

REGISTERED COMPANY NUMBER: 08048330 (England and Wales)
REGISTERED CHARITY NUMBER: 1149266

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 AUGUST 2021 FOR
CHALLENGE PARTNERS

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REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number
08048330 (England and Wales)

Registered Charity number
1149266

Registered office
John Keats Primary School
391 Rotherhithe New Road
London,
SE16 3FN

Trustees

Sir Jonathan Coles (Chair- resigned 01/08/2021)
Dr Katherine Chhatwal OBE (ex officio)
Mr Christopher Davison (Chair from 01/08/2021)
Mr Gary Handforth
Mr Arwel Jones
Mr Nitin Pasricha (resigned 03/12/2020)
Dame Vicky Paterson DBE (resigned 18/05/2021)
Ms Alison Beane OBE (appointed 11/02/2020)
Ms Susanna Eastham (appointed 19/05/2020)
Ms Janine Harion (appointed 09/02/2021)
Ms Vijita Patel (appointed 18/05/2021)
Ms Louise Wolsey (appointed 18/05/2021)

Independent Auditor

Haysmacintyre LLP
10 Queen Street Place,
London
EC4R 1AG

Bankers

HSBC UK Ltd
The Helicon
1 South Place
London
EC2M 2UP

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2021

The purpose of the Charity

The Charity's Objects ('Objects') are specifically restricted to the advancement of education for the public benefit in particular (but without prejudice to the generality) by promoting and supporting the improvement of schools regionally, nationally or internationally.

In reviewing the Charity's aims, and putting them into action, the trustees have taken account of the Charity Commission's guidance on public benefits.

Summary of the main activities

A: Network of Excellence

In 2020/21 we had 424 schools in our network, a decline of 12% from our previous year's total of 484 schools. The fall in numbers was due to Covid-19 with the first lockdown being imposed during our peak school recruitment window. The figure nevertheless exceeded the target agreed with trustees of 400 schools and secured our financial sustainability and reputation as a strong network. The renewal rate was 65%. Despite the challenges, we were successful in launching two new hubs in our West Midlands target area for growth - Coventry and Warwickshire, and Cotswold Cornerstone (both founded by former Jubilee Network trust/schools).

The Challenge Partners Network of Excellence has always focused on sharing leading practice through effective challenge and collaboration across our programmes, networks and immersive school visits. Due to the challenges of the pandemic, we were unable to deliver as many Quality Assurance Reviews (QARs) and therefore accredit as many Areas of Excellence across our partner schools. Many schools opted for bespoke consultancies or a virtual Leadership Quality Assurance Review and used the opportunity to involve a wider range of stakeholders to participate in a more in-depth review of leadership. These innovations proved effective in the circumstances as attested by the evaluation scores in the section below.

Similarly, we continued to deliver value for our schools through providing an extensive range of opportunities for digital collaboration including a virtual national conference, Sharing Leading Practice webinars, masterclasses, phase specific leadership cafes and National Network Meetings. We also continued to build our bank of digital resources provided by partner schools and sector experts. Our approach of combining inspirational speakers with skilful convening and facilitation to maximise interactivity and a sense of community was well received. Whilst many schools reported that they highly valued the national networking opportunities and digital knowledge exchange, they lacked capacity to fully take advantage of all we were offering. As a result, we pared back our digital knowledge exchange in the summer term and redoubled efforts on recruitment and renewal.

By spring 2021 - after two further lockdowns and disruption to QAR delivery - we faced the potential loss of further schools in our network and therefore started to design a flexible subscription model which would give schools and trusts more choice and new price points which we hoped would help with retention. Our new tiered subscription model offered greater choice of school improvement programme with the addition of a new pilot Extending Leading Practice programme, extended eligibility of Growing the Top to new schools (previously schools were required to have had a QAR to be eligible) and gave schools the option to 'add on' additional programmes and choose between a hub or a Regional Headteachers' Network. In effect this new model also resolved the integration question of Jubilee Networks which were acquired by Challenge Partners in September 2019, putting these on a par with local hubs as vehicles for deep collaboration. We communicated the new full partnership offer to all schools, reserving the Network partners offer for schools that were at risk of leaving.

B: Quality Assurance Review

The Quality Assurance Review (QAR) is an annual expert-led peer audit for each school, which provides rich professional development for senior and middle leaders participating as hosts and reviewers. In 2020/21 we developed a new virtual offer, the virtual Leadership Quality Assurance Review (vLQAR), which offers school leaders the opportunity to engage in peer review in a virtual environment. Due to the ongoing impact of the pandemic, we delayed the start of the delivery for the QA Review until January 2021, which again was impacted by the early 2021 lockdown. In order to ensure that the support we provided to schools was most appropriate for them at a time of great challenge, we offered schools the opportunity to choose between a QAR, a vLQAR, a consultancy with a lead reviewer or a virtual consultancy with a Lead Reviewer. Some schools decided that none of these options were suitable for their current circumstances and they instead decided to engage with our knowledge exchange activities instead.

