

Unlocked

ANNUAL REPORT

Leading change from the inside
2022/23

Unlocked Graduates
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Contents

Reports

Reference and administrative details	1
Trustees' report	2
Report of the independent auditor	16

Financial statements

Statement of financial activities	20
Balance sheet	21
Statement of cash flows	22
Principal accounting policies	23
Notes to the financial statements	26

Reference and administrative details

Directors and Members	Dame Sally A Coates Angela O Daniel (appointed 9 October 2022) James B H Darley Robert D Farquharson Rt Hon. David Laws Nicola C Marfleet Karan Rai (resigned 28 April 2022) Thomas P J Shinner Nathan A White Emma J Wilson Christopher R Wright (resigned 16 March 2023)
Company number	11448853
Charity registration number	1187552
Registered Office	7 Bell Yard London WC2A 2JR
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	Stone King LLP Boundary House 91 Charterhouse St Barbican London EC1M 6HR
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

MESSAGE FROM THE CHAIR

This year has been a very productive one for Unlocked Graduates. In many areas of our work, it has felt that we have finally had a year which has not been entirely overshadowed by Covid emergencies. In many operating areas the landscape has completely changed. Yet we have continued to deliver even in this new world.

Our 750th prison officer has been recruited, and will start the programme in September 2023; our ambassador network has continued to grow, and we have seen more applications to the Unlocked Graduate core programme than ever.

We are delighted to note that Unlocked's CEO, Natasha Porter, was last year recognised by His Majesty the King, by becoming an Officer of the British Empire (OBE) for her work in establishing and running Unlocked. This is a well merited recognition both of her personal leadership and inspiration and of the success of Unlocked since its inception.

This year has not been without its challenges. We faced a recruitment landscape with few similarities to the market pre-Covid, ever higher levels of inflation and cost pressures, and a prison service which is running out of beds.

The Board continues to be a huge help at this time, and we have been delighted to welcome Angela Daniel to the board who is not only a qualified accountant, but also has much experience running an alumni network at the University of Oxford.

Coming out of Covid has coincided with proof of the concept of Unlocked Graduates and our model. This has led the board to work with Natasha and her senior team to design and launch a new strategy. This strategy is focused on impact and ultimately on trying to move towards creating a tipping point for the prison service. It gives the direction we need to focus our work where we will have the most impact, and the impetus to gather the evidence and data we need to persuade others.

As always however, our work would not be possible were it not for the incredible support of all of our partners.

Of course, first and foremost we must thank His Majesty's Prison and Probation Service and the Ministry of Justice. Their continued support makes what we do possible, and we are grateful to the government for their commitment to innovation. Finally, I want to thank our generous donors. Their support not only enables the most innovative elements of our work but ensures our independence to take bold action.

We hope to continue implementing our bold new strategy, break cycles of reoffending and repay the trust that government and our partners continue to put in us.



Rt. Hon David Laws

MESSAGE FROM THE CEO

We are now at a stage of our development where we can see our model is working: we are attracting excellent people onto the frontline of prisons despite negative and largely incorrect perceptions of the role and sector, and we see those who are on our leadership programme making real impact. We have recently placed our 750th participant, and our retention continues to compare positively to those joining the service through other routes. This year we have continued to hear from prisoners, other prison officers, and governors of prisons about the positive impact those who join the service through Unlocked are having, and we have seen another year where every governor we work with say they would recommend our programme to colleagues in other prisons. We are also delighted with the growth of our ambassador network, and the impact they are continuing to have on prisoner outcomes.

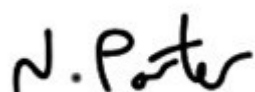
In December 2022, against this backdrop of early organisational success, we launched our new strategy in the House of Lords. Our new strategy focuses on depth: being laser focused in robustly evidencing what we have found works, and then using that to catalyse whole system change. At the heart of this is a focus on how to best lead rehabilitative culture in a prison and beyond, and a recognition that excellent prison officer – prisoner relationships need to sit at the heart of a prison.

There are also many people and organisations without whom our work would not be possible.

