



Challenge Partners

REPORT OF THE TRUSTEES AND FINANCIAL STATEMENTS

For the Year Ended 31 August 2024

Registered company number: 08048330 (England and Wales)

Registered charity number: 1149266

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CHALLENGE PARTNERS

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08048330 (England and Wales)

Registered Charity number

1149266

Registered office

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N7 6PA

Trustees

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CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024

The purpose of the Charity

The Charity's Objects ('Objects') are 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 benefit.

Mission

Our mission is to reduce educational inequality and improve the life chances of all children. Through collaboration, challenge and leadership development, we are working to ensure every school community can benefit from the combined wisdom of the education system.

Objectives and activities

To work towards our mission, we have collectively adopted three core aims that guide what we do:



Maximise the life chances of all pupils and accelerate the **PROGRESS** of the disadvantaged



SUPPORT leaders at all levels to develop and grow capacity for sustained improvement in schools and trusts



Extend **EXCELLENCE**, shaping a world-class system in which all pupils thrive

In January 2023, we launched an ambitious strategy to enhance our impact and extend our partnership so that by 2027 500,000 pupils benefit each year. Consistent with our focus on disadvantage, the strategy commits us to grow fastest in areas of greatest need.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Objectives and activities (continued)

Rooted in the success of London Challenge in the 2000s, Challenge Partners is a national practitioner-led education charity. In 2023/24 we benefited 385,000 pupils in our partnership of 575 schools and 150 school trusts.

Across England, we provide networks and programmes that facilitate sustainable collaboration and robust challenge between schools to realise improvement that would not be possible for any school to achieve on its own. Our programmes focus on school improvement, leadership development and knowledge exchange, with a focus on educational disadvantage throughout. These are independently evaluated, grounded in evidence of what works.

We are unique in being the only charity to systematically build school improvement capacity at scale across the country. This is delivered through three core activities: -

- **Tailored School Improvement Programmes:** we identify what each school needs to do and provide bespoke support according to their context and point on the school improvement journey.
- **Leadership Development:** we deliver programmes and networks to build leadership capacity across the education system.
- **Systematic Knowledge Exchange:** we share peer-accredited excellent practice so all can benefit.

These activities are underpinned by our flagship Quality Assurance Review (QAR), which is a collaborative and rigorous peer review process, equipping schools with an agreed report and set of tools for development and actionable next steps. The QAR has a sharp focus on how well schools support the outcomes of children from poorer backgrounds and/or with additional needs, captured in a discrete section of the report highlighting strong practice and opportunities for improvement. This operates at scale; cumulatively we have conducted 3,447 QAR and to date more than 6,000 school leaders have been trained as peer reviewers, significantly growing leadership and improvement capacity across the system.

*"When our schools have been out on review, where they have seen some really brilliant practice in terms of SEND, or sometimes subject specific areas such as phonics, writing or reading, they bring that back. They share it across our hub and across our trust and then we've adopted some of that practice, and now it's embedded trust-wide. **Through Challenge Partners, one class teacher in one school, somewhere in the network can share something, and it can then ripple, not just across one other school, but across multiple schools. And that one idea that they had can then shape the lives of hundreds, if not thousands, of children.**"*

- Phil Hedger, CEO, LEO Academy Trust, Sutton

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Objectives and activities (continued)

Our programmes:

Quality Assurance Review

We conduct annual QARs that focus on teaching and learning, curriculum and outcomes, as well as leadership at all levels. The QARs are led by an expert Lead Reviewer and supported by a team of senior leaders and headteachers from other schools within the Challenge Partners network. The QAR programme is a rigorous three-day peer evaluation that also places a strong emphasis on how schools are supporting their most disadvantaged learners and those with additional needs.

SEND Developmental Peer Review

The Special Educational Needs and Disabilities (SEND) Developmental Peer Review is based on our tried-and-tested review and improvement methodologies and was developed with global SEND expert David Bartram OBE. The programme brings schools together to examine their SEND practice, celebrate and share areas of strength, push forward areas for development, and co-create solutions to common challenges. Schools are carefully matched in trios or quads with schools beyond their locality to support, challenge and share expertise. They work through a rigorous self-evaluation, expert facilitated in-school review days, and whole cohort events.

Growing the Top

The Growing the Top (GTT) programme brings together top-performing schools to collaborate and drive their schools – and the education system – to become world class by exploring systemic excellence and challenge and drawing on expertise from other sectors.

Schools are carefully matched in trios or quads with schools beyond their locality for facilitated school visit days, led by Challenge Partners-trained practitioner facilitators. Across the academic year there are three whole cohort events for leaders to hear from expert cross-sector speakers and network with peers.

Extending Leading Practice

Extending Leading Practice (ELP) is designed for schools driven to make the shift from good to excellent practice. Schools focus on a specific in-school improvement initiative linked to their school development plan, while collaborating with two or three other schools over the course of an academic year.

This structured programme of facilitated school visits allows school leaders to observe excellent practice in other schools and co-create solutions to challenges, while accessing insights from beyond the education sector at whole-cohort events.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Objectives and activities (continued)

Trust Peer Review

The Trust Peer Review (TPR) is an expert-led, three-day peer evaluation designed to assess a trust's effectiveness in driving improvement within its schools and enhancing outcomes for the children and young people it serves.

Reviews are led by recently retired CEOs from successful trusts, who are recruited, trained and quality assured by Challenge Partners. They lead a team of trust leaders drawn from different trusts across the national network, collaborating with the host trust to explore its strengths, identify areas for development, and establish actionable next steps for further improvement.

Middle Leader Quality Assurance Review

The Middle Leader Quality Assurance Review (MLQAR) is a newly developed programme to help Middle Leaders within our Hubs to develop their subject or phase provision and leadership. The MLQAR draws on the principles of our acclaimed Quality Assurance Review (QAR), giving subject leaders the chance to gain valuable skills in evaluation and peer review as part of their continuous professional development.

Our networks:

The Network of Excellence

The Network of Excellence (NoE) gives our partner schools and trusts access to a rich network of knowledge, and opportunities to connect with colleagues across the country to share best practice and collaborate on shared challenges. This unique national oversight is enhanced by access to a programme of expert speakers from the education sector and beyond, addressing topical and enduring themes.