Over the course of the year we delivered 53 QARs, 88 vLQARs, 119 consultancies (in person and virtual).

Satisfaction ratings were very high (see below table) with 100% of host schools answering yes to the question "has participating in this review/consultancy left the school in a better place?"

Overall satisfaction	Host School	Reviewers
vLQAR	4.71	4.582
Consultancy	4.84	N/A
QAR	4.77	4.800

C: Growing the Top

The Growing the Top programme provides opportunities for top-performing schools in the Challenge Partners Network of Excellence to work together, push the boundaries and drive their schools - and the education system - to become world-class.

In the academic year 2020/21, we had 33 participating schools (9 secondary, 1 Alternative Provision, 13 primary and 10 special schools). Alumni from the 18/19 and 19/20 cohorts were trained to become alumni facilitators and matched to trios to facilitate each of their visits.

All whole cohort events were held virtually due to the ongoing impact of the pandemic. Although some trios were able to complete all of their visits, others were severely impacted by COVID-19 and their visits were delayed until academic year 2021-2022, however our practitioner facilitators arranged online keeping in touch sessions that provided support to trios and helped maintain/develop relationships over long periods of time when visits were not possible. We also arranged for GTT participants to attend special webinars to support their personal and professional development whilst visits were not possible.

D: Getting Ahead London

Getting Ahead London is a programme, substantially funded by the Greater London Authority with a small contribution from participants, that ran for its fifth year in 2020/2021. The programme provides aspiring London leaders with the skills, experience, networks and knowledge to take the step up to senior leadership/headship. All participants are matched into trios with two other aspiring leaders and meet with an experienced senior leader/headteacher coach over the course of an academic year.

Although recruitment for the 20/21 programme year was delayed due to COVID-19 impacting GLA sign off on funding, we were able to recruit 39 aspiring senior leaders and 28 aspiring headteachers to the programme.

COVID-19 continued to impact delivery and we ran all events virtually (although for the launch events participants met at their coaches' schools in order to get to know each other). Some events were highly impactful online and feedback from participants was that not having to travel all the time for every event is something that we will be taking forward into the academic year 2021/22. A face-to-face wrap up event was delayed until September 2021.

E: Excellence for Everyone

Last year we knew that the impact of the pandemic would be felt disproportionately by disadvantaged children and that we needed to support our schools to respond quickly to closing the gap and supporting schools with long-term solutions. Using funding from the Permira liferaft fund, Excellence for Everyone resources were repackaged as an online toolkit and made available at no fee for those in our network, making them more accessible (previously schools had to pay) so thousands more children can benefit. We launched the materials at our first National Network Meeting on the 9th December 2020 with Marc Rowland, a Pupil Premium expert, introducing the toolkit.

The resources have been used by schools and groups of schools to train teachers, leaders and support staff to understand and tackle the specific barriers faced by disadvantaged children in their school (recognising that there is no one-size-fits-all approach).

We are also using Permira funding to work with ImpactEd, a non-profit organisation that supports schools and education organisations to evaluate their impact, learn from it, and prioritise what is working best to improve outcomes for disadvantaged young people. ImpactEd is embedding a light touch evaluation framework to evaluate and disseminate how the resources are used and also to write a report that will capture specific initiatives schools are taking to close the gap - what's worked and what hasn't worked - and the difference they make to disadvantaged children. These key lessons and learnings (both positive and negative) will then be shared with schools across the network facing similar challenges so that schools can adapt effective practices to tackle disadvantage, avoiding wasting time on practice that has proven ineffective elsewhere.

The Challenge Partners/ ImpactEd Excellence for Everyone report will be published in summer 2022 and there will be opportunities throughout the next academic year for schools leading the Excellence for Everyone programme to showcase their learning through our national calendar of events.

F: Jubilee Networks

Jubilee Networks (JN) continued to operate within Challenge Partners during 19/20 as we considered whether we wished to integrate the networks into our portfolio of programmes and networks or terminate them. (They had been acquired in 2019 from Integral Change together with a member of staff who joined Challenge Partners as Head of Network Development to continue to lead them and take on other responsibilities.)

Jubilee Headteacher Networks are regional networks of heads brought together to share effective practice, test out ideas, and develop their leadership. We convened virtual meetings of two secondary and two primary regional headteacher networks throughout the pandemic. (The acquired CEO network had been folded into our Trust Leaders' Network and the Deputy Head network was dissolved.) We provided virtual QAR training for

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interested JN headteachers as well as access to all knowledge sharing events and resources. Finally, we offered a favourable one-off rate for subscription to Challenge Partners as Network Partners. One JN school subscribed as a Full Partner for 2021/22, one JN school continued in the Growing the Top programme, 6 JN schools continued as Network Partners at the reduced rate, and the new hubs set up by JN members saw growth of 12 schools to their hubs.

