



Annual Report 2021/22

Company Number : 4233289
Charity Number: 1141077

careerconnect.org.uk

CAREER CONNECT
(A company limited by guarantee)

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INTRODUCTION FROM THE CHAIR

Welcome to our annual report for 21/22. The last year has been a significant one for the Charity with the launch of major new programmes and growth in our work across the North West and beyond.

Over 21/22 we have slowly emerged from the restrictions caused by the pandemic and our teams have been focused on supporting young people and adults to make progress in their lives. We have achieved major success in securing funding for large scale programmes that will allow us to grow our impact and support more people to realise their potential. These successes have included the commencement of a large-scale programme in Greater Manchester to support 3000 young people aged between 15-18 who are NEET or at risk of NEET to transition into new opportunities. In addition, also in GM we have begun to deliver a long-term programme supporting individuals who are engaged with probation to progress in education and employment. Both these programmes have increased the scale of the Charity and in the case of GM NEET are a key part of our strategy to develop our work in early intervention.

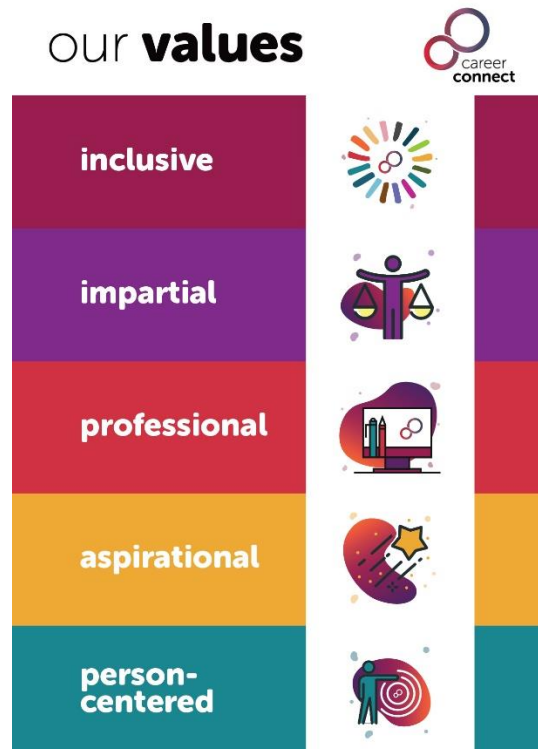
We are making major progress in delivering our new strategy that we launched in 20/21 with some critical achievements, including a 40% growth in the number of schools we are supporting, attaining the Investors in Diversity accreditation, and 30% growth in planned income for next year.

All these achievements have only been possible through the exceptional efforts of our expert teams, which have grown significantly during the year, despite the recruitment challenges impacting all organisations. In addition to strengthening our teams we have been delighted to welcome six new Trustees to the Charity including our first two young Trustees, reflecting our commitment to Youth Voice. The involvement of Young People in our work has been further strengthened this year with our first Youth Voice coordinator and the development of our Ambassador's group.

In 21/22 we commenced one of our first major research projects as part of our commitment to becoming an evidence led organisation that is contributing to the development of new insights and piloting of innovative approaches. Our research project has focused on how better to support young people who are electively home educated (EHE), especially in terms of transition to employment and further/higher education. We will be publishing our initial research findings in 22/23 which are based on engagement with EHE families and supporting professionals with a pilot programme planned for mid-22/23.

I would like to take this opportunity to thank our teams and my fellow Trustees for their work and commitment to the Charity over the last year.

Lorraine Dodd
Chair of Career Connect



Our Impact

21/22 Key Statistics

- We have worked with 67,247 people across our services
- 3,647 adults through Achieve North West Connect, of which 3,571 are through programmes dedicated to those in prison and/or in the process of leaving prison, of whom 462 were supported into employment.
- Delivered services in 154 schools and to 34,576 students both face to face and online
- Our work with local authorities saw us support 20,462 young people, of whom 14,616 received substantial interventions. In Career Connect areas NEET and Not Known figures remained better than both North West and National averages
- Our National Careers Service worked with 8,221 individuals, 49% of whom moved into an employment or accredited learning option
- We trained 341 individuals across a variety of organisations including 24 internal staff, local authorities and schools

Careers Guidance

As one of the largest providers of Careers Guidance to Schools and Colleges across England we have supported over 34,576 young people across 154 schools this year. During 21/22 we saw a significant growth in the number of schools we are contracted to provide support as part of our new Five-Year Strategy. We saw a 40% increase in the number of schools in which we are providing Careers Guidance including an Academy Group in Oxfordshire in line with our goal to grow our services outside the North West.

We continue to focus on innovation with a significant investment in developing a new digital Application building on our Get Connected portal which we have been utilising in schools for a number of years. This new App has been developed working with teachers and Young People to ensure they can benefit from exceptional quality digital guidance alongside our face-to-face support. We look forward to launching the App in 2022 to current and new schools.

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A key aspect of our services is our work connecting young people with employers. As restrictions caused by Covid 19 have eased this year we have been able deliver a range of work experience, careers fairs, meet the employer sessions and mock interviews. This work has supported 1014 young people supported by 102 employers. Expanding access to young people who may have not considered higher education has been a successful aspect of our services this year. As part of the National Collaborative Outreach Programme (NCOP), we have delivered targeted confidence and career coaching sessions with pupils in Years 9 to 13, despite lockdowns these sessions were interactive and took place both on-line and in schools, during the year the team delivered to over 1,186 young people across 9 schools.

During 21/22 we have been increasing our support to Careers Leaders both in schools we already support and beyond. We have offered a range of free CPD sessions to Careers Leads, these sessions have been focused on 'what good looks like' in Careers Guidance and meeting the Gatsby Benchmarks. The sessions have grown in popularity have been attended by over 135 careers leaders.

We continue to develop our digital and virtual delivery and were delighted to work with the London Design and Engineering UTC to offer virtual Careers Guidance sessions for a group of 100 Year 11 pupils who were undecided as to their next steps and needed specialist support that the school couldn't access elsewhere.

(Molly – University applicant)

"I have been thinking and stuck in between going to university and looking for apprenticeships, I had a few interviews with my Career Connect Careers Advisor, after those I feel my passion leads me to going to University and studying for a degree in Accountancy. The interviews have given me more information and confidence to make the right choice for me"

Our NEET services

In 21/22 we increased our support for Young People who needed support to return to education or progress into employment. We were delighted to be awarded a contract to deliver a major new programme in Greater Manchester focused on Young People either at risk of NEET or currently NEET. The programme will support 3000 Young People over the next two years to realise their potential. We are delighted to be delivering this new programme alongside partners from GM Local Authorities and other Charities, especially as a large part of the programme is focused on early intervention, a key strategic priority for Career Connect. Over 21/22 we supported 17,718 Young People to find new opportunities, working with young people in challenging circumstances from those leaving care to individuals engaged with the criminal justice system.

In 21/22 we saw the continued impact of the pandemic with youth unemployment rising and increases in NEET rates in some areas. Encouragingly an improving labour market throughout the year driven by our emergence from Covid restrictions and the positive impact of furlough and Kickstart in shielding Young People from the mass youth unemployment forecast at the start of the pandemic. Despite unemployment levels not reaching the levels feared Young People from marginalised groups and with lower educational outcomes have been most negatively impacted and we are proud of the tireless work of our teams to support individuals in difficult circumstances.