Trust Leaders' Network

Our national Trust Leaders' Network (TLN) brings together CEOs and other senior trust leaders from across England to share knowledge and best and developing practice. It is expertly facilitated by recently retired CEOs of successful trusts and provides a supportive space that fosters both individual and trust development, aligned with each trust's priorities and context.

TLN members have access to a range of activities across the academic year, including facilitated trust visit days, interactive business webinars (delivered in partnership with the Social Business Trust), a national Trust Leaders' Conference, and our optional two-day Leadership Residential.

Jubilee Networks

The Jubilee Networks (JN) are relational networks that enable headteachers to build strong connections with peers across a region, where they share knowledge, experience, and school improvement strategies. A leadership focus is embedded into the approach and supported through input from coaches provided by BTS Spark.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Objectives and activities (continued)

Local Hubs of Collaboration

Local collaboration is an essential element of the work Challenge Partners' schools and trusts do together to improve outcomes. Schools in our Network of Excellence join forces in local hubs to collaborate on collectively agreed school improvement and leadership development initiatives.

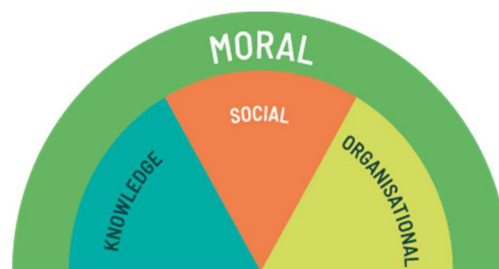
Knowledge Exchange:

Knowledge exchange is embedded into the design of every Challenge Partners' programme, network and event, facilitating effective practice to be transferred between schools and trusts, both locally and nationally, so ensuring every leader, teacher and pupil can benefit from the combined wisdom of the system.

We identify current and emerging leading practice, and carefully facilitate forums, thereby establishing the moral and social capital for teachers and leaders to exchange lessons from their successes and jointly address sector challenges.

Areas of Excellence are accredited by peer and Lead Reviewers during QARs and programme visits. Once accredited, schools and trusts are expected and enabled to share their expertise with their peers.

Our approach ensures that Four Capitals of effective knowledge exchange are always present:



Moral capital

We create the moral climate for knowledge sharing based on an explicitly articulated, shared moral purpose.

Knowledge capital

We are systematic in identifying excellent practice and those that have the knowledge of leading practice to share. We never recycle mediocrity.

Social capital

We include activities that build relationships of trust at each event and over time so that teachers and leaders are confident to share their knowledge effectively.

Organisational capital

We invest in the organisational systems to enable knowledge exchange to take place and for agreed actions to be followed through. By taking care of this for leaders and teachers we enable them to focus on purposeful knowledge exchange.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Achievements and performance

In 2023/24 we achieved our most significant reach to date, with 384,977 pupils across 575 schools and 150 school trusts in our partnership. Further information on our impact is detailed below and can also be found in our [Impact Report for 2023/24](#):

Comparing our partnership and the sector

Primary (Key Stage 2) results¹

The proportion of 11 year olds meeting the expected standard in reading, writing and maths in our schools is in line with the national average		
Challenge Partners average	National average	Difference
62% (22/23: 62%)	61% (22/23: 60%)	1% (22/23: 2%)

The proportion of disadvantaged 11 year olds meeting the expected standard in reading, writing and maths is 3% higher in our schools		
Challenge Partners average	National average	Difference
49%	46%	3%

¹ All figures referring to state-funded mainstream schools in England. KS2 data using provisional data released in December 2024.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Achievements and performance (continued)

Comparing our partnership and the sector (continued)

Secondary (Key Stage 4) results²

Students in our secondary schools attain Key Stage 4 results in line with the national average	
Attainment 8 - Challenge Partners average	Attainment 8 - national average
47% (22/23: 48%)	46% (22/23: 46%)

Disadvantaged students in our secondary schools attain better than their peers nationally		
Challenge Partners average Attainment 8 score for disadvantaged pupils	National average Attainment 8 score for disadvantaged pupils	Difference
38%	35%	3%

More young people in our secondary schools make progress above the national average	
Progress 8 - Challenge Partners average	Progress 8 - national average
0.05 (22/23: 0.10)	-0.19 (22/23: -0.02)

Disadvantaged students in our secondary schools make better progress than their peers nationally		
Challenge Partners average Progress 8 score for disadvantaged students	National average Progress 8 score for disadvantaged students	Difference
-0.45	-0.55	0.10

28% of Challenge Partners secondary schools achieved “well above average” progress ($P8 > 0.5$). This means that 28% of our schools’ pupils achieved over half a grade higher in each qualification on average, compared to similar pupils across the country.

² All figures referring to state-funded mainstream schools in England. KS4 data using provisional data released in December 2024.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Achievements and performance (continued)

Our programmes:

Quality Assurance Review

2023/24 was another record-breaking year for us, as we delivered 425 QARs, up from 413 in 2022/23. We also maintained extremely high satisfaction ratings from both host schools and reviewers, with 95% and 98% being satisfied or highly satisfied respectively.

97% of schools said participating in the QAR had left their school in a better place.

In 2023/24, there were 102 new Areas of Excellence accredited as part of our QAR process, further increasing the excellent practice accessible to schools across the partnership. The new accreditations fall into the following categories:

Category	Number of schools
Assessment	3
Curriculum	20
Equity and Inclusion	23
Leadership and Ethos	16
Outcomes for pupils	10
Pupil Learning	5
Teaching	5
Subjects	20

Schools receive an overall Peer Evaluation Estimate (an Estimate), which is collectively agreed by the review team. The agreed Estimate can be: Leading, Effective or Working Towards Effective. The Estimate 'Leading' mirrors the Challenge Partners' ethos where schools performing at an exceptional level lead the way by sharing their practice with others.

Since 2020, schools in our partnership have had the option to include or exclude an overall Estimate in their QAR, and for the 2023/24 academic year, this process was made more flexible with new options such as receiving estimates for only the three categories or receiving verbal estimates. Descriptors for these estimates were also updated to use more constructive language and include broader evaluations, recognising the middle leaders' efforts and involvement in school improvement.

Although the proportion of schools electing not to have an Estimate has increased, those schools that chose to have one, have improved or sustained their performance in 2023/24. All schools evaluated as Effective in a QAR in 2022/23 either improved or sustained their performance in 2023/24 and all schools that were evaluated as Leading in a 2022/23 QAR sustained their performance in 2023/24.