G: Trust Leaders' Network and Trust Peer Review

Trust Leaders' Network

In this **first year of our Trust Leaders' Network** we brought together CEOs from over 20 Trusts to share knowledge, deepen relationships and build a powerful network for learning and professional development.

We introduced the Network in recognition of **the value to Trust CEOs** of having a facilitated space to reflect on how they are leading and growing healthy organisations and to share innovations and leading practice in what is a maturing sector, so that individuals and the system as a whole can benefit from shared learning. The combination of **sharing knowledge and learning from industry** has been popular. This year our business **webinars** with expert speakers from EY, Permira, and KekstCNC have shared industry best practice on themes including top team development, communications and PR, and diversity in leadership. We are grateful to the Social Business Trust and their corporate partners for supporting our business seminar programme.

The lead facilitator for the network is our CEO and she brings knowledge of the issues faced by Trusts not only in her capacity as CEO but also as a Trustee of a successful school trust. Skilfully facilitated, our programme of events in 2020-21 have included a series of trust visits and business webinars that enable trusts to explore different approaches, take away inspiration and build a supportive network of peers.

Trust visits allow trust leaders to explore common strategic challenges such as developing a trust-wide culture, governance, balancing autonomy and alignment on curriculum and assessment, and building capacity for growth. Innovative approaches have been shared, for example, on harnessing technology for creativity in learning, educational outreach and wrap-around services in the local community as part of reimagining the role of trusts in regenerating local communities, and developing seamless transition bridges from primary to secondary. The year culminated with our **national Trust Leaders' Conference** with keynotes from industry and government, as well as trust leader voices sharing provocations on important themes for educators as we emerge from the pandemic.

Trust Peer Review

The Trust Peer Review was piloted in 2018/19 and independently evaluated by the NFER to be a sustainable and effective programme. Due to COVID-19, the Trust Peer Review programme was postponed from 2019/20 to 2020/21. During 20/21 COVID-19 continued to disrupt the programme, however we were able to re-imagine the review to deliver one on-line and one as a hybrid model before the end of the summer term. This worked particularly well to ensure a broad-based leadership team were able to participate in the final review meeting where reflections were shared and possible areas for improvement were discussed.

Hosts reflected that the review “has helped to confirm that we are developing our trust along the right lines and to articulate areas for development and consideration. It also gave us feedback from a number of people in the Trust outside the Executive Team” and “The opportunity to prepare for, discuss and concentrate on school improvement was incredibly valuable. (This) allowed us to really firm up our purpose and next steps.” Host and Peer reviewers highly valued the reviewer training, programme handbook and CPD opportunities throughout the review.

FUTURE PLANS 2021/2022

Network of Excellence

Growth - We plan to leverage our new subscription model to continue to grow, offering Network Partnership to schools who are too late to sign up for Full Partnership to benefit from a QAR. We will also explore opening up access to the Trust Leaders Network all year round and pro rata pricing for this and Network Partnership.

Value - We continue to provide excellent customer care for all our schools and trusts, supporting them to get the most from their partnership. At the hub level, we continue to invest in hub development activity and ensure new hub managers are supported by their hub buddy. We plan to explore a hub accreditation scheme to incentivise hub managers to develop leading hubs that effectively facilitate collaboration and knowledge exchange among local schools. We will be starting the year with a Hub Development day bringing Hub Managers together to reflect on our Hub Gold Standard. Our knowledge exchange strategy will be further developed to improve the ease with which best practice can be accessed hub to hub and member to member. Our digital programme of national network meetings and inspirational speakers will be selected to match practitioner interest under the broad themes of curriculum and post-Covid recovery, especially for the most disadvantaged.

Impact - We will be using funding to commission a report capturing the learning from Covid, in particular school digital approaches to learning during lockdown and support for disadvantaged pupils. We will be looking to capture the impact of our programmes and networks using consistent methodologies. We also plan to develop our fundraising strategy to diversify our income stream and enable us to pilot innovative work linked to our mission. A reinvestment case in Challenge Partners will be made to the Social Business Trust to enable us to develop a long term strategy for our growth and success.

Trust Leaders' Network

We will deliver a programme of trust visit and business webinars with the support of the Social Business Trust over the year. We will also offer trust peer review training early in the year to encourage further take-up of TPR and grow our pool of trained trust peer reviewers. We will be appointing a leadership consultancy to support delivery of our Trust Leaders' Network residential.

We will be working with our Trust Leaders' Network Advisory Board to provide a steer on our trust offer, the network model and input to planning for our summer Conference. This group also provides a useful sounding board for broader consultation on strategy development or offering a sectoral perspective in relation to other influencing work by our CEO.