We have provided support both through our programmes but also as an employer, especially through our engagement with the Kickstart scheme. When Kickstart launched we committed to recruiting a significant number of Young People, paying them the Real Living Wage, giving them a structured role, delivering additional training and support to remain with the Charity or move onto a new opportunity. We were delighted to welcome 21 Young People with all having either remained with the Charity in permanent roles or moved into a positive destination. In addition, we delivered careers and employability support to young people undertaking the Kickstart scheme through VOLA Merseyside, supporting 72 Young People. Although Kickstart UK wide didn't deliver the number of opportunities originally envisaged it certainly played an important role in supporting people through a unique and challenging time.

We continue to innovate in the services we deliver to support Young People who are NEET or at risk of becoming NEET. A key example of this work is our involvement in the Build Salford Project, which supports

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young people to progress into work in the construction sector through a partnership approach. The programme continues to make a significant difference and supports young people who are often a significant distance from the labour market realise their potential.

The excellent work of our teams continues to be recognised with Lisa Millward-Galliano shortlisted for the Public Sector Careers Adviser/Coach of the Year category in the 2022 Careers Development Institute 2022 Awards.

(Young Person applying for University)

"Career Connect was very helpful, I could not have applied for university if it wasn't for you and the company, my application would have most likely have been done incorrectly so I am very happy with your help as not only did you help me set everything up but you also helped me understand what everything means. Overall Career Connect is an amazing company with professional employees that are always there to help."

(Parent of Young Person supported to engage with school)

"Josh is doing fantastic. I've never seen him so motivated and keen. He said after his first day that he'd enjoyed that day better than all of his time in school. So a great success. Thank you for your support with Josh and helping get him onto his course."

Our Work with adults

As the largest provider of the National Careers Service in the Liverpool City Region, Lancashire, Cheshire and Warrington we work with unemployed and employed adults providing high quality careers advice and support. We worked with over 8221 individuals, with 49% of those we worked with having moved into a sustainable job or accredited learning outcome.

Towards the end of 21/22 our teams supporting adults received the following excellent feedback in a large-scale survey:

- 96% of respondents were extremely, very or fairly satisfied (this was yearly average)
- 98% would recommend the service to others (Yearly average)
- 97% had an excellent or good first impression of the service.
- 93% of respondents felt a lot or a little 'Empowered to take the next steps independently as a result of the session' (Yearly average)

At the end of 21/22 we made the strategic decision to end our delivery of the National Careers Service. This was based on our strategic focus on young people and offenders and due to the structure and design of the NCS programme.

We commenced a new programme called Springboard in October 21 working across East Cheshire to support young people and adults into work. We have had a specific focus on supporting Afghan refugees, not only exploring employment options with them, but also helping them become familiar with the local area.

(NCS Participant - Support at a career crossroads)

"I owe my new career change to Michael, he was so focused on meeting my needs I've actually met them all."

(NCS Participant – 18-24 year old job seeker)

"Just wanna say a huge THANK YOU!!! Your work definitely pays off , I was feeling so low in myself these last few weeks & genuinely thought it was the end for me... by your simple phone call & little catch up , you've given me such hope & positive energy! Your work is truly amazing & I hope other young people like myself feel the exact same when they speak to you! You're an absolute star & you should be ever so proud of yourself! Thank you dearly! I'll be sure to keep you updated."

(NCS Participant – Recently unemployed professional)

"Cannot be faulted, expert advice, tailored to my specific needs, every word was highly relevant."

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(NCS Participant – Interview advice and support)

"I have been successful in gaining a new position, in fact, since the training session I attended with Michelle I was offered three positions so had a choice! Thank you for the support I received."

Our Work with Offenders

Across our work with offenders we support individuals both within custody and in the community to realise their potential and avoid re-offending. We deliver our support through a range of programmes predominately funded by Her Majesty's Prison and Probation Services (HMPPS). The largest is our delivery of the CFO3 programme across the North West. As part of this contract we have been working on a project with offenders with a personality disorder based at Withington Road Approved Premises in Manchester. As well as receiving support from a specialist case manager, participants are also encouraged to take part in a bike project where they learn to repair bicycles. The first one they complete is sent to a charity, the second they are allowed to keep for themselves. This project provides the individuals involved both with new skills and a greater sense of independence through the opportunity to gain a means of transport.

The restrictions of the pandemic continued to be challenging during this year, particularly working within environments such as prisons but our teams responded flexibly and innovatively. In cell telephony proved to be a lifeline to continue to successfully mentor our participants and maintain contact with some of our most vulnerable participants.

In 20/21 we commenced a major new programme across Greater Manchester helping individuals who are being supported by probation into work. We have worked with nearly 500 people so far and have received very positive feedback from both Probation services and those we support.

During the year we continued to deliver Information Advice and Guidance across Lancashire and Cumbria. Our team was instrumental in rolling out the employment hub initiative, in partnership with New Futures Network, in the 5 prisons we support. This delivery model has proved to be very successful and is now being rolled out across the prison estate nationally.

"I have been in prison a lot and no one has taken me seriously when I have said I want to change. My Achieve Case Manager listened to me and helped me understand that I can if I believe in myself."

"My case manager showed me how to search for jobs and remind myself I can do this. She helped build my confidence."

"The case managers are always helpful. They are good at getting things across if you don't understand and are very knowledgeable."

Research and Evaluation

Since launching our new Research and Evaluation function in 20/21 we have been building our capability to undertake interesting and relevant research, supporting our goal to be a leading evidence based delivery organisation. We published an evaluation of our co-location approach to NEET services in Manchester which was undertaken by the International Centre for Guidance Studies (iCeGS) at Derby University. We also commenced a research project to better understand the most effective ways to support young people who are electively home educated. This project is being delivered in conjunction with an organisation called Capacity, who are supporting us to develop an innovative pilot project based on the research findings.

Campaigning

Career Connect have continued to play an active role in campaigning this year to ensure that young people receive the support they need in response to the impact of the pandemic. In addition to direct influencing activity, we have played an active role in the Youth Employment Group which has brought together over 100 Charities and other organisations focused on youth employment. The YEG played a key role in the development of the Kickstart scheme and the wider government response to the pandemic including the expansion of Traineeships, funding for Apprenticeships and wider support measures.

Youth Voice

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In 21/22 we further developed our Youth Voice work, ensuring that young people are involved in all aspects of Career Connect's work. We adopted the Lundy model of youth participation to support and measure our approach to Youth Voice. Young People had significant involvement in developing our new ESF programme in GM, from deciding on the name of the service, designing the logo and supporting recruitment. We also welcomed our first Young Trustees onto the Board ensuring the Young People are part of key strategic decisions.

Future Plans

21/22 was the second year of our Five Year Strategy which is designed to increase our impact, ensure our sustainability and broaden our reach.



Over the next year we plan to;

- Deliver a pilot programme for Electively Home Educated young people, supporting improved progression into education and employment.
- Launch a commercial service offer of Careers Guidance to individuals, complementing our offer to employers.
- Increase our income through Trusts and Foundations, supporting the piloting of innovative delivery models.
- Further expand our work with schools building on the growth already achieved in 21/22.

Public Benefit

The Board confirms that it has complied with the duty in Section 17(5) of the Charities Act 2011 to have due regard to the guidance issued by the Charity Commission on public benefit.

The charitable purpose for the Charity within the meaning of the Act is enshrined within its objects, as given in the memorandum and articles of association, and as described in this report.

Activities undertaken for the public benefit include:

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- The delivery of relevant up to date careers information, advice and guidance to adults and young people according to individual need
- The support of vulnerable and disadvantaged young people and adults to achieve their potential
- The support of adults and young people from a wide range of backgrounds and circumstances through their transition into further learning and work

Diversity and Inclusion

Career Connect is committed to continually strengthening our approach to diversity and inclusion. As part of our Five-Year Strategy, we have set ourselves the goal of becoming Masters in Diversity Accredited by the end of 2025 and ensuring that our teams reflect the communities we support. We have identified areas where we are making positive progress and other areas where further development is required.

