £119,800 during 2021/22. The leases to which these amounts relate expire as follows:

	2022		2021	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire in:				
Less than one year	-	3	33	3
One to five years	380	3	264	3
Total	<u>380</u>	<u>6</u>	<u>297</u>	<u>6</u>

21. Connected charities and related parties

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £122,000 at 31 March 2022 (£124,000 as at 31 March 2021). Due to the common control and materiality, the investments of the Haldane Trust have been consolidated into the L&W accounts. The Haldane Trust was not consolidated prior to the year ended 31 March 2021 as it was immaterial.

22. Trustees and other bodies

Certain trustees of L&W can be trustees of other bodies who may in turn provide funding to L&W. Trustees declare their interests in line with the policies of L&W and the funding bodies and do not participate in decisions affecting L&W. There were no other connected charities and related parties during the year to 31 March 2022 or the year to 31 March 2021.

23. Financial derivatives

There were no financial derivatives at 31 March 2022 or 31 March 2021

24. Related Parties

There were no related party transactions in the year to 31 March 2022 or 31 March 2021

Legal and administrative details

Company registration number: 2603322

Charity registration number: 1002775

Registered office: 3rd Floor Arnhem House
31 Waterloo Way
Leicester
LE1 6LP

Patron: HRH The Princess Royal

**Chief Executive and
Company Secretary:** Stephen Evans

Trustees: Nick Stuart (President)
Margaret Galliers (Chair)
Timothy Render (Treasurer)
Charlotte Bosworth
Jeffrey Greenidge
Lauren Harris
Tony Lawlor
Haf Merrifield
Jeremy Moore
Ruth Spellman

Committees

Learning and Work has established two Committees and a Strategy Group. The members during the relevant period are as follows:

Audit Committee

Tony Lawlor (Chair)
Jeff Greenidge
Ruth Spellman
Paul Greening
Jamie Hutchinson
Abdul Islam

Learning and Work Institute Wales Strategy Group

Jeff Greenidge (Chair)
Rachel Bowen
Michelle Matheron
Llyr ap Gareth
Alan Felstead
Deri Bevan
Margaret Phelan

Cath Hicks
Michelle Matheron
Jeff Protheroe
Phil Southard
Catherine Jenkins
Katy Stevenson
Amanda Wilkinson

Remuneration Committee

Maggie Galliers
Timothy Render
Nick Stuart

Senior Management:

Stephen Evans – Chief Executive
Naomi Phillips – Deputy Chief Executive
Robert Gill – Director of Finance & Operations

Solicitors:

Shakespeare Martineau
Two Colton Square
Leicester, LE1 1QH

External auditor and accountants

Haysmacintyre LLP
10 Queen Street Place
London, EC4R 1AG

Bankers:

Bank of Scotland
8 Humberstone Gate
Leicester, LE1 3PH

Investment advisors:

Canaccord Genuity Wealth Limited
88 Wood Street
London
EC2V 7QR

Accounts



**Trustees' report and financial statements
For the year ended 31 March 2021**

Index to the financial statements

Foreword	3
Report of the Trustees - Impact Report	4
Report of the Trustees – continued	10
Report of the independent auditor	21
Statement of financial activities	25
Balance sheet	26
Cash flow statement	27
Notes to the financial statements	28
Legal and administrative details	45

Foreword

The year has been dominated by the coronavirus pandemic. Economic support, including the Coronavirus Job Retention Scheme, has helped to limit the economic damage and has protected millions of jobs. Nonetheless, unemployment has risen significantly and the pandemic has had unequal effects. Young people, lone parents, areas of already-high unemployment, and people from ethnic minorities have all been among those harder hit.

We have worked tirelessly to analyse and highlight the economic effects of the pandemic and propose solutions. This includes showing who has been most affected, highlighting their experiences, and making a difference in practice with the Government's Plan for Jobs picking up many of the changes we had called for.

We are proud to have played a role in shining a light on the social and economic impacts of the pandemic, identifying future challenges, and having an influence on the policy response.

The success of the vaccine programme means thoughts are turning to reopening the economy. We must grasp the opportunity to forge a brighter future, not just recovering from the impacts of the pandemic but thinking too about how we build prosperity and fairness. The context includes many of the issues we faced before the crisis: the UK's future now we have left the EU; the combination of longer working lives and accelerating economic change; the transition to a net zero economy; and the imperative to narrow inequalities between groups and areas.

Widening access to learning and work are central to all of these. Throughout the year, we have tried to make the case for this, build the evidence base, shape policy, and test new ways of working.

This included: celebrating the best in adult learning through Festival of Learning and Adult Learners' Week; developing projections for the likely rise in long-term unemployment to make the case for more support; identifying and analysing an explosion of interest in online lockdown learning; and continuing to evaluate what works.

We work across a wide range of issues. Our thanks go to our staff and Trustees for making a real difference, especially at a time when they are adapting in their own working and personal spheres to life in a world shaped by a pandemic. Our work has never been more important and, even as we change our own ways of working as an organisation, we are determined to do all we can to fulfil our mission.

We are proud of the impact we have had and look forward to continuing this work in the year ahead.

Maggie Galliers and Stephen Evans

Report of the Trustees: impact report

The following pages summarise the key impacts we have achieved over the year.

Strategic priorities and impact

Our vision is for a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life.

Our strategic plan sets out how we seek to achieve our vision, including our mission, and values. Our work is organised into six priorities:

1. Lifelong learning.

Learning through life, for any reason and none, improves work, health, wellbeing and citizenship. People learn in many ways, including family and community learning. Yet participation in learning is unequal and has fallen. Our focus is on the case for participating in learning and policy and practice to achieve this.

2. Employment and social security.

Everyone who can work should have the chance to do so, yet employment fell dramatically as a result of the pandemic and participation in work varied significantly by group and areas beforehand. Our focus is on support responding to the impacts of the pandemic, and in particular on groups, such as people with disabilities, and areas that have lower employment.

3. Essential and life skills.

Capabilities like literacy, language, numeracy, digital, citizenship and health and financial skills are fundamental to life and work. Yet nine million adults lack functional skills and participation in learning is falling. Our focus is on developing new ways to engage people and deliver learning.

4. Pay, progression and security.

Work should be good quality and provide opportunities for progression and development. Yet five million people are low paid, and too many people become stuck in low pay. Our focus is on support for people in low pay to progress, including careers advice and skills improvements, and developing and spreading best practice on the quality of work.

5. Apprenticeships and technical education.

High-quality apprenticeships and world-class technical education should be open to all who can benefit from them. Yet the number of apprenticeships has fallen, access to them is unequal and the quality of provision variable. Our focus is on the quality of and access to apprenticeships, and technical education that works for adults and young people.

the quality of provision variable. Our focus is on the quality of and access to apprenticeships, and technical education that works for adults and young people.

6. Social justice and inclusion.

Everyone should have the chance to go as far as their efforts will take them - life chances should not be constrained by background. Yet social mobility is lower than in other countries. Our focus is on advocating for better support for groups that often miss out and trying new ways of delivering this with partners.

We have helped shape policy nationally and locally

A significant part of our work has been understanding the economic impacts of **coronavirus** and developing policy solutions to these. Highlights of our work included:

- establishing a cross-sector group to share and develop thinking, and work with Government officials in building solutions;
- analysis of the early impacts of the crisis, identifying that groups like young people and areas like Greater Manchester were more likely to face job losses and have jobs in shutdown sectors;
- identifying the differential impact of the crisis on groups including young people, older workers, lone parents and people from ethnic minorities;
- working with others to call for an Opportunity Guarantee so all young people are offered a job, training place or apprenticeship;
- producing reports jointly with others to call for more retraining support for furloughed workers, rapid support for those who have recently lost their jobs, and an intensive effort to help people who are long-term unemployed to look for work;
- arguing for targeted extensions of the furlough scheme, as well as a focus on employment growth and helping those out of work to look for new jobs; and
- identifying policy and delivery priorities for recovery from the pandemic and renewal.

We produced a report, supported by Open College Network Northern Ireland (OCNNI), projecting **skills and qualifications in Northern Ireland through to 2030** and compared to other countries. This showed that, on current trends, Northern Ireland's skills profile was poised to improve but remain significantly behind other countries. We discussed the implications for economic growth and social justice, as well as ways to make progress, at an online event attended by over 200 people.