Trust Peer Review

There are six Trust Peer Reviews scheduled for 2021/22, during which Challenge Partners will seek to continually improve the effectiveness and efficiency of this high-quality peer review programme. This includes increasing the level of challenge for the host trust, decreasing the amount of pre-reading for peer reviewers, and implementing QAR operating processes where relevant. An internal evaluation of the programme will inform further improvements and ensure the programme remains practitioner led.

We will also pilot a regional delivery model for the Trust Peer Review working with 5 trusts from the South West in partnership with Olympus Academy Trust. This will help raise our profile in the South West and provide a test-bed for a regional funding model for TPR.

Jubilee Networks

Jubilee Networks have continued in the same regions rebranded as Regional Headteacher Networks. Schools within the Network of Excellence have been able to join these networks and the majority have done so through choosing to add-on this network to their Full Partner subscription. Our challenge will be to launch new groupings with ongoing disruption from Covid. We plan to establish 6 groups - 3 secondary, 3 primary including in the new region of Yorkshire & the Humber.

We also plan to train practitioners to facilitate Regional Headteacher Networks, with support from the central team to coordinate and communicate with groups. If possible, we will seek funding to externally evaluate the effectiveness of the model in facilitating collaboration among peers from across a region to share knowledge on school improvement strategies and support each other's leadership development.

Financial Review

Challenge Partners received £2.11million of income in the year to 31 August 2021, against outgoings totalling £2.16 million, delivering a deficit of £46,850. £273,140 of these outgoings arise from in-year adjustments to correct historic trade debtors and deferred income balances reflecting findings from our first audit with new auditors. Actual in-year expenditure was less than the income received and would have delivered a surplus were it not for these adjustments.

The principal sources of funding for the year were:

£1.63 million from the Network of Excellence, primarily partnership subscriptions. These funds are used to support schools in improving at a rate above the national average.

£0.029 million funding to support Excellence for Everyone.

£0.111 million from Getting Ahead London (GAL) through grant funding. These funds are used to provide aspirant school leaders and headteachers in London with the skills required to take the next step in their leadership career.

£0.062 million from the Social Business Trust, which came in the form of a gift in kind as business consulting.

£0.23 million from other funding and donations to support Challenge Partners operations during the year.

£0.04 million from the Coronavirus Job Retention Scheme.

Fundraising

Challenge Partners actively raises funds from the public, trusts and foundations, corporates and other funding organisations.

We continue to benefit from the generosity of individual donors, trusts and foundations, and remain extremely grateful for their support. During the financial year, Challenge Partners operations were funded by:

Social Business Trust
Permira Foundation
Garfield Weston
Dulverton Trust
Artemis Charitable Foundation

Our overall fundraising objective is to diversify our sources of funding, and support innovation and improvement in our partnership. Over the coming year, we aim to significantly expand our fundraising programme, engage our individual supporters more actively, become more responsive to their giving preferences, and provide new ways in which they can support our work.

Reserves Policy

Challenge Partners reserves policy is to maintain three months of operating costs to cover in case of substantial loss in revenue where the company needs to shut down. Challenge Partners also maintains a level of contingency fund for opportunities that foster and promote the mission of the charity. The target level of reserves to meet three months of operating costs and cover for contingency is £380,293.

Unrestricted free reserves at 31 August 2021 were £246,613 (2020: £295,560) available to enable Challenge Partners to address and financially manage the consequences of any unforeseen events or to take advantage of fresh opportunities that further Challenge Partners' aims and objectives. The fall in stated reserve levels arises from the adjustments to historic trade debtors and deferred income balances noted above. Trustees intend to review our reserves policy and establish what action, if any, is needed to boost reserves.

Principal Risks and Uncertainties

Risk management is central to Challenge Partners' ability to deliver its mission and objectives. Challenge Partners applies multiple ways of managing risks through the senior leadership team, the Finance and Audit Committee (FAC), and the Board. Rigorous budget control ensures only secured funds are spent with quarterly cash flow management and control. The Partnership and Programmes Team reviews programme activities as part of quarterly programme monitoring activities. Monthly management accounts discussions are held at the senior management level and FAC, which are then presented to the board. The FAC reviews risks, challenges and key financial management policies and assumptions. The FAC ensures that the annual budget is adequately funded and makes recommendations to the Board for adoption. The senior management team interacts with FAC and implements the scheme of delegation on issues that need reporting to the FAC. The Board leads on the review and approval of the risk register. This process helps Challenge Partners to identify and assess potential risks, and to develop effective mitigation strategies.