In this year we achieved the Investors in Diversity Award the first step towards becoming a Masters in Diversity. We were also nominated for the National Centres for Diversity Small/Medium size organisation of the year. In our first year as an Investor in Diversity we were delighted to be included in the Top 50 most inclusive workplaces. More importantly we will be working with our consultant from the National Centre for Diversity to continually improve our approach to diversity. We continue to be a Disability Confident Leader, the highest level awarded by DWP which reflects an organisations approach to employing disabled people. We embrace the job interview guarantee for people with disabilities. Candidates are encouraged to highlight any reasonable adjustments needed in the recruitment process. This has enabled the charity to provide materials in other formats such as large print and BSL Signers for those who require support to participate fully in the recruitment process. Staff complete a health questionnaire, to identify any reasonable adjustments needed to succeed in the role: 23% of the workforce have a disability. Occupational Health and Access to Work undertake workplace assessments to agree appropriate adjustments or support, e.g. assistive technologies for an employee with a visual impairment. Full training is provided to ensure people are able to make full use of the software or equipment provided. This is regularly reviewed with the manager to ensure it remains supportive.

The charity provides training and development to all staff and reasonable adjustments are in place for those with disabilities. This includes accessible training venues and information in other formats. Monitoring of participation in training and those who progress into promotion opportunities is undertaken, ensuring that there is no discrimination in workforce development procedures. In addition, specific disability awareness training is provided to staff, which improves delivery of services to disabled people but also helps promote good working relations between people in teams.

An area for improvement is increasing the ethnic diversity of our teams, including in senior positions. We have seen an increase over the last year with the proportion of staff with an ethnic minority background increasing from 6% to 9%, with a goal with a goal to increase this to 18% by the end of 2025. We also saw an increase in the diversity of our Trustee Board with 25% of the board from an ethnic minority background. We are undertaking a number of initiatives to increase the diversity of our workforce, including reviewing our recruitment processes and training for hiring managers to ensure unconscious bias does not influence decision making. We also undertook our first ethnicity pay gap analysis, which we published this year. This highlighted that we have room for improvement with a median pay gap of 6% which we are looking to reduce, especially through supporting more individuals from ethnic minority backgrounds into more senior positions.

The gender balance in the Charity is currently 75% female, which is similar to other organisations in the sector. Our median gender pay gap is currently 6% and has reduced over the last few years, however, further improvement is still required to eliminate the gap.

Environmental Impact

Career Connect is committed to playing its part in addressing the climate emergency and continues to focus on decreasing our environmental impact. We made the decision in 20/21 to remove all fossil fuel companies from our investment portfolio. This was completed as planned by the end of 21/22. The pandemic had a massive impact on our environmental impact in 20/21 with the majority of our services moving from face to face to virtual. As a result we saw a major reduction in our environmental footprint. As we began to return to face to face services as lockdowns eased we have seen an increase in our environmental impact compared to the low levels in 20/21. However, we have not seen a return to pre-pandemic levels as initiatives such as increasing virtual meetings has

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positively impacted on our environmental impact. In 21/22 we saw an increase in mileage of 65% compared to 20/21 as services moved back to face to face however, this still means we have seen a reduction of 77% in miles travelled compared to pre-pandemic levels. We saw electricity and gas usage increase, however, this reflected the re-opening of offices. In 21/22 we undertook a major transformation of our IT infrastructure which has led to a decrease in energy usage of our IT systems of over 30% through a re-location of our data centre and consolidation of servers.

Financial Review 21/22

In 21/22 the Charity saw an increase in income to £10,596k (£9,921k in 20/21) despite the continued impact of Covid 19. We continued to invest in increasing our impact, especially in terms of digital transformation and research and evaluation. Our success in securing new programmes in 21/22, helped drive increased income, which we expect to grow further in 22/23.

We saw a positive increase in our income from our Criminal Justice work from £3,715k in 20/21 to £4,146k in 21/22.

Overall the Charity achieved a surplus of £34k (20/21: £239k) once movement on investments are taken into account and the LGPS pension movements have been added back.

The cash position of the charity remains strong at £4,758k. The strength of our cash position helps to ensure the Charity is able to manage any short-term fluctuations in income while investing in growth.

The Charity saw a gain on our investments of £237k (£631k in 20/21). Our investment performance was in line with expectations and the reduction from the prior year reflected the overall market recovery in 20/21 following the market losses in 19/20 caused by the pandemic.

Group Income for the year ended 31 March 2022 was £10,596k (£9,921k in 20/21) of which £10,276k (20/21 £9,683k) was on charitable activities and £310k (20/21 £291k) from non-charitable activities via Career Connections our trading subsidiary.

The Group spent £11,044k (20/21 £10,321k) before adjusting for the actuarial gains and losses of the Defined Pension costs under FRS 102.

Reserves

The Charity hold reserves to ensure its continued sustainability and allow investment in delivering the Mission of the Charity.

Free reserves are defined by the Charity Commission as unrestricted funds available to spend on the general purposes of the charity and therefore excluding those designated for particular purposes and those already utilised in purchasing tangible fixed assets.

Free reserves may be utilised for the following purposes:

- To protect the charity against a fall in income levels
- To ensure that all liabilities can be discharged in the event of the closure of the Charity
- To provide working capital in the event that expenditure is needed ahead of income being received, which is often the case in commissioned services
- To provide funding for new initiatives or opportunities
- To protect the charity against unplanned adverse events such as losing key staff, theft, fire or adverse publicity

Career Connect's reserves policy states that the Charity should hold a minimum of three months and a maximum of six months of operating expenditure. At the end of 21/22 this was calculated as between £3.1M and £6.2M. Our current free reserves excluding the defined benefit pension scheme stand at £4.9m (2021: £4.1m) which is above the minimum and within the range agreed in our policy. On the basis of current investment plans and cashflow planning we expect our reserves to reduce over the next year, however, remaining above the minimum threshold.

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Pensions

The group operates a number of funded defined-benefit pension schemes and a money purchase scheme as the auto-enrolment alternative. The effect of compliance with FRS102 is disclosed in Note 17 to the financial statements. A valuation carried out at 31 March 2022 shows the market value of the assets of the schemes to be £16,083k (2021: £14,323k) and the present value of the liabilities £14,150k (2021: £14,685k). The net asset on the Schemes of £1,933k (2021: £362k deficit) is a statement of the transient situation at 31 March 2022, and the Trustees recognise that this can fluctuate year on year notably in response to market factors and the actuarial assumptions made.

Career Connect is a member of two LGPS schemes, the Greater Manchester Pension Fund and the Merseyside Pension Fund. Staff working on three contracts are members of GMPF, all of which are closed to new members and funding is provided within these contracts to cover the contributions required. In the case of Merseyside Pension Fund a significant number of staff are part of this fund, 96 at the end of 2012/22. These staff members work on a range of programmes and Head Office functions and current contracts do not cover the full cost of contributions, which have been increasing on this scheme. Currently there is a surplus in MPF, which has not been recognised in the accounts, which has been utilised to pay contributions over a number of years, however, this surplus is reducing and if contributions needed to be funded through day to day income, this would pose a major risk to the Charity. As a result, Trustees proposed to exit the fund and we entered negotiations with Unison and staff in early 20/21. Following these negotiations we reached an agreement to exit MPF on 31/08/22, which has now taken place, removing a key risk for the Charity.