These figures indicate a continuation of a historic trend whereby Challenge Partners' schools have been far more likely than other schools to show improvements in their effectiveness by retaining Ofsted outstanding judgements or improving their performance to good or outstanding.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Achievements and performance (continued)

SEND Developmental Peer Review

Thirty-seven schools – 20 primary and 17 secondary – took part in the SEND pilot this year, which ran from January to July 2024. The pilot cohort spanned from Kent to Merseyside, ranging from small village schools in rural Shropshire to large diverse schools in East London. Each group of schools was matched with an expert SEND Lead Facilitator, who was recruited, trained and quality assured by Challenge Partners.

We received incredibly positive feedback from the pilot and satisfaction levels were high, with both host schools and visiting school leaders rating them 4.8/5.

- 97% of participants had seen, learned or discussed something that will support their own school to improve their SEND provision
- 92% had seen, learned or discussed something that they would share with senior leaders back in their own schools
- 95% said that, following a review day, they had clarity on the next steps of their action plan to enhance SEND provision

Growing the Top

Thirty-four schools took part in 2023/24, seven secondary, 20 primary and seven special schools.

The average satisfaction score was 4.9 out of 5 for host schools and 4.8 out of 5 for visiting school leaders.

90% of GTT participants plan to use something that they had seen/learned/discussed in their own school's improvement journey in the longer term.

Extending Leading Practice

In 2023/24, there were 17 participating schools, (five secondary, six primary and six special schools). The average feedback score was very strong at 4.9 out of 5 for host schools and 4.7 out of 5 for visiting leaders.

The ELP and GTT programmes share whole cohort events, enabling wider networking and a greater sharing of excellence, as well as giving participants insights from beyond the education sector. ELP participants in 2023/24 gave an average satisfaction rating of 4.6 out of 5 across the three events held in the year.

Trust Peer Review

In 2023/24 we delivered four TPRs, using 24 trust leaders as reviewers. Satisfaction with the programme was exceptionally high, with 100% of host trust respondents and visiting reviewers either satisfied or highly satisfied with their experience of TPR. All trusts involved expressed that hosting a TPR would now lead to changes and refinements in their approach to school improvement, with a positive impact on pupils' life chances.

Middle Leader Quality Assurance Review

Eight hubs used their funding to access training and materials to deliver the MLQAR, helping middle leaders develop their subject or phase provision and leadership, increasing their effectiveness as subject leaders.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Achievements and performance (continued)

Our networks:

Network of Excellence

We held three National Network Conferences in 2023/24, which received an average overall satisfaction rating of 4.6/5. Each conference brought in thought-provoking speakers focused on our theme of human flourishing for all.

90% of those who evaluated the National Network Conference saw or learned something they would like to share with senior leaders or others in their school.

Challenge Partners also delivered five Sharing Leader Practice events in the year, both in-person and virtual, with an average satisfaction rating of 96%. Leaders from all phases engaged with specific excellent practice from other schools in the partnership.

Trust Leaders' Network

2023/24 was the fourth year of the TLN and membership grew to 41 trust leaders, five more than in 2022/23. We welcomed more trusts from the Midlands and the North, further enhancing our geographical spread. Across the year there were facilitated trust visits to Olympus Academy Trust, Education for the 21st Century, Lighthouse Partnership, Danes Educational Trust and Preston Hedges Trust. We also hosted three business webinars and partnered with BTS Spark on our highly-rated Leadership Residential. Our seventh annual Trust

Leaders' Conference, Delivering Inclusive Excellence, took place on election day and was designed and delivered in association with the Confederation of School Trusts (CST).

Satisfaction levels were overwhelmingly positive for all aspects of the TLN offer:

- Trust visits received an average overall satisfaction score of 4.9/5. 100% of respondents taking part in a trust visit learned something they would use in their long-term trust development
- Webinars: All participants were satisfied or highly satisfied. 100% of respondents taking part in a business webinar learned something they would be taking back to their own trust in their leadership role

Jubilee Networks

In 2023/24 we launched a new Primary JN of seven schools in the South-Central region. Participant feedback from the JN meetings was overwhelmingly positive, with an average satisfaction rating of 4.9 out of 5 for the practitioner facilitation of each meeting, and an overall satisfaction rating of 4.7 out of 5 for the meetings overall.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Achievements and performance (continued)

Local Hubs of Collaboration

Schools in each hub jointly decided how to allocate their funding, and used it for a wide range of school improvement and professional development activities. For example, Aylesbury Vale Hub hosted a Secondary School Ready conference, opening it out to neighbouring hubs. School staff involved in the transition from primary to secondary got the chance to collaborate, sharing ideas and best practice to support pupils in this area.

Our established Hub Buddy scheme saw seven new hub managers matched with mentors to support their induction and development into the role.

Knowledge Exchange

In September 2023, we ran our highly rated facilitation training for selected school and trust leaders. From those who successfully completed training, 36 joined programmes as practitioner facilitators:

- SEND: 13
- GTT: 10
- ELP: 6
- JN: 5
- TLN: 2

Now in its fourth year, our bespoke training provides excellent preparation for those facilitating collaboration so that best practice is shared throughout our programmes and networks. It also provides powerful CPD, building leadership capacity across the system. Participants rated the training 4.9/5 overall.

Peer and Lead Reviewers accredited 102 new Areas of Excellence in the 2023/24. Once accredited, schools and trusts are expected and enabled to share their expertise with their peers. More details of this can be found in QAR achievements on page 11.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Plans for future periods

Strategic Plan

Our ambitious five-year strategy aims to enhance our impact and expand our partnership to benefit 500,000 pupils per year by 2027. Our strategic initiatives include:

- Increasing the number of schools in our partnership, especially in underserved areas;
- Enhancing and extending opportunities for local and national collaboration and impact through programme innovations and ensuring we are prepared for the future through ongoing practitioner feedback and leadership; and
- Harnessing digital innovation to improve impact, operation at scale, and school experience.