Challenge Partners has identified the following key risks:

Major Risk Identified	Mitigation
1. Financial sustainability and income diversification	
<ul style="list-style-type: none"> a. Inflationary pressures on budgets due to shifts in the economy and labour market post-pandemic and Brexit. b. Lack of breadth to CP's income source and an over-reliance on donations, particularly for overhead costs. 	<ul style="list-style-type: none"> a. Prudent budgeting processes factor in anticipated cost increases and allow us to understand and model the impact of spending decisions before commitments are made. As well as managing cost pressures as best we can, we will raise income through growth, fundraising and proportionate price increases to keep pace with inflation. b. Maintain balance of income sources from subscriptions and fundraising, ensuring programmes and networks are budgeted on full cost-recovery basis and grants/donations are used to support research and innovation, not core activities or costs.
2. People, leadership and culture	
<ul style="list-style-type: none"> a. Key personnel leave the organisation due to buoyant labour market post-pandemic and Brexit and/or insufficient opportunities for progression/development, impacting on the quality of delivery for partners due to short-term capacity issues. b. Insufficient capacity/skills for innovation/other projects. 	<ul style="list-style-type: none"> a. Regular talent reviews and succession planning inform i) staff deployment which takes account of business need and builds future capacity; and ii) design and implementation of structured role-based opportunities and development programmes for staff at all levels in the organisation. Two month notice period reduces the gap between staff departures and new staff joining.

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	<ul style="list-style-type: none"> b. Matrix working further supports business delivery, efficient deployment of staff, staff development and capacity building, including for innovation. Fundraising, growth and use of reserves to fund research and innovation.
3. Pandemic disruption	
<p>Ongoing disruption to programme delivery due to Covid-19, leading to:</p> <ul style="list-style-type: none"> a. Uncertainty and schools withdrawing from network/ prioritising other things; and b. Central team focus being diverted from strategic aims due to pandemic pivot. 	<ul style="list-style-type: none"> a. Close collaboration with schools and trusts to ensure Challenge Partners is able to provide opportunities for collaboration and challenge which meet evolving needs and circumstances. Robust digital and hybrid offer to supplement in-person activity, which can be dialled up or down according to Covid-19 impact and restrictions. b. Effective and empowered leaders at all levels of the organisation drive operational delivery aligned to agreed strategic aims, with robust monitoring and governance oversight. CEO freed up to work with board on future strategy, with support secured from Social Business Trust.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Challenge Partners was incorporated as a Company Limited by Guarantee on 27th April 2012.

It was registered as a Charity (standard registration) governed by its Articles of Association 09 October 2012. Challenge Partners is a charity registered in England and Wales (1149266) and is regulated by the Charity Commission.

Challenge Partners has a Board of Trustees committed to manage the business of the Charity and may exercise all the powers of the Charity unless they are subject to any restrictions imposed by the Companies Acts, the Articles or any Special Resolution. The number of Trustees shall not be less than three and (unless otherwise determined by the Trustees) there shall be no maximum. The Trustees shall ensure that there are always sufficient Trustees so that the business of the Charity is adequately governed. The Chief

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Executive Officer shall be a Trustee ex officio. Any individual who becomes a Trustee will automatically be deemed to have been appointed as a member at the same time.

The term of office for all Trustees (save for the chief executive officer) is three years. Trustees are eligible for reappointment at the end of their term up to a total maximum of three consecutive terms, following which they will not be eligible for appointment again for one year. In exceptional circumstances and where it is in the interest of the Charity to do so, Trustees may agree by Special Resolution to reappoint a Trustee for a further specified term of no more than one year, following which they will not be eligible for appointment again for one year.

The Board of Trustees also has separate committees:

- Finance, Risk and Audit: to monitor and review audit activities, the risk and control framework, and the statutory accounts/annual report.
- Communications and Marketing.

The Board of Trustees delegate the responsibility for the day-to-day management of Challenge Partners to the Leadership Team (LT). Policy, strategic and implementation plans are prepared by senior management for consideration and approval by the Board of Trustees. The Leadership Team comprised of the following functions:

Chief Executive Officer

Executive Officer

Director of Partnership and Programmes

Head of Knowledge Exchange and Engagement

Head of Network Development

Head of Finance and Operations

TRUSTEES RESPONSIBILITY STATEMENT

The trustees (who are also the directors of Challenge Partners for the purposes of company law) are responsible for preparing the Report of the Trustees 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 of the income and expenditure of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;

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- state whether applicable UK Accounting Standards have been followed, subject to any 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 which 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the trustees are aware, there is no relevant information (as defined by Section 418 of the Companies Act 2006) of which the charitable company's auditors are unaware, and each trustee has taken all the steps that they ought to have taken as a trustee in order to make them aware of any audit information and to establish that the charitable company's auditors are aware of that information.

AUDITORS

The auditors, Haymacintyre LLP, were appointed at the Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

Approved by order of the board of trustees on 30th May 2022 and signed on its behalf by:

A handwritten signature in black ink, consisting of a stylized 'C' followed by a long, sweeping horizontal line that curves upwards at the end.