A lack of people qualified in **higher technical skills** (levels 4 and 5) have been identified by independent reviews and the Government as a key shortfall holding back productivity. We undertook research, supported by the Gatsby Charitable Foundation, to understand how providers could stimulate employer demand for higher technical skills and provision, and made proposals including for pilots to test new ways of working. The Government's Skills for Jobs White Paper for England subsequently confirmed plans for such pilots.

Our events aim to influence policy. Our July 2020 **Employment and Skills Convention** took place online for the first time. More than 1200 delegates heard from Andy Burnham, Mayor of Greater Manchester, Gillian Keegan MP, Skills Minister, and Mims Davies MP, Employment

Minister. Debate focused on the jobs and skills impacts of the pandemic, and future priorities for protecting jobs and household incomes. Our November 2020 **Wales Employability and Skills Convention** saw 160 attendees consider the employability challenges from the pandemic, including hearing from Ken Skates MS, the Minister for Economy and Transport. Our **Housing, Learning and Work** conference, held jointly with Communities that Work, attracted more than 360 delegates to hear from speakers including Welfare Delivery Minister Will Quince MP.

In addition, we responded to several inquiries and Government consultations. This included our chief executive giving evidence to the Lords Economic Affairs Committee on employment and coronavirus, and to the Work and Pensions Select Committee on the Government's Restart programme to help long-term unemployed people find work.

There is a growing trend toward local leadership of learning, skills and employment systems. We developed projections for how long-term unemployment may grow in different parts of the country following the crisis, gaining national media coverage and making recommendations for a partnership between national and local government to tackle this. We also worked with a number of housing associations to explore their role in improving employment and skills.

Our chief executive was a member of the Greater Manchester Employment and Skills Advisory Panel, and West Yorkshire Combined Authority Future Skills Commission. In addition, we undertook a range of work with a number of Local and Combined Authorities, including to explore their experiences of changing commissioning responsibilities and their roles in the jobs and skills recovery from coronavirus.

In Wales, we continued to work closely with the Welsh Government and partners to influence policy and practice. We continued to work with the Welsh Government with the development and implementation of the Personal Learning Account pilot, and supported them with the response to the challenge of youth unemployment during the pandemic. We continue to support the community learning sector through the Adult Learning Partnership and the English for Speakers of Other Languages (ESOL) sector through providing ongoing training and development opportunities for practitioners.

We inspired more adults to take up learning for life

The Festival of Learning in England and Adult Learners' Week in Wales have celebrated the best in adult learning and inspired people to learn for more than a quarter of a century, inspiring similar celebrations around the world.

In England, Festival of Learning sponsors include NOCN, Workers Education Association (WEA), City Lit, the Education and Training Foundation and Skills and Education Group, and we worked with organisations such as HOLEX, Association of Colleges, Association of Employment and Learning Providers (AELP), World Skills UK and Open University. Award winner announcements took place during our inaugural Lifelong Learning Week in November and the twelve winners and six finalists were selected from over 200 nominations. The awards ceremony livestream was viewed by over 1,400 individuals and our Twitter hashtag achieved 1.1 million impressions. Award winner stories received widespread sector and local press

coverage, including Tes, FE Week, FE News, Lancaster Guardian, Islington Gazette and Wiltshire Times. Our Lifelong Learning Week hashtag achieved over six million impressions.

In Wales, Adult Learners' Week co-created the largest bank of online learning resources working with 200 partners, including BT, the Open University in Wales, Wales TUC, Sport Wales and the network of community learning, further and higher education and training providers. Over 550 courses and resources were registered, combined with a week of live online events and taster sessions. More than 10,000 people took part in online courses and tasters, the Adult Learners' Week platform had 139,000 page views. Advertising for the campaign, supported by Welsh Government, generated over 15 million opportunities to see promotional messages. Alongside this, the Inspire! Awards were presented recognising the achievements of individuals and community projects.

We developed solutions to meet the big challenges

Here is a snapshot of our wide-ranging research and development work.

Improving outcomes for young people. Our **Youth Commission** looked at how to improve education and employment outcomes for 16-24 year olds in England. It published its final report making recommendations for delivering a new higher ambition for young people by 2030, following five analytical reports to understand the challenge and develop new ideas. We will continue to analyse life chances for young people, and work for improvements in policy and practice. This includes via a new data dashboard on our website.

Understanding what works. We published new analysis for the Social Mobility Commission, looking at the impact of training and adult learning on progression from low pay, including differences by group and type of learning, and made policy recommendations. Supported by Nesta, we published a toolkit for evaluating adult learning and career change programmes. We also explored how data driven information, advice and guidance could support people to navigate a changing labour market as part of the DfE sponsored CareerTech Challenge Prize.

Understanding adult participation in learning. Our long running survey identified significant interest in learning during lockdown, with people finding new ways to access learning including online. However, inequalities in participation in learning between demographic groups remain significant, meaning there is much more to do to ensure fair access to learning. The survey's findings on people's motivations for learning are helping to inform the development of policy, including the National Skills Fund in England and Personal Learning Account pilot in Wales.

Improving literacy, numeracy and life skills. Good English, maths and digital skills are crucial for: finding work; helping children at school; accessing public services; and learning through life. But nine million adults lack these skills and adult participation in learning is falling. Our annual English, Maths and ESOL conference, delivered online to 440 participants, featured a keynote by Skills Minister Gillian Keegan MP and highlighted the role of essential and life skills in recovering from the pandemic. Working with Learning Unlimited, we developed Volunteers, English Language Learners and Conversation Clubs, a substantial national resource commissioned by the Ministry of Housing, Communities and Local Government to support

delivery of informal English language provision. Over 300 participants attended the launch webinars, with over 4,500 unique views of the webpage. We also advised the Department for Education on the national standards for adult basic skills, the role of public services in referrals to adult basic skills provision, and providers' management of supply and demand for ESOL.

High quality, accessible apprenticeships and technical education. To work for employers and people, apprenticeships and technical education need to be high quality and accessible. We are working with SDN to deliver the Government's T level employer support programme, developing resources, case studies, events and one to one support for employers. We evaluated the Welsh Government's Traineeship programme and worked with the Department for Education in England to understand how progression from traineeships to apprenticeships could be improved and to inform policy. We researched how levy paying employers are using the apprenticeship levy, how apprenticeship progression can be supported, and the extent to which apprenticeships at Level 4 and above are supporting social mobility. We also evaluated the Department for Education's Opportunities Through Apprenticeships programme, which aimed to increase the supply and take up of high-value apprenticeships in disadvantaged areas.

Engaging adults in career learning. The pandemic has likely accelerated the need for people to change careers and update their skills more often. We announced a new flagship New Futures programme, funded by the Covid-19 Support Fund established by the insurance and long-term savings industry, to test ways of helping people reskill and change career. We also published the final report of our Cost and Outreach pilots, working with the Department for Education to test how to engage adults in learning in five Local Enterprise Partnership or Combined Authority areas in England.

Valuing lifelong learning. We continued to help influence a new policy commitment to develop a right to lifelong learning in Wales. This included a roundtable for the sector with partners from Europe to better understand international best practice to widening participation, as well as discussion at our March 2021 Adult Learners' Conference.

Improving skills and employment opportunities. Employment rate and skills profiles vary by group and area, with the pandemic intensifying many of these inequalities. We are evaluating the health-led employment trials for the Work and Health Unit, the Work and Health Accelerator Programme for the Health London Partnership, and Future Workforce Programme for the Prince's Trust. We also published evaluations of Crisis UK's Tackling Multiple Disadvantage programme and Commonweal Housing's Move On Up project.

Helping people on low pay to progress and build skills. Around five million people in Britain are low paid, relatively high by international standards despite the National Living Wage reducing the number of people in low pay. Our work focuses on how to support progression and good work. We analysed the impacts of training on progression from low pay, supported by the Social Mobility Commission. We completed an evaluation of Wakefield's Step-up progression pilot, informing the roll-out of a city-wide programme. We partnered with Carnegie Trust to explore the impact of increasing the minimum wage on workers, employers and the economy. Our Better Work Network – a policy and practice-based initiative dedicated to tackling low pay,

underemployment and job insecurity in London and across the UK – has over 460 members. It continued to share good practice and influence policy, and we published analysis on the impact of coronavirus on employment and job quality in London. We also held events on the challenges facing low paid workers in London and the role flexible work can play.