The progression of our strategic initiatives has been mapped out over the five-year strategy period and translated into six annual priorities for 2024/25, which are:

- **Simplification of our offer and pricing** to make it easier for busy school and trust leaders to engage and benefit. Simplification will also support further streamlining of our operations.
- **Reaching and retaining more schools and trusts, focussing on underserved areas and meeting the needs of vulnerable pupils.** We are targeting our growth efforts on the North East of England in 2024/25, having secured substantial growth in the North West in 2023/24, through targeted sales and marketing activities. We piloted a SEND Developmental Peer Review in the first 6 months of 2024 in response to the rapid increase in children with SEND in mainstream schools. Initial indications are that this programme delivers impact and attracts schools to join Challenge Partners, so in 2024/25 we will be delivering it at scale.
- **Continuing to build capacity and capability within our central team** through embedding key policies and processes in the HR and finance functions. Team development is key to our capacity building strategy.
- **Continuous improvement of our employee experience** and delivering the next stage of our DEI strategy to ensure that our culture supports the realisation of our strategic ambition.
- **Digital transformation** to streamline our key business systems and selectively using AI to improve partner experience and central team operations.
- **Growing our fundraising income** to accelerate achievement of our growth and impact ambitions.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Financial Review

Challenge Partners' statement of financial activities (SOFA) is shown on page 27 of this report. We received £3.3 million of income in the year ending 31 August 2024 (2023: £3.0 million), with outgoings totalling £3.2 million (2023: £3.0 million), delivering a surplus of £0.1 million (2023: £0.0 million).

The principal sources of funding for the year were:

- £2.9 million from the NoE, primarily partnership subscriptions. These funds are used to support schools in improving at a rate above the national average. This area produced a ten percent increase in income, year on year. Our school numbers have increased by three percent over this same period and our new SEND pilot programme made a significant contribution to this positive change.
- £0.4 million from grant income, donations of services and gifts, £0.2 million of which came in the form of a donation of services for business consulting. We received a similar level of grants year on year, but donations of services increased by £0.1 million in 2024. We are very grateful to Social Business Trust for facilitating these donated services and to the actual volunteers who donated their time to further our charitable causes.

Total expenditure increased by nine percent year on year, a significant proportion of this increase reflects the costs we incurred delivering our new programmes (MLQAR and SEND) and the increase in QAR activity in 2023/24.

Reserves held as at the end of the year amounted to £0.5 million (2023: £0.4 million). The reserves were split as follows:

- unrestricted reserves £0.5 million (2023: £0.4 million)
- restricted reserves £nil (2023: £nil)

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Fundraising

Challenge Partners actively raises funds from trusts, foundations, corporates and other funding organisations. The Charity does not look to raise funds from the public and therefore is not registered with the Fundraising Regulator.

In 2023/24 we provided webinars to assist trusts to secure access to funding from the Trust Capacity Fund, to enable participation in our activities. We also initiated an external feasibility study to assess our future fundraising potential. The process continued into 2024/25 and is helping us achieve our overall fundraising objective to diversify our sources of funding and support innovation and improvement in our partnership.

There is significant unmet demand from schools and communities wishing to join Challenge Partners, including in economically-deprived areas where our support could make the biggest difference. To address this demand and achieve greater impact we have identified three strategic objectives to focus our fundraising on:

- **Enhanced regional targeting so we reach more of the pupils and communities in greatest need.** Additional funding will enable us to establish new hubs in underserved areas to support the schools most in need. It will support targeted sales and marketing, and investment to get new schools up and running in our partnership, with a view to their participation becoming sustainable over time. We are particularly interested therefore in engaging with funders who have a regional or demographic focus that matches these plans.
- **Taking a leading role in addressing the SEND crisis within England's schools,** focusing on immediate improvements in classroom practice and school strategies by enabling the flow of expertise between special and mainstream schools in our partnership.
- **Digital innovation to improve impact, operation at scale, and school experience.** Upgrading our customer relationship management system and other back office technologies is a crucial first step that will unlock better-targeted sales and marketing; streamlined delivery and operations, and schools-facing digital enhancements, like a new 'partner portal'.

In the coming year, we will also steward our existing relationships with a view to securing further long-term grants, build relationships and develop bids with new trusts, foundations and corporates.

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

- Social Business Trust
- The Permira Foundation
- Garfield Weston Foundation
- The David and Elaine Potter Foundation

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Cash Reserves Policy

The Charity will maintain unrestricted cash reserves of no less than three months of average cash expenditure, with an expectation that reserves will be maintained with at least six months unrestricted cash reserves at any one time. These cash reserves allow 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. Trustees periodically review the cash reserves policy to ensure it meets the requirements of the Charity.

A Red-Amber-Green (RAG) rating has been adopted in this area, to report to the Trustees to ensure that cash reserves remain strong. Unrestricted cash reserves at 31 August 2024 were at RAG status Green with respect to planned outgoings for 2024/25. The forecast for the 12 months ending 31 August 2025 also comes within acceptable RAG ratings. Cash, income and expenditure forecasts are updated on a monthly basis to communicate to Trustees. The Chair of the Finance and Audit Committee (FAC) is also consulted if there is a deviation from agreed budgets and plans.

Unrestricted cash reserves as at 31 August 2024 amounted to £2,829,330 (2023: £1,727,487).

Principal Risks and Uncertainties

Risk management is central to Challenge Partners' ability to deliver its mission and objectives. Challenge Partners applies multiple ways of identifying and managing risks through the Leadership Team (LT), the FAC and the Board.

The organisational risk register is a shared tool through which we record financial, strategic and operational risks and strategies to mitigate these risks. The Board leads on the review and approval of the organisational risk register. This process helps Challenge Partners to identify and assess potential risks and to develop effective mitigation strategies.

Financial risk management is implemented through rigorous budget control and monthly cash flow management, which ensures only secured funds are spent. The LT interacts with the FAC and implements a scheme of delegation on issues that need reporting to the FAC. Monthly management accounts discussions are held at LT level and at the FAC. The management accounts are also 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.

Strategic risks are identified by the LT, who lead on managing these risks and notifying the FAC and the Board.