Christopher Davison – Chair of Trustees

Independent auditor's report to the members of Challenge Partners

Opinion

We have audited the financial statements of Challenge Partners for the year ended 31 August 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the 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 charitable company's affairs as at 31 August 2021 and of the 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 charity 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 charitable company'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 Report of the Trustees. 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 Report of the Trustees (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 Report of the Trustees 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees (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 charitable company; or
- the 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

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 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 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 charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related 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 consider other factors such as 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 the completeness and cut-off of subscription and grant income. 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;

CHALLENGE PARTNERS

- 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, in particular the recognition of grant and subscription income.

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.



Vikram Sandhu (Senior Statutory Auditor)
10 Queen Street Place, London, EC4R 1AG
For and on behalf of Haysmacintyre LLP, Statutory Auditor London
Date: 31 May 2022

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2021

	<i>Note</i>	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		Funds	Funds	Funds	Funds	Funds	Funds
		£	£	£	£	£	£
Income from:							
Charitable activities							
Challenge the Gap	2	-	-	-	7,706	-	7,706
Excellence for Everyone	2	-	28,918	28,918	12,000	-	12,000
Network of Excellence	2	1,596,320	51,675	1,647,995	1,906,754	-	1,906,754
EAL in mainstream classroom	2	-	-	-	-	68,117	68,117
Strategic Business Development	2	-	61,799	61,799	-	350,000	350,000
Getting Ahead London	2	36,525	75,000	111,525	23,425	150,000	173,425
Other income	2	214,054	12,500	226,554	72,965	-	72,965
Coronavirus Job Retention Scheme	2	39,961	-	39,961	108,256	-	108,256
Total income		1,886,860	229,892	2,116,752	2,131,106	568,117	2,699,223
Expenditure on:							
Charitable activities							
Challenge the Gap	3	-	-	-	6,149	-	6,149
Excellence for Everyone	3	-	28,918	28,918	37,880	-	37,880
Network of Excellence	3	1,821,156	51,675	1,872,831	1,912,337	-	1,912,337
Strategic Business Development	3	-	61,799	61,799	-	350,000	350,000
EAL in mainstream classroom	3	-	-	-	-	68,117	68,117
Getting Ahead London	3	36,525	75,000	111,525	23,444	149,800	173,244
Other Expenditure	3	76,029	12,500	88,529	265,676	-	265,676
Total expenditure		1,933,710	229,892	2,163,602	2,245,486	567,917	2,813,403
Net income/ (expenditure)for the year		(46,850)	-	(46,850)	(114,380)	200	(114,180)
Release of restricted funds	12	-	-	-	35,830	(35,830)	-

CHALLENGE PARTNERS

		-					
Net movement in funds		(46,850)	-		(78,550)	(35,630)	(114,180)
Total funds brought forward		309,866	6,148	316,014	388,416	41,778	430,194
Total funds carried forward	12	263,016	6,148	269,164	309,866	6,148	316,014

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure arise from continuing operations.

BALANCE SHEET AS AT 31 AUGUST 2021

Registered Company number: 08048330

	Notes	2021	2020
		£	£
FIXED ASSETS			
Tangible fixed assets	9	16,402	14,306
		16,402	14,306
CURRENT ASSETS			
Debtors	10	39,665	929,460
Cash at bank and in hand		1,698,771	1,198,908
		1,738,436	2,128,368
CREDITORS: amounts falling due within one year	11	(1,485,675)	(1,826,660)
NET CURRENT ASSETS		252,761	301,708
NET ASSETS	13	269,163	316,014
FUNDS:			
Unrestricted funds	13	263,015	309,866
Restricted funds	13	6,148	6,148
		269,163	316,014

The financial statements were approved by the Board of Trustees on 30th May 2022 and were signed on its behalf by:



Christopher Davison – Chair of Trustees

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2021

	<i>Notes</i>	2021	2020
		£	£
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities		505,024	(98,241)
Cash flows from investing activities:			
Purchase of tangible fixed assets		(5,161)	(2,854)
Net cash (used in) investing activities		(5,161)	(2,854)
Increase/decrease in cash and cash equivalents in the year		499,863	(101,095)
Cash and cash equivalents at beginning of year		1,198,908	1,300,003
Cash and cash equivalents at end of year		1,698,771	1,198,908