First and foremost, we are hugely grateful to His Majesty's Prison and Probation Service and the Ministry of Justice. They continue to be hugely supportive, and in doing so ensure that we can deliver our mission. From the Secretary of State to the CEO, Executive Directors, to all those who work with us in HMPPS and MoJ, through to governors and frontline officers and staff who make the practicalities work: thank you.

Our independence is completely essential to our success, and here we have a large network of partners and supporters to thank. Funders in particular allow us to experiment and try new things, and their assistance enables us to achieve what many believe is impossible. There are easier and safer areas to fund than prisons, and we continue to be ever grateful for those who invest in this challenging, but vitally important space. Partners from private sector have also been exceedingly generous with their pro bono support, and a myriad of organisations have embraced the opportunity to connect with frontline prison staff in new ways, including by speaking at our events and hosting work placements.

We could not do it without all of you so thank you. I hope you will enjoy reading about our achievements this year.



Natasha Porter

TRUSTEES' REPORT

The trustees (who are also directors of the charitable company for the purposes of the Companies Act) present their annual report together with financial statements of Unlocked Graduates ("the charity") for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out on pages 233 to 255 of the attached financial statements and comply with the charity's governing document, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, governance and management

Constitution and background

Unlocked Graduates is a company limited by guarantee and a registered charity established on 4th July 2018 and governed by its Memorandum and Articles of Association.

The directors of the charity are the trustees for the purpose of charity law and throughout this report are collectively referred to as "the trustees". The number of trustees consists of nine persons, who collectively make up the Board of Trustees ("the Board"). The Articles of Association require a minimum of three trustees.

The charity's objects are to promote the rehabilitation and education of prisoners and ex-prisoners, and to reduce reoffending through the provision of:

1. A specialised programme of education and training for graduate prison officers;
2. Education and training of those engaged in the prison and probation services and the criminal justice system in the rehabilitation and education of prisoners and ex-prisoners.

Method of appointment and election of trustees

The trustees are elected in accordance with the provisions of the Articles of Association. Normally, trustees are elected for a three-year term, with the possibility of reappointment for two consecutive terms, or three terms for founder trustees.

Upon appointment, trustees complete a variety of incorporation documents, and their details are submitted to Companies House and the Charity Commission. Trustees must declare any conflicts of interest throughout their term of office. Training needs are monitored on an ongoing basis. Trustees attend an annual away day which provides a more in-depth opportunity for strategic discussion and offers a training opportunity for new and existing members. New trustees also meet with existing Board members and the Senior Leadership Team (SLT) and are introduced to Unlocked Graduate's mission and strategy.

Organisation structure and decision making

The day to day running of the charity is delegated by the trustees to the Chief Executive Officer (CEO) and key management personnel which consists of the CEO, Chief Operating Officer (COO) and three Directors.

The trustees meet quarterly at Board meetings (and more if required on an ad-hoc basis) to review the progress relative to plans, monitor compliance with policies, and to review and

approve plans for the year ahead. The Finance, Audit and Risk committee (FARC) meets quarterly to discuss and review the charity's financial position and principal risks, and reports to the Board.

Salary banding and remuneration policy is reviewed and approved by the Board annually. The Board also approves the CEO's salary. The CEO approves all salaries within the organisation. This is based on a benchmarking exercise against similar charities to ensure competitiveness and fairness, and ultimately, is focussed on maximising effective use of resource towards the Unlocked Graduates mission.

Risk management

Unlocked Graduates is committed to managing risk effectively to safeguard the future of the charity and achieve its charitable aims. Risk management is a key focus of the Board. In particular, the FARC monitors risk, and the actions taken by the SLT in response to risk, at each of its quarterly meetings.

The SLT leads on identifying and managing risks and implementing appropriate contingency planning. This is reviewed and monitored by FARC and the Board.

Volunteers and supporters

We are grateful to the trustees who are all volunteers and provide their time and expertise without payment. We have also benefited from some voluntary pro-bono contributions from supporters. Besides this, the operations and activities of Unlocked Graduates are run by paid staff and not reliant on volunteers.