Operational risk is identified and bespoke mitigations are undertaken by the delivery teams, who review programme activities as part of the regular programme monitoring activities.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Principal Risks and Uncertainties (continued)

Challenge Partners identified and mitigated for the following key risks in 2023/24:

Major risk	Mitigations
Income and reserves <ol style="list-style-type: none"> 1. Income - Insufficient income from subscriptions and fundraising to meet our expenditure and replenish fund reserves limits our scope for investment in innovation and deters potential funders. 2. Expenditure - Inflationary pressures on budgets due to national economic conditions lead to expenditure coming in over budget. 3. Reserves/Balance Sheet - lower assets/funds may affect our ability to engage funders, to fund technical efficiencies needed for growth. 	<ol style="list-style-type: none"> 1. Diversification of income with innovations, i.e. the launch of our SEND programme and MLQAR. QAR innovations are currently under review. 2. Plans were agreed to develop new subscription opportunities in the North of England, via an investment of resource located in the region. Additional investment was agreed to strengthen the income pipeline, using focussed digital marketing, relationship management and strategic partnerships. 3. Our investment in a fundraising feasibility study initiated in 2023/24 should enhance the fundraising process and fundraising opportunities for Challenge Partners.
Educational landscape: Our offer loses relevance <ol style="list-style-type: none"> 1. The trust sector matures (i.e. trusts grow in size and consolidate) and trusts develop greater in-house capacity for delivering their own QA review. 2. Ofsted changes (or changes to its accountability framework) and regulatory review may impact how relevant the QA Review aspect of our offer is to schools. 	<ol style="list-style-type: none"> 1. Over 2024/25 we will be reviewing our trust programmes (TPR and TLN) and our QAR to ensure they remain relevant and aligned to the changing policy and accountability framework heralded by the new government. We will use this opportunity to consider what more we can do to ensure enduring relevance to maturing trusts.
Partner Engagement and Experience <ol style="list-style-type: none"> 1. Multiple factors within the current school environment can detrimentally affect partner engagement and experience. Recruitment and retention of staff and funding pressures mean schools may be less open to external collaborative work. They may not have witnessed the benefits of long-term collaboration (such as the London Challenge school improvement programme (2003-2011)). 	<ol style="list-style-type: none"> 1. We implemented new communications focused on impact and benefits, with an increased focus on delivering what is highly valued, whilst monitoring our partner experience. 2. We agreed to deploy digital solutions to accurately monitor commitment in different areas (e.g. reviewer commitment and attendance), to allow us to react and respond appropriately and quickly to potential issues. 3. New messaging has been implemented to highlight the importance of commitment to agreed events and visits.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Challenge Partners was incorporated as a Company Limited by Guarantee on 27 April 2012. It was registered as a Charity (standard registration) and is governed by its most recent Articles of Association, as amended on 3 December 2020. Challenge Partners is a charity registered in England and Wales (1149266) and is regulated by the Charity Commission.

Challenge Partners is a national partnership of schools and trusts who believe the best way to reduce educational inequality and enhance the life chances of children is through collaboration, challenge and leadership development. We work together to ensure every school community can benefit from the combined wisdom of the education system.

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 Executive 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) 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.

There were also two Board Committees operating in 2023/24:

- The Finance and Audit Committee, which monitors and reviews audit activities, the risk and control framework, along with the Trustee reports and financial statements
 - In 2023/24, Janine Harion, Christopher Davison and Arwel Jones were members of this Committee
- The Fundraising Oversight Committee, which monitors progress on fundraising activities and reviews future proposals in this area
 - In 2023/24, Christopher Davison and Louise Wolsey were members of this Committee

The Board of Trustees delegate the responsibility for the day-to-day management of Challenge Partners to the LT. Policy, strategic and implementation plans are prepared by senior management for consideration and approval by the Board of Trustees.

The Charity has a Scheme of Delegation policy in place which outlines how decisions are made. The policy covers decision making in all areas of Challenge Partners, clarifying which decisions are reserved to the Board and the Chief Executive and which decisions are delegated further. In addition, Challenge Partners has a Procurement policy which sets out authorisation, but with limits and conditions, to the Chief Executive and the LT to commit the Charity to incur expenditure.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

STRUCTURE, GOVERNANCE AND MANAGEMENT (continued)

In 2023/24 the LT was comprised of the following members, (who are the Charity's Key Management Personnel):

- Chief Executive
- Executive Director
- Managing Director
- Director of Finance and Operations
- Director of Partnership and Network Development (left March 2024)
- Head of Strategy and Innovation
- Head of Programmes, Networks and Evaluation (left January 2024)
- Head of Programmes and Networks (from January 2024)
- Director of Digital Transformation

On 27 January 2025, the Board of Trustees approved the appointment of Susanna Eastham to the position of Chair of Challenge Partners' Board of Trustees. She will start the role on 16 April 2025, when our current Chair, Christopher Davison's final term of office with the Charity will come to an end.

CHALLENGE PARTNERS

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

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. Under company law, the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure 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 Charity SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

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

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

On 18 November 2024, the charitable company's auditor changed its name from Haysmacintyre LLP to HaysMac LLP. The auditors, HaysMac LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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 31st March 2025 and signed on its behalf by:

A handwritten signature in black ink, appearing to read "C Davison".

Christopher Davison – Chair of Trustees

CHALLENGE PARTNERS

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 2024 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 2024 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.

CHALLENGE PARTNERS

Independent auditor's report to the members of Challenge Partners (continued)

Other information (continued)

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 22 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.

CHALLENGE PARTNERS

Independent auditor's report to the members of Challenge Partners (continued)

Responsibilities of trustees for the financial statements (continued)

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;
- 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.

CHALLENGE PARTNERS

Independent auditor's report to the members of Challenge Partners (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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.

A handwritten signature in blue ink, appearing to read "Adam Halsey", with a long horizontal flourish extending to the right.

Adam Halsey (Senior Statutory Auditor)
10 Queen Street Place, London, EC4R 1AG
For and on behalf of HaysMac LLP, Statutory Auditor
London
Date: 3 April 2025

CHALLENGE PARTNERS

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 AUGUST 2024

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Income from:							
Donations and legacies	2	175,000	202,303	377,303	179,000	115,416	294,416
Charitable activities	4	2,910,843	-	2,910,843	2,653,869	-	2,653,869
Investments	5	31,622	-	31,622	14,494	-	14,494
Total income		<u>3,117,465</u>	<u>202,303</u>	<u>3,319,768</u>	<u>2,847,363</u>	<u>115,416</u>	<u>2,962,779</u>
Expenditure on:							
Raising funds	6	4,296	-	4,296	-	-	-
Charitable activities	7	3,004,850	202,303	3,207,153	2,835,524	115,416	2,950,940
Total expenditure		<u>3,009,146</u>	<u>202,303</u>	<u>3,211,449</u>	<u>2,835,524</u>	<u>115,416</u>	<u>2,950,940</u>
Net movement in funds		108,319	-	108,319	11,839	-	11,839
Total funds brought forward		429,198	-	429,198	417,359	-	417,359
Total funds carried forward	19	<u>537,517</u>	-	<u>537,517</u>	<u>429,198</u>	-	<u>429,198</u>

The statement of financial activities includes all gains and losses recognised in the year.
All income and expenditure arise from continuing operations.