RECONCILIATION OF THE NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2021	2020
	£	£
Net income per SOFA	(46,850)	(114,180)
Adjustments for:		
Depreciation	3,065	2,425
Decrease/(increase) in debtors	889,795	(527,629)
Increase/(Decrease) in creditors	(340,984)	541,143
Net cash provided by/(used in) operating activities	505,024	(98,241)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, 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) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The COVID-19 pandemic has had a significant impact on Challenge Partners operations. All programmes involving face to face activity were suspended from March 2020, and the start of the 2020/21 saw an increase in virtual events and activities. To mitigate the financial impact, Challenge Partners undertook a series of actions including, furloughing staff under the Coronavirus Job Retention Scheme, and a programme of overhead cost reduction. Further cost reductions and income generation through school subscriptions, grants and fundraising in 2020/21 have restored Challenge Partners' financial sustainability and reserves (as reflected in our 2020/2021 accounts)

Income

All income is recognised in the Statement of Financial Activities in the period to which it relates to, and that it is probable that the income will be received and the amount can be measured reliably. Subscription fees that specifically relates to the next financial year have been deferred.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, 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 accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Allocation and apportionment of costs

Support costs are expenditure incurred directly in supporting charitable activities and are allocated to activities in proportion to the use of central services. Governance costs comprise costs involving the public accountability of the charity and its compliance with regulation and good practice.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021
(continued)

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Fixtures and fittings	- 25% on reducing balance
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The capitalisation policy is to capitalise all individual assets which cost more than £500.

Fund accounting

Unrestricted funds: General funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives of the charity. Designated funds represent funds set aside by the Trustees in order to fund specific projects.

Restricted funds are to be used in accordance with the specific restrictions imposed by the donors. The aims and use of restricted funds are set out in the notes to the financial statements.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

Judgments in applying accounting policies and key sources of estimating uncertainty

In the application of the accounting policies, the trustees are required to make judgements, 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 main items within the financial statements where judgements and estimates have been made is in relation to the valuation of gifts in kind and provisions with respect to trade debtors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021
(continued)

2. INCOME FROM CHARITABLE ACTIVITIES

	Subscription income	Grant income	Donated services	Other income	2021 Total
	£	£	£	£	£
Challenge the Gap	-	-	-	-	-
Excellence for Everyone	-	28,918	-	-	28,918
Network of Excellence	1,596,320	51,675	-	-	1,647,995
Strategic Business Development	-	-	61,799	-	61,799
EAL in mainstream classroom	-	-	-	-	-
Getting Ahead London	-	75,000	-	36,525	111,525
Other Income	-	12,500	-	214,054	226,554
Coronavirus Job Retention Scheme	-	-	-	39,961	39,961
Total income	1,596,320	168,093	61,799	290,540	2,116,752

	Subscription income	Grant income	Donated services	Other income	2020 Total
	£	£	£	£	£
Challenge the Gap	7,706	-	-	-	7,706
Excellence for Everyone	12,000	-	-	-	12,000
Network of Excellence	1,896,126	-	-	10,628	1,906,754
Strategic Business Development	-	-	350,000	-	350,000
EAL in mainstream classroom	-	68,117	-	-	68,117
Getting Ahead London	-	150,000	-	23,425	173,425
Other income	-	-	-	72,965	72,965
Coronavirus Job Retention Scheme	-	-	-	108,274	108,274
Total income	1,915,832	218,117	350,000	215,274	2,699,223

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (continued)**3. CHARITABLE ACTIVITIES COSTS**

		Direct costs	Support costs	Governance costs	2021 Total
		£	£	£	£
Excellence for Everyone		26,026	2,892	-	28,918
Network of Excellence		1,486,976	374,855	11,000	1,872,831
Strategic Business Development		61,799	-	-	61,799
Getting Ahead London		75,000	36,525	-	111,525
Other expenditure /(Pilot programmes)		73,113	15,416	-	88,529
Total charitable activities expenditure		1,722,914	429,688	11,000	2,163,602

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (continued)**3. CHARITABLE ACTIVITIES COSTS (continued)**

	Direct costs	Support costs	Governance costs	Total 2020
	£	£	£	£
Challenge the Gap	3,069	3,080		6,149
Excellence for Everyone	33,414	4,466	-	37,880
Network of Excellence	1,565,065	334,502	12,770	1,912,337
Strategic Business Development	350,000	-	-	350,000
EAL in mainstream classroom	58,901	9,216	-	68,117
Getting Ahead London	149,800	23,444	-	173,244
Other expenditure (Pilot programmes).	187,803	77,873		-265,676
Total charitable activities expenditure	2,348,052	452,581	12,770	2,813,403

4. SUPPORT COSTS

	2021	2020
	£	£
Gross salaries	237,575	231,978
Employer's National Insurance	93,611	100,818
Health insurance	5,263	4,647
Insurance	2,984	2,880
Telephone	2,792	2,697
Postage, printing and stationery	779	22,024
Sundries	697	4,195
Legal and professional costs	664	5,836
Rent	22,800	19,800
IT costs	45,025	31,571
Accountancy	9,881	10,927
Marketing and design	-	1,590
Depreciation	3,065	2,425
Travel costs	4,552	11,193
Total support costs	429,688	452,581