Reference and Administrative Details

Registered Charity Name	Career Connect
Charity Registration Number	1141077
Company Registration Number	4233289
Registered Office	Walker House Exchange Flags Liverpool Merseyside L2 3YL

Structure, Governance and Management

Career Connect is a registered Charity (number 1141077) and a company limited by guarantee (number 4233289) and is governed by its Articles of Association dated 13 June 2001 and amended by Special Resolutions dated 22 September 2010, 11 March 2011, 24 April 2014, 9 June 2017 and 26 October 2020 Career Connect has two wholly owned subsidiary companies, Achieve North West Connect and Career Connections Limited.

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The Trustees

The trustees, who are also directors for the purposes of company law, who served the company during the period were as follows:

Mrs Lorraine Dodd	Chair
Ms Ameena Ahmed	Resigned – 19/7/21
Mr Martin McEwan	Resigned – 28/10/21
Ms Kath Wyke	Staff Trustee – Resigned 28/10/21
Mr Steven Leach	Staff Trustee – Appointed 16/7/21
Ms Kate Shone	Resigned 09/03/22
Ms Lauren Bellaera	Appointed 01/12/21
Ms Eloise Boye	Appointed 01/12/21
Ms Nina Ma	Appointed 01/12/21
Mr Tom McBride	Appointed 01/12/21
Ms Lennina Ofori	Appointed 10/12/21
Ms Katie Pettifer	Appointed 01/12/21
Ms Moriah Nell	
Mr Andrew Rannard	
Ms Susan Smith	
Ms Elaine Sweeney	

Co-opted and Independent Members

Mr Alexander Mansfield	Independent Chair Audit and Risk Committee
Ms Su Bramley	Co-opted Member Audit and Risk Committee

Director

Mr Barry Fletcher	Chief Executive
Mrs Sheila Clark	Deputy Chief Executive

Secretary

Ms Gillian Holywell

Auditor

Haysmacintyre LLP
10 Queen Street Place
London
EC4R 1AG

Governing Body, recruitment, training and performance

The Charity has adopted the Charity Governance Code and strives to achieve best practice. The Board of Trustees is responsible for the overall governance of the Charity and to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. The Board conducts its business at a minimum of four meetings throughout the year, receiving regular and timely information on financial and operational performance. The Board is also supplemented by Audit and Risk and Investment and Remuneration Committees.

There are currently a total of 12 Trustees and 2 Co-opted/Independent members who represent a spread of experience and interests in the field we operate. We undertook a significant recruitment exercise in 21/22 to further strengthen the Board. We were delighted to welcome 7 new Trustees including our first Young Trustees further strengthening the voice of Young People in our work. Our new Trustees also included individuals with significant research and criminal justice experience, supporting our growth in these areas. All Trustees received a full induction including internal and external training.

The majority of Trustees are appointed through open recruitment in addition to potential Trustees being identified by partner organisations or serving Trustees who have the necessary skills, experience and enthusiasm to complement the current Board.

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In 21/22 our external Board effectiveness review undertaken by NCVO was completed. In line with best practice a review will be undertaken every 3 years. The review highlighted a number of areas of best practice and was very positive regarding the effectiveness of the Board and our governance structures. A small number of recommendations were made and will be implemented in full.

Each Trustee receives the Charity Commission Trustee guide which covers internal and external requirements; the Board also reviews its own training needs and performance annually.

The Board has agreed the terms of reference for each committee and has also agreed a policy of Delegated Authority to the Executive, retaining responsibility for key strategic decisions. Throughout the year the Board has scrutinised the operations of the Executive, within this authority.

Executive Management

Responsibility for the planning, co-ordination and day-to-day management of staff and operations is delegated to an Executive Team led by the Chief Executive and supported by a Senior Leadership Team. Formal reporting by the Chief Executive to the Board takes place at regular Board meetings and informally as appropriate throughout the year. The systems of control that are designed to provide reasonable assurance regarding risk management and against material misstatement or loss include:

- An annual budget approved by the Board
- A Five-Year strategic plan
- Financial reports to every Board meeting including forecasts against budget
- Regular review of financial results, variance from budget and non-financial performance indicators and reports
- A clear delegation of authority and segregation of duties
- Identification and management of risks, reported regularly to Board and Audit and Risk Committee
- Regular meetings of the Audit and Risk and the Investment and Remuneration Committees
- A comprehensive three-year Internal Audit plan agreed by the Board and delivered by Mazars
- We are registered with the Fundraising Regulator, providing evidence of our commitment to high fundraising standards and building public trust in the Charity and wider sector

Senior Leadership Team Remuneration

The remuneration of the Executive and Senior Leadership Team is reviewed by the Investment and Remuneration Committee at least on an annual basis. Salaries and benefits for this group have been set taking into account appropriate benchmarks and balance the need to retain and attract talented individuals while ensuring the appropriate use of Charitable funds. Salaries are compared to pay rates in similar organisations in the Careers/Employment sector including both Charitable and private sector organisations. In order to ensure transparency, the salaries of the CEO and Deputy CEO are set out below. The Executive team and SLT are offered the same benefits package as all staff. In addition, when all staff pay rises are undertaken a flat rate is utilised to ensure that lower paid staff receive a higher percentage uplift.

Role	Annual Gross Salary 20/21	Annual Gross Salary 21/22
CEO	£95,000	£95,000
Deputy CEO	£77,760	£79,568

The pay ratio of our CEO's pay in 21/22 to our employees is as follows:

- Upper quartile (£34,517): 2.8:1
- Median pay (£24,740): 3.8:1

In 20/21 the pay ratio was as follows:

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- Upper quartile (£35,276): 2.7:1
- Median pay (£26,217): 3.6:1

Audit and Risk Committee

The committee comprises up to 10 members, of whom the majority are Trustees and also includes the Charity's Internal Auditor (Mazars). The Chair and Chief Executive are attendees but not members of the Committee. The External Auditor attends as appropriate throughout the year and open dialogue is encouraged between non-executive members and the Auditors.

The committee meets at least three times a year and provides a forum for reporting by the Charity's external and internal auditors, who have full independent access to members. The committee also receives reports from other independent bodies as appropriate.

The Internal Auditor monitors the systems of internal control, risk management and governance procedures in accordance with an Annual Audit Plan, reporting their findings to the committee and to management. The Audit Plan is drawn up in consultation with management using a risk based approach.

The committee regularly reviews the Risk register, in particular the potential for new risks and the effectiveness of monitoring and control actions agreed.

Statement of Internal Control

The Board has responsibility for maintaining a good, sound system of internal control that supports the achievement of Charity policies, aims and objectives, whilst safeguarding the funds and assets of the Charity.

The system of internal control is designed to assess and manage rather than eliminate risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

Our system of control is based on an on-going process designed to identify the principal risks to the achievement of Charity aims and objectives to evaluate the nature and extent of those risks and to manage them effectively, efficiently and economically. Risk Management Policy and Strategy continues to reflect the changes and challenges facing the organisation.

The Board through the Audit and Risk Committee review the Risk Register during the year and monitor progress on the risks identified and the procedures in place for identification and management of risk.

The Agenda for the Board and its Audit and Risk Committee includes, as a standing item, the area of risk management which is considered on a regular basis throughout the year.

The Charity reviews its Risk management Procedures and processes on an ongoing basis to ensure that it is fit for purpose in the changing operational environment and is fully embedded within the organisation.

Any review of the effectiveness of internal control is informed by regular reports from Charity's internal auditors and by the Chief Executive who is responsible for the integration and implementation of Risk Management.

The Board received an annual review from the Company's Internal Auditors, Mazars, which gave an overview on all the Internal Audits completed during the year to March 2022. Mazars annual opinion on the framework of governance, risk management and control are reported under the following categories:

- Substantial
- Moderate
- Limited
- Unsatisfactory

CAREER CONNECT
(A company limited by guarantee)

TRUSTEES' REPORT
For the year ended 31 March 2022

The Internal Auditors overall opinion of the review was "On the basis of our audit work, our opinion on the framework of governance, risk management and control is **Moderate** in its overall adequacy and effectiveness."