CHALLENGE PARTNERS

BALANCE SHEET AS AT 31 AUGUST 2024

Registered Company number: 08048330

	Note	2024	2023
		£	£
FIXED ASSETS			
Intangible assets	14	21,169	10,225
Tangible assets	15	9,793	16,218
		30,962	26,443
CURRENT ASSETS			
Debtors	16	613,191	16,436
Cash at bank and in hand		2,829,330	1,750,607
		3,442,521	1,767,043
CREDITORS: amounts falling due within one year	17	(2,935,966)	(1,364,288)
NET CURRENT ASSETS		506,555	402,755
NET ASSETS	20	<u>537,517</u>	<u>429,198</u>
FUNDS:			
Unrestricted funds	19	537,517	429,198
Restricted funds	19	-	-
		<u>537,517</u>	<u>429,198</u>

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



Christopher Davison – Chair of Trustees

Date: 31st March 2025

CHALLENGE PARTNERS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2024

	2024	2023
	£	£
Cash flows from operating activities:		
Net cash provided by operating activities	1,066,301	408,702
Cash flows from investing activities:		
Purchase of fixed assets	(19,280)	(13,625)
Proceeds on disposal of tangible fixed assets	80	-
Interest receivable	31,622	14,494
Net cash from investing activities	12,422	869
 Increase in cash and cash equivalents in the year	 1,078,723	 409,571
 Cash and cash equivalents at beginning of year	 1,750,607	 1,341,036
 Cash and cash equivalents at end of year	 <u>2,829,330</u>	 <u>1,750,607</u>

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

	2024	2023
	£	£
Net income per SOFA	108,319	11,839
Adjustments for:		
Depreciation	6,372	11,762
Amortization	7,056	-
Loss on disposal of fixed assets	1,253	-
Interest receivable	(31,622)	(14,494)
(Increase)/decrease in debtors	(596,755)	89,397
Increase in creditors	1,571,678	310,198
Net cash provided by operating activities	<u>1,066,301</u>	<u>408,702</u>

CHALLENGE PARTNERS

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

Analysis of cash flow and net debt

	1 September 2023	Cashflow	31 August 2024
	£	£	£
Cash at bank and at hand	1,750,607	1,078,723	2,829,330
Total	<u>1,750,607</u>	<u>1,078,723</u>	<u>2,829,330</u>

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024

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.

Going concern

Having reviewed the funding facilities available to the Charity together with the expected demand and proven high renewal rates across the network and the resulting projected cash flows, the Board of Trustees have no material uncertainties with respect to the going concern status of the organisation and have a reasonable expectation that the Charity has adequate resources to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Income

All income is recognised in the SOFA 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.

Each year the Charity sends renewal notices prior to the year end. The notices are for the following year and as such there is no entitlement to the income in the year in which the notices were issued. In some cases, cash is received before the year end and this is treated as deferred income. For amounts not received the historical treatment has been to net off the debtor with the deferred income balance. For the current year the trustees have decided that a more appropriate treatment would be to gross up the debtor and the deferred income balances. This is entirely presentational as there is no impact on revenue recognition. Prior year amounts have not been re-presented.

Gifts in kind and donations of services

The Charity recognises gifts in kind, which include donated goods and donations of services, as income when the following conditions are met:

- Entitlement: The Charity is entitled to the donated goods or services.
- Measurement: The gifts can be reliably measured at fair value.
- Economic Benefit: It is probable that the economic benefits associated with the gifts will flow to the Charity.

Valuation of gifts in kind and donations of services

- Goods: Donated goods are valued at the amount the Charity would have had to pay to acquire them in the open market. If this is not readily available, the Charity uses the estimated resale value to determine fair value.
- Services: Donated services are recognised at the value the Charity would have paid for the services if not donated.

Gifts in kind and donations of services are included as both income and corresponding expenditure in the SOFA in the year they are received.

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

1. ACCOUNTING POLICIES (continued)

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.

Expenditure on raising funds are costs incurred in attracting voluntary income.

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.

Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Charity. This would normally be on notification of the interest paid or payable by the Bank.

Pensions

Defined contribution pension plan

A defined contribution plan is operated for its employees. A defined contribution plan is a pension plan under which Challenge Partners pays fixed contributions into a separate entity. Once the contributions have been paid, Challenge Partners has no further payment obligations.

The contributions are recognised as an expense in the SOFA when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Challenge Partners in independently administered funds.

Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangibles assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Website Development

- 3 years straight line

At each reporting date an assessment is made as to whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The assets residual values, useful lives and amortisation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

1. ACCOUNTING POLICIES (continued)

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided at the following annual rates in order to write off each tangible fixed asset over its estimated useful life.

Fixtures and fittings and equipment - 4 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

The capitalisation policy is to capitalise all individual assets which cost more than £500.

Debtors

Trade and other debtors are recognised at the settlement amount. Prepayments are valued at the amount prepaid.

Cash at bank

Cash at bank 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 a best estimate of the amounts required to settle the obligation.

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. Income is recognised against related expenditure as it is realised.

Operating leases

Rentals paid under operating leases are charged to the SOFA on a straight-line basis over the period of the lease.

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

1. ACCOUNTING POLICIES (continued)

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.