Trustees are entitled to the reimbursement of any reasonable expenses incurred in carrying out the business of the charity, but are encouraged to keep their expense claims to a minimum. Trustees' expenses reimbursed during 2022/23 are detailed in Note 7.

Key management personnel

The key management personnel of the charity in charge of controlling, running and operating the charity on a day-to-day basis comprise the trustees and personnel comprising the CEO, COO and three Directors.

Public benefit

The trustees confirm that they have given due regard to the Charity Commission's guidance on public benefit when reviewing the charity's aims and planning its objectives. The main activities undertaken to further the charity's aims are set out in this report.

The charity meets its obligations to provide a public benefit by working towards a reduction in cycles of reoffending, which we envisage having a positive impact on the public in general. The charity will work with anyone in need regardless of age, gender reassignment, marital status, pregnancy, disability, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

Activities and approach

Main activities

Unlocked Graduates' mission is to break cycles of reoffending through developing outstanding leaders in prison and wider society. The main activities by which the charity seeks to fulfil its charitable objects and this mission are:

1. Recruitment of a brilliant, diverse group of graduates who are motivated to break cycles of reoffending.
2. Provision of a two-year leadership programme for selected graduates, working on the frontline of prisons to directly break cycles of reoffending.
3. Development of an ambassadors' network to drive meaningful system change and break cycles of reoffending.

Our approach

In December 2022, at the House of Lords, Unlocked Graduates launched our new strategy.

Our vision is a prison system where every prisoner receives the support that they need to flourish and desist from crime. Our strategy reflects everything we have learnt over the past five years, and the steps we now need to take to build the prison system we need. With this in mind, we have committed to four areas of work:

1. **Recruit, develop and retain more high-quality graduates as prison officers.**
2. **Support ambassadors to progress into operational prison leadership roles.**
3. **Mainstream our solutions so all prison officers benefit from our research & work.**
4. **Prove what works in prisons to catalyse whole system change.**

All Unlocked Graduates' activities feed into this strategy, and working towards these aims is key to furthering our charitable objects. Inspiring and developing participants enables them to have a rehabilitative impact; growth enables that rehabilitation to happen on a larger scale; and amplification creates virtuous cycles where this is even more effective.

Achievements and performance

During this reporting period, Unlocked Graduates has made significant progress against our goals. We are excited about the direction in which our ambitious new strategy is taking our work. Our focus is very much on continuing and growing our core work, focusing on proving our impact, and using this to catalyse system change.

Area 1: Recruit, develop and retain more high-quality graduates as prison officers

This work is at the heart of Unlocked Graduates' work to date. Since launch, we have recruited over 750 prison officers to be placed in 38 prisons. This year we had our highest application number yet with over 30 applications for each place on the programme.

What we did

Recruit

We attract, recruit and select brilliant, diverse and mission-aligned candidates to become prison officers. In 2022-2023 we received our most applications ever and saw the attractiveness of our brand and offer continue to grow within the graduate market.

Our recruitment strategy is designed to attract high-calibre candidates, particularly the overwhelming majority of graduates who would not have considered a role in the prison service without us. Our focus on graduates is, in part, because they are under-represented in the prison service, and we believe that their addition will diversify the problem-solving skills available in the workforce – critical given the magnitude of the challenge. We also focus on this audience because one way to raise the status of the job of a prison officer is to actively target this ambitious group of jobseekers that society views as our 'best and brightest'.

To achieve our ambitious goals for diversity in our recruitment, Unlocked also offered free, independent coaching for applicants from under-represented groups. This is delivered by the recruitment team and a third-party expert consultant who helps applicants plan and navigate the application process.

Develop

We believe that the right training and support can radically accelerate the time it takes for a frontline workforce to make a difference.

Weaving practical and theoretical learning throughout the programme, we support and develop outstanding individuals who excel in their roles, take on additional responsibilities, and influence best practice on and off the landings.

The initial training in Summer Institute is followed by intensive mentoring support which runs throughout the two years alongside the theoretical study enabled by the MSc in Applied Custodial Leadership. This is co-designed and delivered by Leeds Trinity University but fully integrated into every element of the programme.