In addition, the External Auditor again found no material weaknesses in the Charity's systems.

As an important part of the Risk management process the Charity regularly reviews its Safeguarding and Whistleblowing Policy and Procedures and continues to review its practice to ensure that staff are fully conversant with the changing requirements and challenges of the job.

Risk Management

Risk is an uncertain event, which may have a positive or negative effect on an organisation meeting its strategic objectives. Risk arises as much from the non-realisation of potential opportunities as from the occurrence of potential threats. It is not possible to entirely eliminate risk.

The Charity has adopted a common approach to the management of risk throughout the organisation. This will be achieved via adherence to the risk management procedures.

The Charity will identify and agree the level of risk exposure that it will tolerate. This is required to:

- make clear what activities the Charity (where it has a choice) will and will not engage in;
- help inform decision making;
- shape corporate and other individual strategies;
- help inform business and strategic planning;
- help prioritise the management and reporting of risks;
- proactively review opportunity risk; and
- assess the risk arising from the new activities and opportunities.

The above will be considered in the context of overall the Charity objectives.

The Charity seeks to be risk aware rather than risk averse. Every member of staff, from the directors through line managers to the individual employee must be aware of the nature of risk, and the agreed system of control.

The Charity will adopt a pro-active approach to risk management which:

- anticipates the possibility that unforeseen events may adversely affect the achievement of key objectives; and
- maximises the possibility that opportunities are taken to progress all objectives.

The risk management process is designed to ensure that potential opportunities and threats are proactively and systematically identified, assessed and addressed. It also provides for the monitoring and reporting of risk on an ongoing basis and is capable of independent verification.

CAREER CONNECT
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TRUSTEES' REPORT
For the year ended 31 March 2022

The table below sets out a number of key risks for the Charity:

Key Risk	Mitigation
End of European Social Funding	<ul style="list-style-type: none"> • Diversification of income streams • Engagement with Northern Powerhouse authorities, Combined Authorities and Government via Careers England/IEP about UK Shared Prosperity Fund as ESF replacement funding • Invest in research and analytical capacity to influence commissioning plans • Successful bid for Community Renewal Fund in St Helens
Significant loss of beneficiary data	<ul style="list-style-type: none"> • Robust security plans to ensure retention of data • Cyber Essentials accreditation • Regular patching and updates on all critical software and hardware • All staff undertake mandatory training on Information Security • IASME Gold accreditation awarded in 22/23
Local Government Pension Schemes	<ul style="list-style-type: none"> • Closely monitoring costs of schemes and potential impact on financial sustainability of the Charity • Membership of Greater Manchester schemes lower risk as contributions funded by commissioner • Exited Merseyside Pension Fund in 22/23
Increased staff turnover and difficulty in recruiting new talent at all levels of the organisation	<ul style="list-style-type: none"> • Staff recruitment and retention strategy refresh • Increased pay and benefits • Investment in internal accredited training for staff targeting areas of growth • Further development of Glassdoor profile • Developing new models of recruitment through Trainee roles and Careers Academy

Provision of Information to Auditors

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a trustee in order to be aware of any information needed by the Charity's auditors in connection with preparing their report and to establish that the Charity's auditors are aware of that information.

CAREER CONNECT
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TRUSTEES' REPORT
For the year ended 31 March 2022

Responsibilities of the Trustees

The Trustees (who are also Directors of Career Connect for the purposes of Company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period.

In preparing these financial statements, the trustees are required to:

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

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

Auditor

Haysmacintyre LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

The Trustees' Annual Report, including the Strategic Report, has been signed by order of the Trustees on 27th October 2022.



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Ms Gillian Holywell
Company Secretary

CAREER CONNECT
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAREER CONNECT

Opinion

We have audited the financial statements of Career Connect for the year ended 31 March 2022 which comprise the Consolidated Statements of Financial Activities, the Consolidated Balance sheet, the Consolidated Cash flow Statement 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 and parent charitable company'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' Annual 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 Trustees' Annual 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' Annual Report have been prepared in accordance with applicable legal requirements.

CAREER CONNECT
(A company limited by guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAREER CONNECT

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 Trustees' Annual Report (which incorporates the strategic report and the directors' report).

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 15, 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 and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to charity and company law applicable in England and Wales, 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.

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 revenue recognition, in particular in relation to recording income and charitable activities in the correct accounting period and management override of controls. Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing the controls and procedures of the charity relevant to the preparation of the financial statements to ensure these were in place throughout the year;
- Reviewing debtor recoverability post year end.
- Reviewing management's decisions on bad debt.
- Reviewing post balance sheet events.
- Evaluating management's controls designed to prevent and detect irregularities;

CAREER CONNECT
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAREER CONNECT

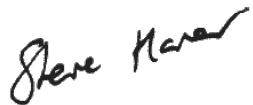
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions, and
- Challenging assumptions and judgements made by management in their critical accounting estimates.

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.



Steven Harper (Senior Statutory Auditor)
for and on behalf of Haysmacintyre LLP, Statutory Auditor

10 Queen Street Place
London
EC4R 1AG

Date: 03 November 2022
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CAREER CONNECT
(A company limited by guarantee)

GROUP STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Group Income and Expenditure Account)
for the year ended 31 March 2022

	Notes	Total 2022 £ '000	Total 2021 £ '000
Income from:			
Donations, grants and legacies	3	3	4
Charitable activities	4	10,276	9,630
Investments	5	7	2
Trading income		310	285
Total income		<u>10,596</u>	<u>9,921</u>
Expenditure on:			
Raising funds			
- Fundraising		162	149
- Trading		369	271
Charitable activities	6		
- Criminal Justice		4,206	3,950
- Local Authority		3,799	3,591
- Schools		1,286	1,146
- National Careers Service		1,039	1,164
- Kickstart		183	-
Total expenditure		<u>11,044</u>	<u>10,271</u>
Net (expenditure) before gains and losses		(448)	(350)
Gains / (losses) on investments	11	237	631
Net (expenditure) / income		(211)	281
Actuarial gains / (losses) on pension	17	2,540	(1,475)
Net movement in funds		2,329	(1,194)
TOTAL FUNDS AT 1 APRIL 2021	16	<u>4,483</u>	<u>5,677</u>
TOTAL FUNDS AT 31 MARCH 2022	16	<u><u>6,812</u></u>	<u><u>4,483</u></u>

The group statement of financial activities has been prepared on the basis that all operations are continuing operations.

Income, expenditure and funds in both the current and previous financial year relate entirely to unrestricted funds.

The notes on pages 24 to 39 form part of these financial statements.

CAREER CONNECT
(A company limited by guarantee)

Company Registered Number 4233289
Charity Registered Number 1141077

GROUP BALANCE SHEET
at 31 March 2022

	Note	2022 £ '000	2021 £ '000
FIXED ASSETS			
Tangible assets	10	427	234
Investments	11	4,077	3,840
		<u>4,504</u>	<u>4,074</u>
CURRENT ASSETS	13		
Debtors		1,946	1,715
Cash at bank and in hand		4,758	2,815
		<u>6,704</u>	<u>4,530</u>
CREDITORS: Amounts falling due within one year	14	(6,329)	(3,760)
		<u>375</u>	<u>771</u>
NET CURRENT ASSETS			
NET ASSETS EXCLUDING PENSION		4,879	4,845
Defined benefit pension scheme	17	1,933	(362)
		<u>6,812</u>	<u>4,483</u>
NET ASSETS		<u><u>6,812</u></u>	<u><u>4,483</u></u>
ACCUMULATED FUNDS			
Unrestricted income funds			
General reserve	16	6,812	4,483
TOTAL FUNDS	16	<u><u>6,812</u></u>	<u><u>4,483</u></u>

The surplus/(deficit) of the parent Company before consolidation was £721k (2021: £(431k)).