Ensuring everyone can get the help they need. We worked with the Department for Education to explore the impact of the National Minimum Wage on care leavers' access to apprenticeships, and, through our work on pre-apprenticeships, have raised awareness of the importance of high quality, targeted programmes that provide supported pathways to employment. There are over 300,000 young adult carers in England and Wales. They are five times more likely to drop out of college compared to their peers. Our Driving Change project is working directly with colleges across the UK to review and improve the support they have in place for young adult carers, so that they are enabled to achieve good outcomes.

Supporting under-represented groups. We have grown our ESOL Network in Wales by offering online development workshops during the pandemic and helping practitioners to come together with policymakers to understand the challenges facing the sector. We have supported the Welsh Government with their policy response to the challenge of tackling the skills and employment challenge of different minority ethnic communities.

International work. As UK National Coordinator for the European Agenda for Adult Learning we hosted Impact Forums in each of the UK nations, focusing on participation in learning and essential skills. In partnership with Belfast Learning City, the Northern Ireland Impact Forum published a report on adult learning, health and wellbeing. We continued to play an active role in the European Association for the Education of Adults and the European Basic Skills Network.

We increased the breadth and depth of our impact

We received around 2,100 pieces of media coverage in 2020-21, up 60% on the previous year. Our work on the impact of the pandemic has regularly featured in national and regional print and broadcast media, including Financial Times, The Mirror, Independent, The Times, LBC Radio, BBC Radio 4, BBC Wales, Evening Standard, Yorkshire Post and City AM. In addition, our work has been covered in sector press including FE Week, FE News, Tes and People Management.

Notable coverage included work on the impact of coronavirus on older people featured on BBC Breakfast and in the Telegraph; our work with Prince's Trust and HSBC on youth employment covered by Sky News, BBC News, Times Radio, Telegraph and BBC Radio 4; and our report on digital skills with World Skills UK and Ingenuity featured in BBC News and the Guardian. Our regular labour market analysis featured in national, regional and sector outlets including Personnel Today, Guardian, Telegraph, Daily Express, FE News and BBC Radio London.

Our new website launched in June 2020 with 280,803 page views in the year, including spikes around the adult participation in learning survey, Raymond Williams lecture, resources for English language learning and conversation clubs, and our reports on digital skills and youth employment. The number of followers for our @LearnWorkUK account rose 1,200 in the year, to 17,800. Our YouTube channels had 21,000 views with 43,600 minutes of footage viewed.

Report of the Trustees - continued

The Company Board who are the Directors of the Company and Trustees of the Charity present their report together with the audited financial statements for the year ended 31 March 2021. This report constitutes the Trustees' Annual Report for the purposes of charity law, and both the Directors' report and Strategic Report for the purposes of company law. The Strategic (Impact) Report is on pages 4-9.

Results

The statement of financial activities is set out on page 22 and shows the net movement in funds for the year.

Tax status

The Company is a registered charity, number 1002775, and is exempt from corporation tax and income tax to the extent that its income is applied to its charitable activities.

Our objectives

Learning and Work Institute is established for the advancement of all forms of adult education and the relief and prevention of unemployment and poverty.

Our vision

A prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions through life.

Our mission

- We are an independent research and development organisation dedicated to promoting lifelong learning, full employment and inclusion.
- We research what works, influence policy, develop new ways of thinking and help implement new approaches.
- Working with partners, we inspire people to learn and help transform people's experiences of learning and employment.
- What we do benefits individuals, families, communities and the wider economy.

Our values

Learning and Work Institute's work is informed by core values, notably:

- **Ambition:** the leading and powerful voice for the benefits of lifelong learning and economic inclusion;
- **Independence:** the highest standards and an unshakeable commitment to being open-minded, honest and fair;
- **Collaboration:** partnership and networking at the heart of what we do and how we operate;

- **Expertise:** evidence-based thinking delivering real-world change in learning, skills and employment.

Public benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in determining the activities undertaken by the organisation.

The Trustees review the activities of the organisation against its aims on an ongoing basis and are satisfied that all activities continue to be related to the aims.

Learning and Work Institute seeks to benefit all members of the public in England and Wales, with no exclusions. Its focus is on those adults who have benefited least from initial education and training. For further information please see the impact report on page 4.

Structure, governance & management

Constitution

The Company is incorporated as a company limited by guarantee (Registered No. 2603322). It is governed according to the provisions contained in the Memorandum and Articles of Association. The liability of the members in the event of a winding up is limited to £1.

Governance structure

The Company Board consists of a maximum of 10 members, including the L&W President as specified in the Articles of Association. The Board membership comprises:

- President.
- Chair of Company Board.
- Honorary Treasurer.
- Chair of Audit Committee.
- Chair of Learning and Work Institute Wales Strategy Group.
- Up to 5 co-opted members, chosen to secure a proper balance of members in terms of skills, experience and diversity including the Chair of the Audit Committee.

Currently the Company Board has nine members.

All members of the Company Board exercise their authority in their capacity as Trustees under the relevant companies' legislation and as Trustees of the charity.

The Company Board maintains a strategic overview of the work of the organisation and its annual work programme and is responsible for all National Learning and Work Institute governance, regulatory and accountable functions, including financial and legal matters, and may establish standing committees with delegated authority to carry out specific and detailed work on its behalf. Whilst delegating the detailed consideration of policies and work programmes to standing committees, of which the designated Board members may be ex-officio members, the Board members may call in any matter for their determination.

However, the Company Board establishes as standing committees:

- The Audit Committee is responsible for advising the Board on the effectiveness of risk management, internal control and governance arrangements within the organisation.
- The Remuneration Committee oversees the principles and process of the remuneration relationship with staff and unions. It also oversees the process of determining annual awards. Remuneration of the CEO is also determined by the Remuneration Committee.
- Learning and Work Institute Wales Strategy Group is the Committee established to oversee all the Institute's operations in Wales and has devolved responsibility for Learning and Work Institute activities in Wales.

Each Committee's constitution includes designated representatives of the Company Board ex-officio, plus a balance of elected and co-opted members, with specific terms of reference. The members of the Committees are listed on pages 42 and 43.

The Chief Executive of L&W is appointed by the Company Board, which is responsible for all the arrangements relating to this appointment. The Chief Executive is the Company Secretary. It is the responsibility of the Chief Executive to carry forward the agreed policies and work programmes of L&W and to ensure continuity of action and policy between meetings of the governing bodies. The Chief Executive is the accounting officer of L&W and is responsible, with the senior management team, for the establishment and supervision of suitable systems of financial and resource management and control in respect of all its activities.

The Haldane Trust

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £124,000 at 31 March 2021 (2020: £92,000). Due to the common control and materiality this year, the investments of the Haldane Trust have been consolidated into the L&W accounts. Further details are provided in note 21 to the financial statements.

Recruitment, induction and training of Trustees

A Search Committee is established to identify nominations to the Company Board, including the post of President, which are proposed to the membership by the Board. Members can also nominate Trustees.

Most Trustees are already familiar with the work of L&W when appointed, having served on other committees or been involved in its work, and many also serve on other charity boards.

The members' handbook details the responsibilities of New Directors and Trustees are inducted and given the members' handbook detailing their responsibilities.

L&W hosts an annual residential meeting for Board Members to discuss strategy and various issues of policy and practice. Periodically governance is formally assessed for effectiveness and training requirements assessed as part of this process.

Financial review for the year ended 31 March 2021

Trustees are confident that L&W continues to operate on a going concern basis. The organisation is in control of its annual income and expenditure and enters 2021-22 having already secured a very significant proportion of the income required for the year ahead. Furthermore, resilience is derived from reserves held in the form of investments that have a current market value in excess of one year of income. Trustees note that following the outbreak of Covid 19 in March 2020 the organisation seamlessly switched to homeworking with negligible effect on operations and that this continued throughout 2020-21.

More generally, as for many organisations in the third sector during 2020-21, L&W continued to experience funding pressures. L&W increased income from non-government sources, but not enough to compensate for the reduction government commissioning observed this year. Focus continues to be placed on pipeline development to increase funding from sources other than government grants. L&W continues to have a positive impact and uses its funds carefully to deliver on all contracts and grant agreements.