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021
(continued)

5. GOVERNANCE COSTS

	2021	2020
	£	£
Auditor's remuneration	11,000	12,770

6. NET EXPENDITURE

	2021	2020
	£	£
Net expenditure is stated after charging:		
Auditor's remuneration	11,000	12,770
Depreciation	3,065	2,425
Operating leases - rent and service charge	22,800	19,800

7. TRUSTEES' REMUNERATION AND BENEFITS

Dr. Kate Chhatwal OBE was paid a salary in respect of her role as Chief Executive and serves as a trustee ex officio. Remuneration £100,000 - £110,000 (2020: £90,000 - £100,000; 2019: £100,000-£110,000). The payments have been authorised in accordance with the charity's governing document.

Trustees' expenses

Three trustees were reimbursed travel expenses of £934 (2020 - £539) during the year.

8. STAFF COSTS

	2021	2020
	£	£
Wages and salaries	923,144	928,777
Social security costs	93,611	100,818
Other pension costs	42,029	44,914
	1,058,784	1,074,509

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (continued)

The total remuneration of key management personnel in the year was £408,986 (2020: £381,702).

Key Management Personnel comprise:

Chief Executive;
Executive Director;
Director of Partnership and Programmes;
Head of Finance and Operations;
Head of Network Development;
Head of Knowledge Exchange and Engagement.

8. STAFF COSTS (continued)

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

	2021	2020
	No.	No.
Head count	26	25
Full Time Equivalent employees	24	23

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2021	2020
	No.	No.
£60,001 - £70,000	1	1
£70,001 - £80,000	2	1
£90,000 - £100,000	-	1
£100,001 - £110,000	1	-

No pension contributions are paid on behalf of any trustee.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (continued)

9.	TANGIBLE FIXED ASSETS	
		Fixtures and Fittings
		£
	COST	
	Opening balance 1 September 2020	25,493
	Additions	5,161
	At 31 August 2021	30,654
	DEPRECIATION	
	Opening balance 1 September 2020	11,187
	Charge for the year	3,065
	At 31 August 2021	14,252
	NET BOOK VALUE	
	At 31 August 2021	16,402
	At 31 August 2020	14,306

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade debtors	39,665	854,460
Accrued income	-	75,000
	39,665	929,460

During the year an adjustment has been made to correct historic trade debtors to reflect the expected recoverability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (continued)

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	41,321	73,691
Social security and other taxes	285,101	318,800
Other creditors	66,189	14,409
Deferred income	1,011,285	1,336,509
Accrued expenditure	81,779	83,251
	1,485,675	1,826,660

During the year an adjustment has been made to correct historic deferred income balances largely relating to Network of Excellence and associated consultancy expenditure

12. RESTRICTED FUNDS

	1 September	Income	Expenditure	31 August
	2020			2021
	£	£	£	£
Network of Excellence	-	51,675	(51,675)	-
Excellence for Everyone	-	28,918	(28,918)	-
Strategic Business Development	-	61,799	(61,799)	-
Getting Ahead London	6,148	75,000	(75,000)	6,148
Other	-	12,500	12,500	-
Total	6,148	229,892	(229,892)	6,148

Network of Excellence:

The Dulverton Trust provided resources for Knowledge Exchange as part of our NOE offer and enabled Challenge Partners to shine a brighter spotlight on disadvantage this year, at a time when this has been needed most.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021 (continued)

Excellence for Everyone:

The generous funding from the Permira liferaft fund, Excellence for Everyone resources were repackaged as an online toolkit and made available at no fee for those in our network, making them more accessible (previously schools had to pay) so thousands more children can benefit.

Strategic Improvement purpose:

This fund relates to the development and growth of Challenge Partners and in the year to 31 August 2021 was supported by The Social Business Trust.

Getting Ahead London (London Leadership Pool) purpose:

Provide a bespoke programme to aspiring head teachers in London in order to better equip them to become future head teachers.

13. ANALYSIS OF NET ASSETS

	Unrestricted	Restricted	Total
	funds	funds	
	£	£	£
Tangible fixed assets	16,402	-	16,402
Current assets	1,732,287	6,148	1,738,435
Current liabilities	(1,485,674)	-	(1,485,674)
Net assets	263,015	6,148	269,163

14. RELATED PARTY DISCLOSURES

No related party transactions took place during the year.

Dr. Kate Chhatwal OBE was paid a salary in respect of her role as Chief Executive and serves as a trustee ex officio. Further details can be seen in note 7 of the financial statements

15. CHARITY STATUS

The charity is a private company limited by guarantee and consequently does not have a share capital. Each member is liable to contribute an amount not exceeding £1 towards the assets of the charity in the event of liquidation.