The financial statements were approved and authorised for issue by the board of Trustees on 27th October 2022 and signed on its behalf by:



Lorraine Dodd
Trustee

The notes on pages 24 to 39 form part of these financial statements.

CAREER CONNECT
(A company limited by guarantee)

Company Registered Number 4233289
Charity Registered Number 1141077

CHARITY BALANCE SHEET
at 31 March 2022

	Note	2022 £ '000	2021 £ '000
FIXED ASSETS			
Tangible assets	10	427	234
Investments	11	4,077	3,840
		<u>4,504</u>	<u>4,074</u>
CURRENT ASSETS	13		
Debtors		1,578	1,585
Cash at bank and in hand		4,733	2,793
		<u>6,311</u>	<u>4,378</u>
CREDITORS: Amounts falling due within one year	14	(6,068)	(3,685)
NET CURRENT ASSETS		<u>243</u>	<u>614</u>
Defined benefit pension scheme	17	(895)	(1,558)
NET ASSETS		<u><u>3,852</u></u>	<u><u>3,130</u></u>
ACCUMULATED FUNDS			
Unrestricted income funds			
General reserve	16	3,852	3,130
TOTAL FUNDS	16	<u><u>3,852</u></u>	<u><u>3,130</u></u>

The financial statements were approved and authorised for issue by the board of Trustees on 27th October 2022 and signed on its behalf by:



Lorraine Dodd
Trustee

The notes on pages 24 to 39 form part of these financial statements

CAREER CONNECT
(A company limited by guarantee)

GROUP STATEMENT OF CASH FLOWS
for the year ended 31 March 2022

	Note	2022 £ '000	2021 £ '000
Net cash (used in) / provided by operating activities	A	2,304	(738)
Cash flows from investing activities:			
Interest from investments		7	2
Purchase of tangible fixed assets		(368)	(100)
Net cash used in investing activities		(361)	(98)
Change in cash and cash equivalents in the reporting period		1,943	(836)
Cash and cash equivalents at the beginning of the year		2,815	3,651
Cash and cash equivalents	B	4,758	2,815

A: Reconciliation of net movement in funds to net cash flow from operating activities

	2022 £ '000	2021 £ '000
Net income / (expenditure)	2,329	(1,194)
Depreciation charges	174	138
Loss on disposals	1	-
Net investment Additions	-	(500)
(Gains) on investments	(237)	(631)
Pension movements	(2,295)	1,527
Interest from investments	(7)	(2)
(Increase) in debtors	(231)	(75)
(Decrease) / increase in creditors	2,570	(1)
Net cash used in operating activities	2,304	(738)

B. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 2021 £ '000	Cash flows £ '000	At 31 March 2022 £ '000
Cash and cash equivalents	2,815	1,943	4,758

CAREER CONNECT
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

1. General information

Career Connect is a charitable company limited by guarantee registered in England and Wales. The registered office is Walker House, Exchange Flags, Liverpool, Merseyside, L2 3YL.

2. Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition - effective 1 January 2019), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Career Connect meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy. The financial statements are prepared in sterling, which is the functional currency of the Charity.

Monetary amounts in these financial statements are stated in Pounds Sterling, rounded to the nearest £'000.

Basis of consolidation

The Consolidated statement of financial activities (SOFA) and Consolidated balance sheet consolidate the financial statements of the Charity and its subsidiary undertaking, Career Connections Limited and Achieve North West Connect. The results are consolidated on a line by line basis. The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of financial activities in these financial statements.

Company status

The Charity is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the Charity.

Preparation of accounts on a going concern basis

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. There are no material uncertainties about the group's ability to continue as a going concern and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Income

Income comprises mainly grant and contract funding for projects from government and other bodies. Additional income arises from trading income of subsidiaries, premises income and interest received.

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred. Income received in advance for provision of specified services is deferred until the criteria for income recognition are met.

CAREER CONNECT
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

All expenditure is inclusive of irrecoverable VAT.

Tangible fixed assets and depreciation

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Fixtures & Fittings	-	5 years straight line
Computer equipment	-	3 years straight line

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably.

Liabilities are recognised at the amount that the Charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised in the Consolidated Statement of Financial Activities as a finance cost.

CAREER CONNECT
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

Financial instruments

The Group only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Pensions

The Charity operates three defined benefit pension schemes for employees. The assets of the scheme are held separately from those of the Charity.

In relation to The Merseyside Pension Fund, the latest valuation provided for FRS 102 purposes indicates an surplus position of £5,676k (2021: £6,097k). FRS 102 requires that a pension scheme asset is reflected only to the extent that it is recoverable by way of future contributions or refunds from the scheme. The charity has gained agreement with staff and union to exit the scheme in August 2022 subject to agreed financial parameters. At the date of approving these financial statements, it is not possible to determine with reasonable accuracy the final amounts which will be due to or from the scheme on exit of the scheme. On this basis, the trustees do not consider that the surplus is recoverable and therefore the pension scheme asset has been derecognised in line with accounting standards.

In relation to the Achieve North West Connect Greater Manchester Pension Fund, the latest valuation provided for FRS 102 purposes indicates an surplus position of £3,824k (2021: £2,222k). FRS 102 requires that a pension scheme asset is reflected only to the extent that it is recoverable by way of future contributions or refunds from the scheme. Currently, the charity does not benefit from reduced contributions as a result of the surplus. Having taken appropriate professional advice, the trustees' best assessment of the amounts which would be due as a result refund from the scheme on termination are £2,828k (2021: £1,196k). On this basis the surplus position has been adjusted to reflect the best estimate of the amounts which would be recoverable.

Current service costs, past service costs and gains and losses on settlements and curtailments are charged to appropriate resources expended categories in the statement of financial activities. Past service costs are recognised over the vesting period or immediately if the benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss is recognised in the statement of financial activities during the period in which the settlement or curtailment occurs.

The interest cost and the expected return on assets are shown as a net amount as other finance costs or income. Net pension finance costs are allocated to appropriate resources expended categories in the statement of financial activities. Net pension finance income is recognised as an incoming resource in the statement of financial activities. Actuarial gains and losses are recognised immediately as other recognised gains and losses in the statement of financial activities.

Pension scheme assets are valued at fair value at the balance sheet date. Fair value is based on market price information and in the case of quoted securities is the published bid price. Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The pension scheme surplus (to the extent that it can be recovered) is recognised in full on the balance sheet, net of related deferred tax.

The Charity also participates in a defined contribution pension scheme, in respect of which the charge to the Statement of Comprehensive Income represents the total employer liability for service received from the relevant employees in the year.

CAREER CONNECT
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

2. ACCOUNTING POLICIES (continued)

Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Critical accounting judgements and estimation uncertainty

In the application of the accounting policies, the Trustees are required to make judgement, estimates, and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affected current and future periods.

The trustees recognise that there exists a significant estimate in relation to the recognition of pension scheme assets. In particular, as noted above, it is not possible to determine with reasonable accuracy the final amounts which will be due to or from The Merseyside Pension Fund on exit of the scheme. On this basis, the trustees do not consider that the surplus in The Merseyside Pension Fund is recoverable and therefore the pension scheme asset has not been brought onto the balance sheet in line with the requirements of FRS 102. There is also judgement in determining whether an asset exists in relation to the surplus in the Career Connect section of the Greater Manchester Pension Fund and the quantum of the asset.