Our major funders include the Department for Education who provide a core grant, part of which is used to fund the successful Festival of Learning in England. The Welsh Government provides ongoing funding under a grant arrangement, supporting a range of work as well as Adult Learners' Week activities in Wales. We are grateful to all our funders including but not limited to Blackstork, Carnegie Trust, Charities Aid Foundation, Central London Forward, Department of Work and Pensions the Education and Training Foundation, European Commission, EY Foundation, Gatsby, Greater London Authority, Guy's and St Thomas' Charity, Joseph Rowntree Foundation, JP Morgan, Local Government Association, Ministry of Defence, the Ministry of Housing Communities and Local Government, National Lottery Community Fund, Princes Trust, Trust for London and many others.

Year on year income increased by £825,000. Please note that this includes a £2,145,000 grant received from Charities Aid Foundation in February 2021 which under accounting regulations we are obliged to recognise in full in 2020-21 whilst nearly all the work and associated costs will be delivered over 2021-22 and 2022-23. This effectively overstates underlying financial performance in 2020-21 by £2,134,000 and will correspondingly understate 2021-22 and 2022-23 when the work is performed with no revenue remaining to recognise in these years.

L&W also raises income from conference activities and sponsorship. Any surplus generated from these and other sources is used to fund L&W's advocacy and information work and initiatives of importance to our strategic objectives and to strengthen the reserves as specified in the Reserves Policy. Expenditure supporting each activity is a combination of direct costs, salary costs for staff directly employed on that activity and support costs. Direct costs are incurred as part of contracts or are specific to an event or campaign.

Net income before changes in the valuation of the pensions scheme under FRS102 assumptions is £2,538,000. This includes the £2,134,000 grant income referred to above.

This year the pension scheme deficit as calculated under the requirements of FRS 102 worsened by £5,846,000 as a result of the assumptions used by the actuary. This includes a

notional interest charge on the FRS 102 calculated deficit. Last year the FRS102 calculation yielded an improvement of £2,095,000.

The FRS 102 adjustment leads to a net reduction in funds for the year of £3,309,000, last year this was a positive £800,000.

To understand the underlying performance and financial health of the organisation it is informative to consider the £3,309,000 deficit, remove the £2,134,000 CAF grant income recognised in advance of work being done, add back the FRS 102 adjustment £5,846,000 and add back the notional interest on the FRS 102 calculated deficit of £248,000. Making these adjustments demonstrates an underlying surplus of £651,000. The equivalent figure for the prior year was a deficit of £1,008,000.

Pension schemes

The organisation operates two main pension schemes, the Teachers' Pension scheme and the Local Government Pension Scheme (LGPS) which is administered by the Local Pensions Partnership (LPP),

The Teachers' Pension scheme is accounted for as a defined contribution scheme, as the organisation is unable to identify its share of the underlying assets and liabilities of the scheme. Only one employee was a member of the Teachers' Pension scheme and the employee retired in the year. Further details of this scheme appear in note 19b of the accounts.

The LGPS scheme is a funded multi-employer defined benefit pension scheme. The FRS 102 deficit is large in comparison to the size of the organisation due to significant downsizing in the recent past. The March 2021 FRS 102 calculation from the scheme's actuaries showed a deficit of £17,090,000 (2020 £10,751,000 deficit, 2019 £12,098,000 deficit).

Whilst asset values increased by over £4,203,000 in the year, this was not enough to offset the aggregate £10,542,000 adverse changes in assumptions underpinning the liability calculation. The FRS 102 calculation is sensitive to the discount rate used by the actuaries, in 2020 this was 2.00% (2020 2.35% 2019 2.4%). Note that a 0.1% decrease in the discount rate negatively impacts the liability by approximately £1m. This year, the actuary also assumed significant increases in pensions 2.85% (1.9% prior year) and significant increases in Salaries at 3.85% (2.9% prior year).

It should be noted that the scheme's administrator (LPP) performed a triennial valuation as at 31 March 2019. This was calculated using different methodology and assumptions to the FRS102 valuations. The triennial valuation is used by the LPP to set the contribution rates paid by the organisation for three years from 1 April 2020 to fund the pension scheme. The 2019 triennial valuation of the deficit was £1,231,000 with a 96% funding level (2016 £3,491,000 deficit, 86%).

In February 2017, the organisation provided the LPP with a first charge over investments capped at £1,000,000 and continues to work closely with the LPP in an open and collaborative manner to discuss future funding and financial management when appropriate.

Although the fund deficit poses a serious issue for L&W, the Trustees recognise that by L&W making additional contributions to the pension fund that the deficit should improve in the long term. However, the risk will be continually managed on a proactive basis in partnership with the LPP.

Reserves policy

The Trustees reviewed their desired reserves policy in December 2020. The overriding principle is that L&W should use its reserves to maintain financial stability of the organisation and meet the needs of the organisation's beneficiaries both current and future. Reserves are held for the following purposes:

- To cover statutory obligations and to wind up its own affairs in an orderly way;
- To cover any fixed expenditure commitments in the event of loss of income on a temporary basis and to provide the Company with time to plan its future strategy;

- To provide for the net costs of continued operations of projects and to fund initiatives of importance to adult learning which do not meet their costs;
- To meet any potential deficit in the pension scheme,
- To meet any permanent shortfall in the operational cash requirements of the charity;
- To meet the costs of planned major capital expenditure;
- All these calls on reserves are interrelated, so whilst reserves are ultimately held to cover statutory obligations they may be used as working capital in the short term, where it is known that funding will eventually be received.
- The long-term objective is that separate sums should be designated to meet statutory obligations and for working capital needs.

Required level of reserves

The targeted level of reserves is calculated as follows:

- To cover all statutory costs in the event of closure;
- To cover a 25% loss of income;
- To cover 6 months operational costs of continued operation;
- To cover the known capital expenditure costs for the next 6 months;
- To cover the pension costs using latest actuarial valuation.
- To cap reserves at the greater of one year's turnover or the FRS102 pension deficit.
- In the event that reserves, currently held as investments, should fall below £5m market value, then the Board will create and implement a strategy to return reserves to that level or above.

The reserves target range is between the lower cap of £5,000,000 and the upper cap of £17,090,000 being the FRS 102 pension deficit at March 2021. The deficit is large compared to the size of the organisation due to recent significant downsizing.

Organisation reserves at the end of March 2021 before the FRS 102 calculated pension liability were £9,065,000 (March 2020 £6,066,000). This is reduced by the FRS 102 calculated pension liability to a net balance sheet liability of £8,025,000 (March 2020 liability £4,685,000).

Whilst the organisation does not have sufficient reserves to meet its policy requirement, the Trustees note that the triennial valuation of the pension scheme deficit at 31 March 2019 was £1.2m and that the organisation holds investments with a market value of £6,972,000 at 31 March 2021. In conjunction with a viable three year plan the Trustees consider the organisation to be a going concern.

Investment policy

Investment performance is overseen by a nominated Trustee, the CEO and Director of Finance and Operations. Reviews are held with the Investment Managers and reports are made to the Board of Trustees. The Trustees have approved an Investment Policy that has the objective of increasing reserves towards and to meet the reserves policy. The Investment Policy was last reviewed in December 2020. The current investment approach is to achieve a target return in a well-diversified portfolio comprising the appropriate asset classes and individual investments for a UK charity, which are quoted on the most widely used stock exchanges and regulated markets. The risk profile is medium, which will allow for a significant exposure to global equities

along with other diversifying investments, such as bonds, that will be held within a balanced portfolio. The objective is to increase the value of the portfolio by targeting total nominal return of 5-6% over the longer term of 5-10 years predicated on a range on inflation between 2-4%.

Risk management

The Trustees have overall responsibility for ensuring that the organisation has an appropriate system of controls to manage risk and safeguard its assets. A risk management framework and process is in place to assess business risks and implement risk management strategies. This involves identifying the types of risks the organisation faces, prioritising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. The identified risks and the consequent risk management activities are reviewed by the Audit Committee at each of their meetings. Any risks that could have a significant impact on the organisation's success in achieving its objectives are considered by the Trustees.

The strategic risk register includes a clear articulation of the specific actions that will be undertaken to mitigate risk. The major risks and mitigations are summarised as follows:

Risk	Mitigation
Failure to influence the policy changes we want to see.	Maintenance of strong relationships with officials. Controls on external communication. Strategic plan to sets clear priorities.
Failure to influence the changes in practice we advocate	Use of Evidence to support our work. Strategic plan and key strategic relationships underpin our credibility.
Failure to secure adequate Income	Strategic plan underpinned by funding plans which are regularly reviewed.
Cashflow – inability to pay staff and suppliers on time	Regular cashflow reviews by management and Board. Ability to call on £5m+ of investments immediately.
Failure to service pension scheme	Three year agreement in place with the Scheme's Administrator
Governance and Systems are not robust	Independent internal audit opinion is positive
Insufficient capacity and capability to deliver funder contracts	Mechanisms to monitor capacity in place. Engaged staff.