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

2. INCOME FROM DONATIONS AND LEGACIES

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Donations of services		-	174,583	174,583
Gifts in kind		-	4,600	4,600
Grants	3	175,000	23,120	198,120
Total Income		<u>175,000</u>	<u>202,303</u>	<u>377,303</u>

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Donations of services		-	76,128	76,128
Grants	3	179,000	39,288	218,288
Total Income		<u>179,000</u>	<u>115,416</u>	<u>294,416</u>

3. LIST OF GRANTS

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
The Permira Foundation		150,000	-	150,000
Garfield Weston Foundation		25,000	-	25,000
The David and Elaine Potter Foundation		-	20,660	20,660
Social Business Trust – Digital Impact Fund		-	2,460	2,460
Total Income	2	<u>175,000</u>	<u>23,120</u>	<u>198,120</u>

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

3. LIST OF GRANTS (continued)

	Note	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
The Permira Foundation		150,000	15,750	165,750
Garfield Weston Foundation		25,000	-	25,000
The David and Elaine Potter Foundation		-	15,998	15,998
Social Business Trust – Digital Impact Fund		-	7,540	7,540
Other		4,000	-	4,000
Total Income	2	<u>179,000</u>	<u>39,288</u>	<u>218,288</u>

4. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Network of Excellence programmes	2,909,446	-	2,909,446
Other income	1,397	-	1,397
Total Income	<u>2,910,843</u>	<u>-</u>	<u>2,910,843</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Network of Excellence programmes	2,632,685	-	2,632,685
Other income	21,184	-	21,184
Total Income	<u>2,653,869</u>	<u>-</u>	<u>2,653,869</u>

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

5. INVESTMENT INCOME

	Unrestricted Funds	Restricted Funds	Total Funds 2024
	£	£	£
Interest received	<u>31,622</u>	=	<u>31,622</u>

	Unrestricted Funds	Restricted Funds	Total Funds 2023
	£	£	£
Interest received	<u>14,494</u>	=	<u>14,494</u>

6. EXPENDITURE ON RAISING FUNDS

	Unrestricted Funds	Restricted Funds	Total Funds 2024
	£	£	£
Costs of raising voluntary income	<u>4,296</u>	=	<u>4,296</u>

	Unrestricted Funds	Restricted Funds	Total Funds 2023
	£	£	£
Costs of raising voluntary income	=	=	=

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

7. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted Funds £	Restricted Funds £	Total Funds 2024 £
Network of Excellence programmes	3,004,850	27,720	3,032,570
Strategic business development	-	174,583	174,583
Total Income	<u>3,004,850</u>	<u>202,303</u>	<u>3,207,153</u>

	Unrestricted Funds £	Restricted Funds £	Total Funds 2023 £
Network of Excellence programmes	2,835,524	39,288	2,874,812
Strategic business development	-	76,128	76,128
Total Income	<u>2,835,524</u>	<u>115,416</u>	<u>2,950,940</u>

8. ANALYSIS OF EXPENDITURE BY ACTIVITIES

	Direct costs £	Support costs £	Governance costs £	2024 Total £
Charitable activities	<u>2,747,866</u>	<u>438,587</u>	<u>20,700</u>	<u>3,207,153</u>

	Direct costs £	Support costs £	Governance costs £	2023 Total £
Charitable activities	<u>2,531,534</u>	<u>405,406</u>	<u>14,000</u>	<u>2,950,940</u>

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

9. SUPPORT COSTS

	2024	2023
	£	£
Salary costs	260,167	284,801
Staff related costs	15,196	6,857
Sub-contractor fees	60,200	-
Travel costs	6,013	4,895
Recruitment	17,358	-
Rent and office costs	28,829	26,206
IT costs	20,151	31,270
Telephone	3,301	3,103
Sundries and subscriptions	1,674	17,390
Marketing and design	-	3,748
Depreciation and amortization	13,428	11,762
Loss on disposal of fixed assets	1,253	-
Insurance	4,373	3,836
Legal and professional	1,083	-
Accountancy	5,381	11,538
Charitable and political donations	180	-
Total support costs	<u>438,587</u>	<u>405,406</u>

10. GOVERNANCE COSTS

	2024	2023
	£	£
Auditor's remuneration	<u>20,700</u>	<u>14,000</u>

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

11. NET EXPENDITURE

	2024	2023
	£	£
Net expenditure is stated after charging:		
Auditor's remuneration	20,700	14,000
Fees payable to the auditor in respect of all non-audit services	1,800	-
Depreciation	6,372	11,762
Amortization	7,056	-
Operating leases - rent and service charge	22,675	26,206

12. TRUSTEES' REMUNERATION AND BENEFITS

Dr Katherine Chhatwal OBE was paid a salary in respect of her role as Chief Executive and serves as a trustee ex officio. Remuneration was in the range £130,001 - £140,000 (2023: £120,001 - £130,000). Additional pension payments amounted to £6,695 (2023: £6,341). Private health cover costs of £315 (2023: £280) were also paid. The payments have been authorised in accordance with the Charity's governing document.

Trustees' expenses

Two Trustees were reimbursed travel expenses of £61 (2023 - £249, two Trustees) during the year.

13. STAFF COSTS

	2024	2023
	£	£
Wages and salaries	1,266,270	1,101,744
Social security costs	136,026	122,442
Pension costs	60,823	49,178
	<u>1,463,119</u>	<u>1,273,364</u>

Termination payments of £27,561 were made in the year ending 31 August 2024 (2023 - £nil). The Charity's accounting policy for termination payments is to recognise 100% of the payment in the month of termination.

The total remuneration of Key Management Personnel in the year was £714,431 (2023: £623,390).

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

13. STAFF COSTS (continued)

Key Management Personnel comprise:

- Chief Executive
- Executive Director
- Managing Director
- Director of Finance and Operations
- Director of Partnership and Network Development (left March 2024)
- Head of Strategy and Innovation
- Head of Programmes, Networks and Evaluation (left January 2024)
- Head of Programmes and Networks (from January 2024)
- Director of Digital Transformation

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

	2024 No.	2023 No.
Head count	27	25
Full time equivalent employees	25	24

The number of employees whose employee benefits (excluding employer pension contributions and employer national insurance contributions) exceeded £60,000 was:

	2024 No.	2023 No.
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	1	1
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

14. INTANGIBLE ASSETS

	Website Development £
COST	
Opening balance 1 September 2023	10,225
Additions	18,000
At 31 August 2024	<u>28,225</u>
DEPRECIATION	
Opening balance 1 September 2023	-
Charge for the year	7,056
At 31 August 2024	<u>7,056</u>
NET BOOK VALUE	
At 31 August 2024	<u>21,169</u>
At 31 August 2023	<u>10,225</u>

15. TANGIBLE FIXED ASSETS

	Fixtures fittings and equipment £
COST	
Opening balance 1 September 2023	50,425
Additions	1,280
Disposals	(29,778)
At 31 August 2024	<u>21,927</u>
DEPRECIATION	
Opening balance 1 September 2023	34,207
Charge for the year	6,372
Disposals	(28,445)
At 31 August 2024	<u>12,134</u>
NET BOOK VALUE	
At 31 August 2024	<u>9,793</u>
At 31 August 2023	<u>16,218</u>

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

16. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade debtors	589,214	1,488
Other debtors	3,284	2,953
Prepayments	20,693	11,995
	<u>613,191</u>	<u>16,436</u>

Trade debtors in 2023 are stated after netting off £761,613 of amounts invoiced before the year end but not received until after the year end (also see note 1, Income and note 17).