In the view of the Trustees, no other assumptions concerning the future or estimation uncertainty affecting assets or liabilities at the balance sheet date are likely to result in a material adjustment to their carrying amounts in the next financial year.

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3. Income from donations and legacies

	Unrestricted 2022 £ '000	Restricted 2022 £ '000	Total 2022 £ '000	Unrestricted 2021 £ '000	Restricted 2021 £ '000	Total 2021 £ '000
Donations	3		3	4		4
	<u>3</u>	<u>-</u>	<u>3</u>	<u>4</u>	<u>-</u>	<u>4</u>

4. Income from charitable activities

	2022 £ '000	2021 £ '000
Criminal Justice	4,146	3,715
Local Authority	4,120	3,776
Schools	1,069	1,098
National Careers Services	811	1,028
Kickstart	123	-
Other	7	13
	<u>10,276</u>	<u>9,630</u>

All income from charitable activities in 2022 and 2021 was unrestricted.

5. INVESTMENT INCOME

	2022 £ '000	2021 £ '000
Interest receivable	7	2
	<u>7</u>	<u>2</u>

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6. Analysis of expenditure on charitable activities

	Direct costs £ '000	Support costs £ '000	2022 £ '000
Criminal Justice	3,465	741	4,206
Local Authority	3,129	670	3,799
Schools	1,059	227	1,286
National Careers Services	856	183	1,039
Kickstart	151	32	183
	<u>8,660</u>	<u>1,853</u>	<u>10,513</u>
	<u><u>8,660</u></u>	<u><u>1,853</u></u>	<u><u>10,513</u></u>
	Direct costs £ '000	Support costs £ '000	2021 £ '000
Criminal Justice	3,218	732	3,950
Local Authority	2,926	665	3,591
Schools	934	212	1,146
National Careers Services	948	216	1,164
	<u>8,026</u>	<u>1,825</u>	<u>9,851</u>
	<u><u>8,026</u></u>	<u><u>1,825</u></u>	<u><u>9,851</u></u>

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NOTES TO THE FINANCIAL STATEMENTS
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7. Analysis of support costs

	2022 £ '000	2021 £ '000
Support costs consist of the following:		
Travel	28	10
Telephone and IT	368	622
Other office costs	212	162
Recruitment	37	47
Training and development	17	7
Governance	85	50
LGPS Costs	245	(42)
Other	97	124
Depreciation	121	138
Wages	643	707
	<u>1,853</u>	<u>1,825</u>
Included in governance costs are the following:		
Auditor's remuneration for audit	20	19
Other auditor costs	3	3
	<u>23</u>	<u>22</u>

8. Net movement in funds

	2022 £ '000	2021 £ '000
This is stated after charging:		
Auditors' remuneration: audit	20	19
Auditors' remuneration: non-audit fees	3	2
Depreciation of owned fixed assets	174	138
	<u>197</u>	<u>159</u>

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For the year ended 31 March 2022

9. Staff costs

	2022 £ '000	2021 £ '000
Wages and salaries	7,385	6,779
Social security costs	632	589
Other pension costs	1,017	1,160
Pension rebate	(653)	(671)
	<u>8,381</u>	<u>7,857</u>

The average monthly number of employees during the period was as follows:

	2022 Number	2021 Number
Staff	304	290
	<u>304</u>	<u>290</u>

Under the Charity's memorandum and articles they are allowed to pay reasonable and proper remuneration to the officers. The remuneration paid during the period to Mrs Dodd the Chair of the Board of Trustees was £5k (2021: £5k) for their role as chair. Expenses of £1k (2021: £1k) were reimbursed to 1 (2021: £1k) trustee during the year in relation to travel and other expenses.

The number of employees whose remuneration for the year fell within the following bands was:

	2022 Number	2021 Number
£60,000 to £69,999	3	2
£70,000 to £79,999	1	1
£90,000 to £99,999	1	1
	<u>£ '000</u>	<u>£ '000</u>
Total remuneration of key management personnel	<u>221</u>	<u>211</u>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

10. Tangible fixed assets
Group and Company

	Fixtures and fittings	IT	Total
	£ '000	£ '000	£ '000
Cost:			
At 1 April 2021	430	320	750
Additions	50	318	368
Disposals	(430)	(27)	(457)
	<u>50</u>	<u>611</u>	<u>661</u>
At 31 March 2022			
Depreciation:			
At 1 April 2021	371	145	516
Provided during the year	61	113	174
Disposals	(430)	(26)	(456)
	<u>2</u>	<u>232</u>	<u>234</u>
At 31 March 2022			
Net book value:			
At 31 March 2022	<u>48</u>	<u>379</u>	<u>427</u>
At 1 April 2021	<u>59</u>	<u>175</u>	<u>234</u>

11. INVESTMENTS

Group and Company

	2022	2021
	£ '000	£ '000
Market value at 1 April 2020	3,840	2,709
Additions	548	1,021
Disposals	(548)	(521)
Gains and losses in the year	237	631
	<u>4,077</u>	<u>3,840</u>
Market Value at 31 March 2021		

Investments Comprise:

	2022	2021
	£ '000	£ '000
Fixed Interest	458	400
UK Equities	943	1,022
Overseas Equities	1,827	1,594
Alternatives	665	517
Cash	184	307
	<u>4,077</u>	<u>3,840</u>
Total		

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NOTES TO THE FINANCIAL STATEMENTS
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The investments are held with Rathbone Investment Management Limited and are shown at market value at the balance sheet date.

12. NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

The charity is the sole member of two companies limited by guarantee: Career Connections Limited (03141192) and Achieve North West Connect (03075969).

Career Connections Limited

The principal activities during the year were commercial services and sale of productions which support the charity.

	2022	2021
	£ '000	£ '000
Turnover	330	285
Administrative expenditure	(450)	(324)
Gift Aid payment	-	(9)
	<hr/>	<hr/>
(Loss)/Profit on ordinary activities after taxation	(120)	(48)
	<hr/>	<hr/>
Total Assets	119	90
Total Liabilities	(199)	(48)
	<hr/>	<hr/>
Reserves	(80)	40
	<hr/>	<hr/>

Achieve North West Connect

The principal activity during the year was providing the additional advice information and guidance services of Career Connect, relating to Her Majesty's Prison and Probation Services (HMPPS). The activity of Achieve North West Connect has been included in the Criminal Justice charitable activity in the group accounts on the basis that this reflects the substance of the activities.

	2022	2021
	£ '000	£ '000
Turnover	4,139	3,424
Administrative expenditure	(3,887)	(3,299)
Gift aid payment	(156)	(126)
	<hr/>	<hr/>
Profit/(Loss) on ordinary activities after taxation	96	(1)
	<hr/>	<hr/>
Total Assets	3,125	2,634
Total Liabilities	(2,913)	(2,518)
	<hr/>	<hr/>
Reserves	212	116
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

13. Debtors

	Group		Company	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
Trade debtors	1,346	1,051	1,285	1,040
Other debtors	21	38	3	1
Prepayments and accrued income	579	626	290	544
	<u>1,946</u>	<u>1,715</u>	<u>1,578</u>	<u>1,585</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2022	2021	2022	2021
	£ '000	£ '000	£ '000	£ '000
Trade creditors	113	49	98	48
Amounts owed by group undertakings	-	-	2,713	2,571
Other taxes and social security	162	187	162	187
VAT recoverable	1,770	379	1,785	379
Other creditors	44	1	42	1
Provisions	117	136	117	136
Accruals and deferred income	4,123	3,007	1,151	442
	<u>6,329</u>	<u>3,759</u>	<u>6,068</u>	<u>3,764</u>

Movements in deferred income were as follows:

Deferred income at the start of the year	2,582	2,488	298	184
Income received in advance	3,546	266	587	114
Deferred income released	(2,582)	(172)	(298)	(184)
Deferred income at end of year	<u>3,546</u>	<u>2,582</u>	<u>587</u>	<u>114</u>

Deferred income represents grant income received in advance of meeting the conditions of the grants.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

15. Analysis of net assets

	Unrestricted fund 2022 £ '000	Unrestricted fund 2021 £ '000
Group		
Fixed assets	4,504	4,074
Current assets	6,704	4,530
Current liabilities	(6,329)	(3,759)
Defined benefit pension scheme	1,933	(362)
	<u>6,812</u>	<u>4,483</u>
Company		
Fixed assets	4,504	4,074
Current assets	6,311	4,378
Current liabilities	(6,068)	(3,764)
Defined benefit pension scheme	(895)	(1,558)
	<u>3,852</u>	<u>3,130</u>

16. Reconciliation of funds and movement on reserves

	At 1 April 2022 £'000	Income 2022 £'000	Expenditure 2022 £'000	Gains and losses 2022 £ '000	At 31 March 2022 £'000
Group					
General funds	4,483	10,596	(11,042)	2,777	6,812
Total group funds	<u>4,483</u>	<u>10,596</u>	<u>(11,042)</u>	<u>2,777</u>	<u>6,812</u>
Charity					
General funds	3,130	6,304	(6,634)	1,051	3,852
Total charity funds	<u>3,130</u>	<u>6,304</u>	<u>(6,634)</u>	<u>1,051</u>	<u>3,852</u>

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17. Pension commitments

The Charity's employees belong to three Local Government Pension Schemes (LGPS) which are multi-employer defined benefit schemes and a defined benefit scheme. The LGPS schemes are managed by the Greater Manchester Pension Fund (two schemes) and Merseyside Pension Fund.

The surplus position in relation to the Merseyside Pension Fund has not been recognised in the balance sheet as the trustees do not consider the £5,676k (2021: £6,097k) surplus recoverable and have gained agreement with staff and union to exit scheme in August 2022 subject to agreed financial parameters. The assets and liabilities in the scheme are as follows:

Changes in the present value of defined benefit obligations were as follows:

	2022	2021
	£ '000	£ '000
At 1 April	31,180	25,074
Current services costs	998	874
Interest cost	658	600
Employee contributions	166	182
Benefit paid	(356)	(392)
Actuarial loss / (gain)	(831)	4,842
	<hr/>	<hr/>
At 31 March	31,180	31,180
	<hr/>	<hr/>

Changes in the fair value of the share of scheme assets:

	2022	2021
	£ '000	£ '000
At 1 April	37,277	30,619
Interest income	781	732
Employee contributions	166	182
Employer contributions	4	4
Admin expense	(13)	(14)
Benefits paid	(356)	(392)
Actuarial gain/(loss)	(373)	6,146
	<hr/>	<hr/>
At 31 March	37,486	37,277
	<hr/>	<hr/>

Career Connect - Merseyside Pension Fund Surplus	5,676	5,545
	<hr/>	<hr/>

The latest actuarial valuation of the LGPS related to the period ended 31 March 2019.

As noted in the accounting policies, FRS 102 requires that pension scheme surplus is recognised only to the extent that it is recoverable. The surplus position calculated by the scheme actuary in relation to the Achieve North West Connect Greater Manchester Pension Fund has been reduced to £2,828k (2021: £1,196k) from the actuarial value of £3,824k (2021: ££2,222k) and recognised in the balance sheet as the trustees consider this to be their best estimate of the refund which would be due on exit of the scheme.

Contributions amounting to £35k were payable to the schemes at 31 March 2022 (2021: £37k) and are included within creditors.

The LGPS is a funded defined benefit pension scheme, with the assets held in separate trustee administered funds. The total contribution net of refunds made for the year ended 31 March 2022 was £255k (2021: £341), of which employer's contributions totalled £209k (2021: £269k) and employees' contributions totalled £46k (2021: £72k).

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

17. Pension commitments (continued)

Principal actuarial assumptions	2022	2021
Inflation assumption (CPI)	3.15%	2.8%
Rate of increase in salaries	3.90%	3.6%
Discount rate for scheme liabilities	2.75%	2.1%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2022	2021
Retiring today		
Males	20.3	20.5
Females	21.6	23.3
Retiring in 20 years		
Males	23.2	21.9
Females	25.1	25.3
Sensitivity analysis		
Discount rate -0.1%	190	337
Salary increase +0.1%	25	4
CPI rate +0.1%	164	282

The Charities' share of the assets in the schemes were:	2022	2021
	£ '000	£ '000
Equities	10,776	10,312
Bonds	2,412	1,719
Property	1,287	1,002
Cash	1,608	1,289
	<hr/>	<hr/>
Total market value of assets	16,083	14,322
	<hr/>	<hr/>

Amount recognised in the Statement of Financial Activities	2022	2021
	£ '000	£ '000
Current service costs	(539)	(389)
Interest income	295	269
Interest costs	(284)	(227)
	<hr/>	<hr/>
	(528)	(347)
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2022

17. Pension commitments (continued)

Changes in the present value of defined benefit obligations were as follows:

	2022	2021
	£ '000	£ '000
At 1 April	14,685	10,487
Current services costs	539	389
Interest cost	284	227
Employee contributions	70	72
Benefit paid	(204)	(203)
Actuarial (gain)/loss	(1,224)	3,713
	<hr/>	<hr/>
At 31 March	14,150	14,685
	<hr/> <hr/>	<hr/> <hr/>

Changes in the fair value of the share of scheme assets:

	2022	2021
	£ '000	£ '000
At 1 April	14,323	11,652
Interest income	295	269
Employee contributions	70	72
Employer contributions	283	295
Benefits paid	(204)	(203)
Actuarial gain/(loss)	1,316	2,238
	<hr/>	<hr/>
At 31 March	16,083	14,323
	<hr/> <hr/>	<hr/> <hr/>

At the year-end each scheme was in the following position:

	2022	2021
	£ '000	£ '000
Career Connect - Greater Manchester Pension Fund	(895)	(1,558)
	<hr/>	<hr/>
Charity Total	(895)	(1,558)
	<hr/>	<hr/>
Achieve North West Connect - Greater Manchester Pension Fund	2,828	1,920
	<hr/>	<hr/>
Group Total	1,933	(362)
	<hr/> <hr/>	<hr/> <hr/>

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For the year ended 31 March 2022

18. Financial commitments

At 31 March the group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	Land & buildings	
	2022	2021
	£ '000	£ '000
Not later than one year	75	27
Between one and five years	505	28
	<hr/>	<hr/>
	580	55
	<hr/>	<hr/>

19. Related party transactions

During the year the following transactions took place between the charity and its wholly owned subsidiaries:

- The recharge of cost to Career Connections Limited of £335k (2021: £226k)
- The recharge of cost to Achieve North West Connect of £2,803k (2021: £2,192k)
- The payment of profits under Gift Aid by Career Connections Limited to Career Connect of £Nil (2021: £9k)
- The payment of profits under Gift Aid by Achieve North West Connect to Career Connect of £156k (2021: £126k)

There were no other related party transactions in the current or previous financial year.

20. Post-balance sheet event

As explained in further detail in the Trustees' Report on page 10, the Charity had agreed with staff and unions to exit the Merseyside Pension Fund subject to certain financial parameters being met. As a result on 31 August 2022 the Charity exited the scheme. As explained in the accounting policies the surplus calculated at 31 March 2022 has not been recognised on the grounds that cannot be quantified with reasonable accuracy. At the date the financial statements were approved and authorised for issue by the board, the Scheme Actuary had not quantified the final position on exit of the scheme.