RSM are appointed as internal auditors, they advise on risk management, adequacy of internal control and governance arrangements. The internal audit programme is approved by the Audit Committee on an annual basis and the findings and conclusions are reported to the Audit Committee. The Audit Committee reports to the Board on the overall efficiency of the risk management process and the adequacy of the internal control systems.

During the year the organisation has dealt with uncertainty arising from COVID 19 and internally seamlessly transitioned to homeworking without issue. The Trustees consider that through ongoing consideration of risks and mitigating actions and the level of the organisation's reserves it is appropriate to adopt the going concern bases for these accounts.

Financial risk

L&W uses cash and other liquid resources to fund its operations. Investments are maintained as part of the reserves for funds which are not required as working capital. The Trustees review the levels of investments and working capital required under the reserves policy.

The main risk is from any potential shortfall in funding. The organisation has a strategic plan which is underpinned by programmes of work. These in turn are underpinned by a funding plan. Funding is reviewed every month by the Management team of L&W and on a quarterly basis by the Trustees. A significant proportion of funding required for the year ahead has already been secured. As mentioned earlier in this report, further comfort is derived from having investments valued at broadly a year's worth of income.

Grant making

Occasionally L&W manages and distributes grants on behalf of other agencies and government departments. L&W may distribute the grant, provide support to the recipient, and monitor the outcomes as part of the contract with the funder. All such grants will be made in accordance with the contract requirements. Receipt of funding by L&W and payment to the grant recipients are recognised in the accounts at the time of entitlement. The reader will have already noted in the financial review on pages 12-13 the impact of the £2.145m grant received in February 2021 from the Charities Aid Foundation which is recognised in full in the accounts to the year 31 March 2021 despite the delivery of the project materially occurring during the years to 31 March 2022 and 31 March 2023.

Remuneration policy

Sets out the principles and process of the remuneration relationship with staff and unions. It also includes the process of determining annual awards. Remuneration of the CEO and his direct reports are also determined by the Remuneration Committee who make an objective assessment of the appropriate level considering factors such as the market, needs of the organisation and comparable benchmarks. This was fully reviewed in 2017/18 in consultation with staff and recognised unions and further refined in 2018/19 then reviewed again each year in September. L&W seeks to offer a competitive salary and benefits package to attract and retain quality staff in the context of:

- Affordability
- Equality – no discrimination
- Simplicity and ease of understanding and application by everyone in the organisation
- Committing to pay at least the living wage to all staff.

Disability policy

L&W promotes Inclusion, Equality and Diversity throughout its work and this commitment underpins the organisation's staffing policies and recruitment and selection processes. This is articulated through L&W's People Strategy.

L&W has processes in place to support staff with disclosed disabilities; including for example making reasonable adjustments to the workplace and taking advice and guidance from Access to Work. We also work closely with staff to review working patterns and ways of working.

Staff training and continuous professional development

L&W's staff development plan is part of our wider commitment to continuous quality improvement. The plan is based on input from our personal development review process and an organisational skill needs analysis. Learning and development starts with the induction process and continues throughout the lifecycle through role specific development, individual career paths and any other development in pursuit of our strategic aims. During the year a range of formal and informal learning took place. Within our performance review process, objectives are cascaded from the strategic plan to all staff ensuring everybody understands how their role contributes to L&W's strategic aims.

Sharing information with employees

L&W has several mechanisms to inform and consult with staff on matters of significance.

- The Chief Executive holds monthly briefing sessions for all staff.
- The Senior Management Team meets on a fortnightly basis and then cascades information and holds discussions with departmental teams.
- A Staff Reference Group meets periodically with a member of the Senior Management Team to discuss matters of significant change or importance. The responsibility of the members of the Staff Reference Group members are responsible for seeking staff ideas and opinions to present at meetings and to feedback from meetings
- Matters of major change such as Appraisal, Remuneration and other HR Policy changes and restructuring are discussed with staff and unions.
- L&W staff periodically hold several different peer group meetings
- Policies and procedures are available to all staff.
- Information is shared with staff at away days.

Trustees' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 organisation and of the profit or loss of the organisation for that period. In preparing these financial statements, the directors 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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 proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Trustees' liability insurance

L&W maintained Trustees liability insurance during the year.

Creditor payment policy and practice

It is the policy of L&W to follow standard payment terms of 30 days (or as otherwise agreed with the supplier) unless there are reasons to dispute the amounts with suppliers. Trade creditors at the end of the year were £189,000 equating to 18 creditor days (2020 £564,000 and 34 days)

Auditors

Haysmacintyre LLP offer themselves for reappointment as auditors in accordance with section 485 of the Companies Act 2006.

Future plans

L&W's strategic plan 2021-24 is available at www.learningandwork.org.uk. L&W seek a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life. To progress this, L&W will prioritise work in the areas of lifelong learning, employment and social security, essential and life skills, good work and progression, apprenticeships and technical education, social justice and inclusion. Trustees consider the combination of the strategic plan, careful financial and operational management and reserves will ensure any challenges from Covid 19 or otherwise will be overcome. This report which includes the Strategic Report required by company law, has been approved by the Board both as company directors and charity Trustees.

ON BEHALF OF THE TRUSTEES

Maggie Galliers
Chair of Company Board
8th July 2021



Stephen Evans
Company Secretary
8th July 2021



Independent auditor's report to the members of National Learning and Work Institute

Opinion

We have audited the financial statements of National Learning and Work Institute for the year-ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Organisation Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2021 and of the group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Trustees' and Impact Reports. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustee and Strategic Report (which includes the strategic report and the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the Trustees and Strategic Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee and Strategic Report (which incorporates the strategic report and the directors' report prepared for the purpose of company law).

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company 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.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 19-20, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the group/charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to registered charities, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and other factors such as income tax, payroll tax and sales tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to areas of estimation uncertainty and to manual accounting journals. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 17 September 2021

Consolidated statement of financial activities (incorporating the income and expenditure account)

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	2021 Total funds £'000	2020 Total Funds £'000
Income						
Investment income	2	132	-	2	134	182
Income from charitable activities – from core projects	3	1,851	3,501	-	5,352	4,379
Income from other charitable activities	4	6	-		6	107
Total income		1,989	3,501	2	5,492	4,668
Expenditure						
Cost of raising investment funds	5	36	-	-	36	375
Cost of core charitable activities	5	2,987	1,296	-	4,283	5,145
Cost of other charitable activities	5	151	-	-	151	160
Total expenditure		3,174	1,296	-	4,470	5,342
Net income (expenditure) before gains on investment assets		(1,185)	2,205	2	1,022	(674)
Realised and unrealised gains / (losses)		1,485	-	30	1,515	(621)
Net income (expenditure)		300	2,205	32	2,537	(1,295)
Change in financial assumptions on defined benefit pension scheme		(5,846)	-	-	(5,846)	2,095
Net movement in funds for the year		(5,546)	2,205	32	(3,309)	800
Reconciliation of funds						
Total funds brought forward as restated		(4,685)	-	92	(4,593)	(5,393)
Total funds carried forward		(10,231)	2,205	124	(7,902)	(4,593)

All activities are continuing and are in furtherance of the objectives of the organisation. The net income for the purposes of the Companies Act was £2,505,000 (2020: £1,295,000 net expenditure).