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024	2023
	£	£
Trade creditors	30,873	34,660
Social security and other taxes	194,165	215,861
Other creditors	16,976	24,390
Deferred income	2,619,916	1,037,132
Accrued expenditure	74,036	52,245
	<u>2,935,966</u>	<u>1,364,288</u>

Deferred income and Social security and other taxes in 2023 are stated after netting off £634,678 and £126,935 respectively of amounts invoiced before the year end but not received until after the year end (also see note 1, Income and note 16).

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

18. DEFERRED INCOME

	2024	2023
	£	£
Opening balance	1,037,132	578,648
Amounts released to income in the year	(1,037,132)	(578,648)
New funds deferred during the year	2,619,916	1,037,132
Balance carried forward	<u>2,619,916</u>	<u>1,037,132</u>

Deferred income predominantly relates to subscriptions income that has been invoiced in advance of the next financial year. Subscription fees relate to a maximum period of 12 months, i.e. co-aligned with an English academic year.

19. STATEMENT OF FUNDS

CURRENT YEAR UNRESTRICTED FUNDS

	1 September 2023	Income	Expenditure	31 August 2024
	£	£	£	£
General funds	<u>429,198</u>	<u>3,117,465</u>	<u>(3,009,146)</u>	<u>537,517</u>

RESTRICTED FUNDS

	1 September 2023	Income	Expenditure	31 August 2024
	£	£	£	£
The David Potter and Elaine Potter Foundation	-	20,660	(20,660)	-
Social Business Trust – Digital Impact Fund	-	2,460	(2,460)	-
Donations of services	-	174,583	(174,583)	-
Gifts in kind	-	4,600	(4,600)	-
Total	-	<u>202,303</u>	<u>(202,303)</u>	-

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

19. STATEMENT OF FUNDS (continued)

PRIOR YEAR

UNRESTRICTED FUNDS

	1 September 2022	Income	Expenditure	31 August 2023
	£	£	£	£
General funds	<u>417,359</u>	<u>2,847,363</u>	<u>(2,835,524)</u>	<u>429,198</u>

RESTRICTED FUNDS

	1 September 2022	Income	Expenditure	31 August 2023
	£	£	£	£
The David Potter and Elaine Potter Foundation	-	15,998	(15,998)	-
The Permira Foundation	-	15,750	(15,750)	-
Social Business Trust – Digital Impact Fund	-	7,540	(7,540)	-
Donations of services	-	76,128	(76,128)	-
Total	-	<u>115,416</u>	<u>(115,416)</u>	-

RESTRICTED FUNDS (continued)

2023/24

The David and Elaine Potter Foundation provided funds to facilitate school collaboration via digital transformation within Challenge Partners.

Social Business Trust provided funds to further enhance the digital transformation of the Challenge Partners' booking interface with schools and trusts.

Donations of Services: This fund relates to the development and growth of Challenge Partners via strategic business development and was supported by Social Business Trust.

Gifts in Kind: Office furniture was donated by Mastercard and Clifford Chance. The process was facilitated by Clifford Chance. All items of furniture were valued below Challenge Partners' minimum capitalization levels and therefore fully written off to the SOFA in 2024.

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

19. STATEMENT OF FUNDS (continued)

RESTRICTED FUNDS (continued)

2022/23

The David and Elaine Potter Foundation provided funds to facilitate school collaboration via digital transformation within Challenge Partners.

The Permira Foundation provided funding via their 2021/22 Liferaft (tranche two) grant, for expert speakers at our National Network meetings and for initiating an independent evaluation of our Jubilee Networks.

Social Business Trust provided funds to enable the digital transformation of the Challenge Partners booking interface with schools and trusts.

Donations of Services: This fund relates to the development and growth of Challenge Partners via strategic business development and was supported by Social Business Trust.

20. ANALYSIS OF NET ASSETS

	Unrestricted Funds 2024	Restricted Funds 2024	Total 2024
	£	£	£
Fixed assets	30,962	-	30,962
Current assets	3,442,521	-	3,442,521
Current liabilities	(2,935,966)	-	(2,935,966)
Net assets	<u>537,517</u>	-	<u>537,517</u>

	Unrestricted Funds 2023	Restricted Funds 2023	Total 2023
	£	£	£
Fixed assets	26,443	-	26,443
Current assets	1,767,043	-	1,767,043
Current liabilities	(1,364,288)	-	(1,364,288)
Net assets	<u>429,198</u>	-	<u>429,198</u>

Within unrestricted funds there is £nil (2023: £127,829) of designated funds, relating to a grant from the Permira Foundation, where funds had been set aside to directly cover resources allocated to innovation and digital transformation in 2024, so enhancing the value and impact of our offering and ensuring our internal systems can support our future growth.

CHALLENGE PARTNERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2024 (continued)

21. OPERATING LEASE COMMITMENTS

At 31 August 2024 the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	2024	2023
	£	£
No later than 1 year	<u>12,862</u>	<u>17,108</u>

22. RELATED PARTY DISCLOSURES

During the year, Challenge Partners received funds of £94 (2023: £nil) from School Reviewer Limited to advertise their products to the Charity's schools and trusts. Dr Katherine Chhatwal OBE is director and shareholder of School Reviewer Limited.

In the prior year, Challenge Partners received funds of £2,580 from STEP Academy Trust for annual subscriptions. Dr Katherine Chhatwal OBE was a trustee of STEP Academy Trust until July 2023.

During the year, Challenge Partners received funds of £14,264 (2023: £28,589) from Lighthouse Schools' Partnership for annual subscriptions and services. Mr Gary Lewis is the Chief Executive Officer and a trustee of Lighthouse Schools' Partnership.

No other related party transactions took place during the year.

Dr Katherine 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 12 of the financial statements

23. 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.