Balance sheets

		Organisation		Group	
	Note	2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	10	30	68	30	68
Investments	11	6,972	5,392	7,096	5,484
Total fixed assets		7,002	5,460	7,126	5,552
Current assets					
Debtors	12	830	1,301	830	1,301
Cash at bank and in hand		2,800	1,217	2,800	1,217
Total current assets		3,630	2,518	3,630	2,518
Creditors falling due within one year	13	1,547	1,880	1,547	1,880
Net current assets		2,083	638	2,083	638
Total assets less current liabilities		9,085	6,098	9,209	6,190
Creditors falling due after more than one year	15	21	32	21	32
Net assets excluding pension liabilities		9,064	6,066	9,188	6,158
Defined benefit pension scheme liability	19	(17,090)	(10,751)	(17,090)	(10,751)
Net assets including pension liability		(8,026)	(4,685)	(7,902)	(4,593)
The funds of the charity					
Unrestricted funds excluding pension liability		6,859	6,066	6,859	6,066
Pension reserve	16	(17,090)	(10,751)	(17,090)	(10,751)
Restricted funds		2,205	-	2,205	-
Haldane Trust endowment	21	-	-	124	92
Total charity funds		(8,026)	(4,685)	(7,902)	(4,593)

The financial statements were approved and authorised for issue by the Board of Trustees on 8 July 2021

Maggie Galliers
Trustee



Tim Render
Trustee



Consolidated cash flow statement

	Note	2021 £'000	2020 £'000
Cash used in operating activities	18	1,387	(688)
Cash flows from investing activities			
Interest and dividend income		134	182
Sales of investments		945	1,097
Purchase of investments		(867)	(1,304)
Purchase of tangible fixed assets		(16)	(13)
Cash provided by (used in) investing activities		196	(38)
Cash flows from financing activities			
Repayment of borrowing		-	-
Cash used in financing activities		-	-
Increase (decrease) in cash in the year		1,583	(726)
Cash at the beginning of the year		1,217	1,943
Total cash at the end of the year		<u>2,800</u>	<u>1,217</u>

The accompanying accounting policies and notes form an integral part of these financial statements. The company had no borrowing; therefore no statement of net debt is shown.

Notes to the financial statements

1 Accounting policies

L&W is a Private company by guarantee incorporated in England and Wales with the registered office detailed on Page 42. It is a public benefit entity as defined by FRS 102. The principal accounting policies adopted in the preparation of the financial statements are as follows;

a) Basis of preparation

The financial statements have been prepared in accordance with 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 (FRS102) (effective 1 January 2019) -(Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements are prepared in thousands of pounds (£'000s).

b) Basis of consolidation

In 2021 the trustees reviewed the accounting treatment in respect the Haldane Trust, a charity controlled by L&W. On the basis that the Haldane Trust is now material, they have elected for it to be consolidated into L&W's financial statements on a line-by-line basis. The comparative figures have been adjusted.

c) Preparation of the accounts on a going concern basis

Trustees have reviewed the forecast results, cashflow and reserves for the foreseeable future and a minimum period of twelve months from the approval of the financial statements as well as future potential effects of COVID 19 and any likely reduction in Government funding. Trustees are confident L&W will continue and there is no material uncertainty over its ability to operate as a going concern.

d) Estimates and judgements

The financial statements include estimates and judgements which are susceptible to change in subsequent periods. The defined benefit pension scheme liability is calculated by the scheme's actuary and based on the assumptions set out in note 19. Dilapidation liabilities are estimated for leasehold properties and based on the expected cost of fulfilling L&W's obligation under the leases. The actual amounts payable may vary from the amounts calculated with landlords

e) Income and expenditure account

The Statement of Financial Activities on page 23 discloses the information required within the Income and Expenditure account and as such no separate Income and Expenditure account has been prepared.

f) Income

The recognition of income as receivable varies according to the nature of the income. Income from contracts and performance related grants is recognised only to the extent that related services have been delivered and contract or performance conditions met. Income received in excess of that recognised as earned is carried forward as deferred income. Donations and general grants are credited to the Statement of Financial Activities as they become due. For grants which are not specifically performance-related income is recognised once NLWI is entitled to the funds, receipt is considered probable, and the amount can be reliably measure. Unspent amounts related to such grants are carried forward as funds. Attention is drawn to the CAF grant of £2.145m received in February 2021, recognised in full in the year to 31 March

2021, but where nearly all of the work will be done in the years to 31 March 2022 and 2023. Accordingly, the SOFA shows a large surplus in the year to 31 March 2021 but will be followed by two years of large deficits.

g) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds comprise the management costs incurred by professional advisors in the management of the organisation's investments.
- Expenditure on the charitable activities in furtherance of the organisation's objectives and any associated support costs.
- Costs of carrying out other trading activities namely the provision of publications and conference and event activities
- Other expenditure representing those items not falling into any other heading.

h) Allocation of support costs

Support costs are those functions that assist the work of the organisation but do not directly undertake charitable activities. Support costs include back office costs, finance, human resources, payroll and governance costs which all support the charitable objectives. The bases on which support costs have been allocated are set out in note 6.

i) Operating leases

The organisation classifies the lease of printing equipment as operating leases. The title to the equipment remains with the lessor and the equipment is replaced every 3-5 years. The organisation also has leases for the office buildings from which it operates. Rentals payable under operating leases are charged as an expense on a straight line basis over the term of the lease.

j) Investments

Investments are valued at the market rate prevailing at the balance sheet date.

Net gains and losses on revaluation and disposals during the year are included in the statement of financial activities.

k) Tangible fixed assets

Individual fixed assets costing more than £1,000 are capitalised at cost and are depreciated over the estimated useful economic life on a straight line basis as follows;

Tangible fixed assets are stated at cost net of depreciation.

Computer equipment	-	33% straight line
Office equipment	-	20% straight line
Buildings maintenance	-	6-20% straight line
Leasehold improvements	-	straight line over balance of lease

l) Creditors

Creditors are recognised where the organisation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amounts due to settle the obligation can be measured or estimated reliably. Creditors are normally recognised at their settlement amount after allowing for any trade discounts due.

m) Provisions

An assessment of dilapidations liabilities is made for leasehold properties. The provision is based on an assessment of the nature of each lease, risk of materialisation and size of each property.

n) Financial instruments

Financial liabilities are classified according to the substance of their governing contractual arrangements entered into.

Where the contractual obligations of financial instruments are classed as financial liabilities, financial liabilities are presented as such in the balance sheet. Finance costs & gains or losses relating to financial liabilities are included in the Statement of Financial Activities. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

o) Pension costs

Employees are automatically enrolled into the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership (LPP) scheme formerly known as the London Pension Funds Authority (LPFA). This is funded by contributions from employee and employer.

For the year ended 31 March 2021, all but one of the employees were in the LGPS scheme, the other is in the Teachers Pension Scheme.

The LGPS scheme administered by the LPP is a multi-employer defined benefit scheme administered for the benefit of local authorities and other bodies and is managed in accordance with the Local Government Pension Scheme Regulations 1997 (as amended).

The scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method on the basis of triennial valuations, and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent it is recoverable by the organisation. The assumptions made by the actuary have a material effect on the net liability, these are disclosed in note 19.

2. Investment income

The income derived from dividends and interest received from the charity's investments held and managed in the UK, and interest arising from money held in interest bearing accounts.

	2021 Total £'000	2020 Total £'000
Dividends	99	149
Interest on investments	33	24
Interest on Bank accounts	2	9
Total Investment Income	134	182

3. Income from charitable activities – core projects

	Contract & sales 2021 £'000	Recurrent grant 2021 £'000	Total 2021 £'000
L&W Wales	32	515	547
Research and development	3,409	1,164	4,573
Campaigns, promotions and advocacy	6	226	232
Total charitable activities income	3,447	1,905	5,352

	Unrestricted 2021 £'000	Restricted 2021 £'000	Total 2021 £'000
L&W Wales	547	-	547
Research and development	1,298	3,248	4,546
Campaigns, promotions and advocacy	6	253	259
Total charitable activities income	1,851	3,501	5,352

	Contract & sales 2020 £'000	Recurrent grant 2020 £'000	Total 2020 £'000
L&W Wales	19	501	520
Research and development	1,662	1,862	3,524
Campaigns, promotions and advocacy	-	335	335
Total charitable activities income	1,681	2,698	4,379

	Unrestricted 2020 £'000	Restricted 2020 £'000	Total 2020 £'000
L&W Wales	520	-	520
Research and development	1,668	1,856	3,524
Campaigns, promotions and advocacy	75	260	335
Total charitable activities income	2,263	2,116	4,379

Income analysed by funding source

	Total 2021 £'000	Total 2020 £'000
Departments for Education	1,031	1,900
The Skills Funding Agency	0	-
Welsh Government	547	553
Department of Work and Pensions	69	113
Ministry of Defence	58	97
Other Government	72	505
European Funding	217	319
Public sector	346	233
Charitable trusts	2,610	158
Other project funding	402	501
	5,352	4,379

4. Income from other charitable activities

	2021 Total £'000	2020 Total £'000
Conference and events income	0	103
Other income	6	4
Total income from other charitable activities	6	107

5. Analysis of total expenditure

	L&W Wales 2021 £'000	Research & Dev 2021 £'000	Campaigns 2021 £'000	Total 2021 £'000
Direct project costs	80	705	70	855
Direct salary costs associated with projects	441	1,761	168	2,370
Allocation of support costs	115	749	68	932
Allocation of governance costs	16	101	9	126
Total costs of core charitable activities	652	3,316	315	4,283
Other charitable activity direct costs				52
Other charitable activity direct salary costs				66
Allocation of support costs				29
Allocation of governance costs				4
Total costs of other charitable activities				151
Investment management fees				36

	L&W Wales 2020 £'000	Research & Dev 2020 £'000	Campaigns 2020 £'000	Total 2020 £'000
Direct project costs	141	1,134	95	1,370
Direct salary costs associated with projects	339	2,055	171	2,565
Allocation of support costs	131	851	76	1,058
Allocation of governance costs	19	122	11	152
Total costs of core charitable activities	630	4,162	353	5,145
Other charitable activity direct costs				46
Other charitable activity direct salary costs				76
Allocation of support costs				33
Allocation of governance costs				5
Total costs of other charitable activities				160
Investment management fees				37

6. Analysis of support and governance costs

	2021 Total £'000	2020 Total £'000
Support costs		
FRS 102 Cost of Defined Benefit Pension Scheme	80	118
Support Staff Salaries	406	378
Additional Defined Benefit Pension contributi	13	17
Accommodation	220	254
Computer	62	86
Depreciation	54	51
HR Costs	66	50
Travel	3	66
Policy and publicity	9	10
Telephone	34	34
Printing and stationery	13	22
Finance costs Recoverable VAT	0	5
Total support costs	961	1,091
Governance costs		
Salaries and FRS102 Cost of Defined Benefit Pension Scheme	75	99
Audit services	40	46
Legal and insurances	15	8
Meeting costs	0	4
Total governance costs	130	157

Notes on basis of allocation

Support and governance cost are identified and then allocated on income earned. Cost of the defined benefit pension scheme shown above is an allocation of the total charge shown in note 19, based upon the cost of support staff as a proportion of all staff.

7. Net expenditure for the year

This is stated after charging:	2021 £'000	2020 £'000
Operating leases		
Land and buildings	115	133
Others	6	2
Depreciation	53	51
Auditors remuneration		
External audit fees	24	25
Services provided by internal auditors	18	24
Trustee's indemnity insurance	10	9

8. Analysis of staff costs, trustee expenses and the cost of key management personnel

	2021 £'000	2020 £'000
Salaries and wages	1,876	1,963
Social security costs	195	200
Pension costs		
Employer contributions paid	396	329
Addition Defined Benefit Pension Scheme Charges	494	748
Teachers' Pension scheme	11	13
	<u>2,972</u>	<u>3,253</u>

Not included in the above are termination costs of £122,044 (2020: nil)

The number of employees where emoluments (including salary and taxable benefits) exceeded £60,000 was:

	2021 Number	2020 Number
£ 60,001 - £ 70,000	2	3
£ 80,001 - £ 90,000	1	1
£100,001 - £110,000	1	1
	<u>4</u>	<u>5</u>

Pension contributions in respect of the above employees were £67,816 (2020: £49,202)

The key management personnel of the organisation comprise the trustees, the Chief Executive Officer and the Senior Management Team. The organisation Trustees were not paid any remuneration for their services. Three Trustees were reimbursed expenses for travel and subsistence of £nil (2020: 3 Trustees - £1,019). The total employment benefits for the senior management team, including the CEO, was £553,641 (2020: £651,935).

9. Staff numbers

The average annual headcount of employees, employed by L&W during the year:

	2021	2020
Employees	<u>50</u>	<u>51</u>

L&W has a number of part-time employees. The average number of full-time equivalents employed during the year was as follows:

	2021	2020
Employees – full time equivalents	<u>48</u>	<u>49</u>

10. Tangible fixed assets – Group and organisation

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2020	231	55	286
Additions	16	0	16
At 31 March 2021	247	55	302
Depreciation			
At 1 April 2020	164	54	218
Charge for the year	51	1	52
At 31 March 2021	215	55	270
Net book value At 31 March 2021	30	-	30
At 31 March 2020	67	1	68

All tangible fixed assets are held by the parent charitable company.

11. Investments

	£'000 Group
At 1 April 2020	5,484
Additions at cost	867
Disposal at proceeds	(945)
Realised and unrealised gains	1,515
Movement in cash	173
At 31 March 2021	7,094

The fixed asset investments were held as follows

	2021 £'000	2020 £'000
Listed stocks and shares	6,857	5,420
Cash	234	64
Market value at 31 March	7,094	5,484

All investments are held and managed in the UK. The book cost of listed stock and shares was £5,582,064 (2020 £5,385,751).

The group investments include the Haldane Trust portfolio valued at £124,000 at 31 March 2021 (2020: £92,000). The organisation only investments were valued at £6,970,000 at 31 March 2021 (2020: £5,392,000)

12. Debtors – group and organisation

	2021 £'000	2020 £'000
Trade debtors	510	1,130
Prepayments and accrued income	320	170
Other debtors	0	1
	<u>830</u>	<u>1,301</u>

13. Creditors: amounts falling due within one year - group and organisation

	2021 £'000	2020 £'000
Trade creditors	189	564
Other creditors	97	8
Tax and social security	131	176
Accruals	25	60
Deferred income (see note 14)	937	914
Provision for costs of relocation on new premises	166	158
	<u>1,547</u>	<u>1,880</u>

14. Deferred income

	Balance at 1 April 2020 £'000	Movement In year £'000	Balance at 31 March 2021 £'000
Restricted funds charitable activities	456	(35)	421
Unrestricted funds charitable activities	454	27	481
Unrestricted funds other trading activities	4	31	35
	<u>914</u>	<u>23</u>	<u>937</u>

The increase in deferred income of £23,000 is made up of amounts released of £914,000 and new deferrals of £937,000. The deferrals arise from contractual or output-related funding received in advance of the related work being undertaken.

15. Creditors: amounts falling due after more than one year

	2021 £'000	2020 £'000
Provision for costs of relocation on leased premises	<u>21</u>	<u>32</u>

16. Analysis of charitable funds

Analysis of movement in restricted funds

	Restricted funds Group and organisation £'000
At 1 April 2020	-
Income	3,501
Expenditure	(1,296)
At 31 March 2021	<u>2,205</u>

L&W gratefully acknowledge the following restricted grant income recovered and receivable (group and organisation).

Funder and project details	Income	Expenditure	Surplus / (deficit)	Transfer from/(to) unrestricted funds
	2021	2021	2021	2021
	£'000	£'000	£'000	£'000
DFE	775	704	71	-
Core funding for agreed projects				
DFE	253	253	-	-
Festival of Learning England				
DFE – specific projects	0	0	-	-
agreed, incremental to core funding				
European Programmes	217	217	-	-
Various				
Charitable Trusts				
Charities Aid Foundation	2,145	11	2,134	
ETF	17	17		
The National Lottery	94	94	-	-
Community Fund				
Other consultancy/research				
Various	0	0	-	-
	<u>3,501</u>	<u>1,296</u>	<u>2,205</u>	<u>-</u>

In addition, there was £2,000 (2020: £nil) of income in the year related to the Haldane endowment fund.

2020 comparative

Funder and project details	Income	Expenditure	Surplus / (deficit)	Transfer from/(to) unrestricted funds
	2020 £'000	2020 £'000	2020 £'000	2020 £'000
DFE	1,047	1,047	-	-
core funding for agreed projects				
DFE	260	260	-	-
Festival of Learning England				
DFE – specific projects agreed, incremental to core funding	423	423	-	-
European Programmes				
Various	320	320	-	-
Charitable Trusts				
Bell Foundation	2	2	-	-
ETF	54	54	-	-
Other consultancy/research				
Various	10	10	-	-
	<u>2,116</u>	<u>2,116</u>	<u>-</u>	<u>-</u>

17. Analysis of net assets between funds

	Restricted funds 2021 £'000	Unrestricted funds 2021 £'000	Endowment Funds 2021 £'000	Total funds 2021 £'000
Fund balances at 31 March 2021 are represented				
Tangible fixed assets	-	30	-	30
Investments	-	6,972	124	7,096
Cash at bank	2,505	295	-	2,800
Current assets	(371)	1,120	-	749
Current liabilities	-	(1,466)	-	(1,466)
Creditors of more than one year	-	(21)	-	(21)
Defined benefit pension scheme liability	-	(17,090)	-	(17,090)
Total net assets	2,134	(10,159)	124	(7,902)

	Restricted Funds 2020 £'000	Unrestricted Funds 2020 £'000	Endowment Funds 2020 £'000	Total Funds 2020 £'000
Fund balances at 31 March 2020 are represented				
Tangible fixed assets	-	68	-	68
Investments	-	5,392	92	5,484
Cash at bank	456	761	-	1,217
Current assets	(456)	1,757	-	1,301
Current liabilities	-	(1,880)	-	(1,880)
Creditors of more than one year	-	(32)	-	(32)
Defined benefit pension scheme liability		(10,751)	-	(10,751)
Total net assets	-	(4,685)	92	(4,593)

18. Reconciliation of net movements in funds to net cash flow from operating activities

	2021 £'000	2020 £'000
Net movement in funds	(3,309)	800
FRS 102 Non cash adjustment	6,339	(1,347)
Add back depreciation charge	52	51
Deduct interest income shown in investing activities	(134)	(182)
Decrease (increase) in debtors	471	(332)
Increase (decrease) in creditors	(333)	(417)
Increase (decrease) in creditor long term	(11)	32
Investments (gains)	(1,515)	614
Movement in investment cash	(173)	93
Net cash used in operating activities	1,387	(688)

19. Pension costs

The organisation contributes to two defined benefit pension schemes, the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership and the Teachers' Pension Scheme, on behalf of its employees. The assets of these schemes are held in independently administered funds. Contributions are paid based on the recommendations of the qualified actuaries. For the year to March 2021 all employees but one were in the LGPS scheme and one employee was in the Teachers' scheme.

(a) The LGPS scheme

Although this is a multi-employer scheme the actuaries have advised the Trustees that they are able to identify L&W's share of the scheme's underlying assets and liabilities. The valuation of the fund has been calculated in accordance with FRS102 by the actuary appointed by the scheme's administrator using their standard assumptions as follows:

	31	31
	March	March
	2021	2020
RPI Rate of inflation	3.2%	2.7%
Rate of increase in pensions and CPI rate of inflation	2.85%	1.9%
Rate of increase in salaries	3.85%	2.9%
Rate used to discount scheme liabilities	2.0%	2.4%

To assess the value of the Employer's liabilities at 31 March 2021, the actuaries have rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2019, using financial assumptions that comply with FRS102.

To calculate the asset share the actuaries have rolled forward the assets allocated to the Employer at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuaries adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an additional parameter of 0.5% and a 2020 weighting of 25%.

The amounts recognised in the balance sheet are determined as follows:

	31 March 2021 £'000	31 March 2020 £'000
Fair value of employer assets:		
Equities	16,525	14,198
LDI/Cashflow matching	0	0
Target return funds/Bonds	7,159	6,389
Infrastructure	2,578	1,840
Commodities	0	0
Property	2,768	2,394
Cash	1,386	1,392
Total	30,416	26,213
Present value of funded liabilities	(47,506)	(36,964)
Net pension liability	(17,090)	(10,751)

The movement in the defined benefit obligation over the year was as follows:

	2021 £'000	2020 £'000
Opening defined benefit obligation	36,964	40,312
Current service cost	597	638
Interest cost	859	958
Contributions paid by members	132	127
Changes in financial assumptions	10,820	(3,740)
Changes in demographic assumption	(387)	(138)
Estimated benefits paid net of transfers in	(919)	(939)
Experience loss / (gain) on defined benefit obligation	(560)	(370)
Past service costs incl. curtailments – Mcloud/Sergeant judgements	0	116
Closing defined benefit obligation	47,506	36,964

The movement in the fair value of employer assets over the year was as follows:

	2021 £'000	2020 £'000
Opening fair value of employer assets	26,213	28,214
Interest on assets	611	671
Return on assets less interest	4,027	(1,302)
Other actuarial gains/(losses)	0	(844)
Administration expenses	(34)	(37)
Contributions paid by members	132	127
Contributions paid by the employer	386	323
Estimated benefits paid	(919)	(939)
Closing fair value of employer assets	30,416	26,213

The amounts recognised in the statement of financial activities are as follows:

	2021 £'000	2020 £'000
Administration expenses	34	37
Current service cost	597	754
Net interest on the defined liability (asset)	248	287
	<u>879</u>	<u>1,078</u>

Amounts for the current and previous accounting periods ended 31 March:

	2021 £'000	2020 £'000
Fair value of employer assets	30,416	26,213
Present value of defined benefit obligation	(47,506)	(36,964)
Surplus/(deficit)	(17,090)	(10,751)
Return on fund assets in excess of interest	4,207	(1,302)
Change in financial assumptions	(10,820)	3,740
Remeasurement of the net assets/(defined liability)	(5,846)	2,102

(b) The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Under the definition set out in FRS102 (Retirement Benefits), the scheme is a multi-employer pension scheme. The organisation is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the organisation has accounted for its contribution as if it were a defined contribution scheme.

20. Commitments

Operating lease payments amounted to £114,500 during 2020/21. The leases to which these amounts relate expire as follows:

	2021		2020	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire in:				
Less than one year	33	2	96	2
One to five years	264	3	369	1
Total	<u>297</u>	<u>6</u>	<u>465</u>	<u>3</u>

21. Connected charities and related parties

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £124,000 at 31 March 2021 (£92,000 as at 31 March 2020). Due to the common control and materiality this year, the investments of the Haldane Trust have been consolidated into the L&W accounts. The Haldane Trust has not been consolidated in prior years as it was immaterial

The Statement of Financial Activities shown on page 23 is now prepared on a group basis rather than an organisation basis. The group statement differs from the organisation only statement disclosed in the 2020 accounts as follows: increase in endowment fund brought forward at 1 April 2010 £99,000; increase in investment losses £7,000; and therefore increase in funds at 31 March 2020 £92,000.

22. Trustees and other bodies

Certain trustees of L&W can be trustees of other bodies who may in turn provide funding to L&W. Trustees declare their interests in line with the policies of L&W and the funding bodies and do not participate in decisions affecting L&W. There were no other connected charities and related parties during the year to 31 March 2021 or the year to 31 March 2020. There were no related party transactions requiring disclosure in either year.

23. Financial derivatives

There were no financial derivatives at 31 March 2021 or 31 March 2020

Legal and administrative details

Company registration number: 2603322

Charity registration number: 1002775

Registered office: 4th Floor Arnhem House
31 Waterloo Way
Leicester
LE1 6LP

Patron: HRH The Princess Royal

**Chief Executive and
Company Secretary:** Stephen Evans

Trustees: Nick Stuart (President)
Margaret Galliers (Chair)
Jeffrey Greenidge
Mike Langhorn
Haf Merrifield
Jeremy Moore
Ruth Spellman
Timothy Render
Charlotte Bosworth

Committees

Learning and Work has established two Committees and a Strategy Group. The members during the relevant period are as follows:

Audit Committee

Mike Langhorn (Chair)
Jeff Greenidge
Jamie Hutchinson
Andrew Weatherill
Ruth Spellman
Paul Greening

Learning and Work Institute Wales Strategy Group

Jeff Greenidge (Chair)
Rachel Bowen
Lynette Thomas
Joshua Miles
Alan Felstead
Deri Bevan
Margaret Phelan

Cath Hicks
Michelle Matheron
Jeff Protheroe
Phil Southard
Catherine Jenkins
Katy Stevenson
Amanda Wilkinson

Remuneration Committee

Maggie Galliers
Timothy Render
Nick Stuart

Senior Management:

Stephen Evans – Chief Executive
Fiona Aldridge – Director of Policy & Research
Robert Gill – Director of Finance & Operations

Solicitors:

Shakespeare Martineau
Two Colton Square
Leicester, LE1 1QH

External auditor and accountants

Haysmacintyre LLP
10 Queen Street Place
London, EC4R 1AG

Internal auditor:

RSM
The Poynt
45 Wollaton Street
Nottingham, NG1 5FW

Bankers:

Bank of Scotland
8 Humberstone Gate
Leicester, LE1 3PH

Investment advisors:

Brewin Dolphin
9 Colmore Row
Birmingham
B3 2BJ