Once in role these officers are supported and challenged by their Mentoring Prison Officers (MPOs) from day one to meaningfully contribute to making their prisons more rehabilitative. All of our support and learning aims to create a framework to empower these officers and push them to innovate.

The Unlocked Graduates curriculum is informed by a range of influencers including Scandinavian models of prison officer training. Our training offer runs across multiple years in recognition of the time it takes to refine expert practice. We also require a high level of prior academic attainment so training can be pitched at a high level. This enables us to accommodate the difficulty of the theories involved in the course as well as build in deep critical analysis and significant independent research.

Practice-based learning underpins our pedagogy for the sections of our curriculum which focus on prison officer skills and professionalism. We have also been informed by the work of Professor Alison Liebling around balancing different components of the prison officer role. We have shared these approaches with other training organisations and the wider prison service, and elements have already been adopted by the mainstream prison officer training scheme as well as other organisations.

In line with our philosophy of ongoing learning, practitioner skills are developed throughout the programme. Participants receive 30 half-days of in-prison training which focuses on specialised aspects of the prison officer role. The focus on practitioner skills is central to the programme's impact. Our participants continue to develop over the two years, meaning their skills are always up to date, relevant and in line with best practice. The programme includes a significant independent research element. This empowers these frontline professionals to make an immediate contribution to rehabilitation in their prisons.

Retain

Our retention has remained an area of focus for the organisation, focused on the support and challenge from our MPOs. Feedback from participants about their MPOs continues to be exceptionally high, with 91 per cent rating the quality of the support positively.

We know that an officer who leaves the prison service has the potential to be another broken connection for the prisoners in their care. One ex-prisoner said to us "Unlocked officers were just very consistent and that made a real difference. That kind of a relationship with a prison officer really does make you change your ways."

Our impact

Recruit

We are changing graduates' perceptions around working in the prison service and are reaching people who would not otherwise consider entering this sector: nine out of ten participants on our programme had not considered joining the prison service before discovering Unlocked. And yet, 86 per cent of current participants would recommend Unlocked Graduates to a friend. One participant said, "doing this graduate scheme was one of the best decisions I have made".

We have also worked hard and succeeded in recruiting Black, Asian and other ethnic minority participants. Each year, the scheme has successfully attracted a diverse range of applications. This year, over 70 per cent of successful applicants are women, compared with 41 per cent of prison service staff. One in five are from ethnic minority backgrounds, which compares to around one in ten of the broader prison officer population.

We have continued to win industry awards for our recruitment campaigns and Leadership Development Programme. In 2023, Unlocked Graduates won 'Best Graduate Development Programme' at the Institute of Student Employers Awards. High Fliers also shortlisted our Instagram account as an example of best practice in reaching our audience effectively, and Unlocked were runners up for overall best use of social media.

Each year, the influential Times Top 100 list of Graduate Employers is released. This year, Unlocked Graduates is ranked at number 22, and are the highest risers in the list. Unlocked were the only public sector scheme to rise in the rankings. This positions us as a more attractive option than graduate schemes with many household names and law firms.

Develop

Our 2022 Summer Institute was run for the first time in a number of years with no lockdown restrictions. We delivered an extremely successful programme to our new cohort of prison officers, making them day-one ready. Unlocked Graduates training is an important part of our strategy to professionalise the prison officer role, and thereby create systemic change in the prison service to address cycles of reoffending. We continue to pioneer new training and development approaches to improve all elements of our ongoing support and training. 98 per

cent of current participants rate their training positively, and 100 per cent were positive about the range of work placements on offer to them as part of our Leadership Development Programme. 95 per cent rated the support from their MPO positively, with one participant describing the support from their MPO as “faultless”. Another said, “He has been exactly what I have needed this year, and I honestly think that my experience in prison would have been very different without an MPO as amazing as [mine].”

We know that these officers are having an immediate impact. In our 2021 cohort, 63 per cent of officers have been promoted or taken on additional responsibility. These include Band 4 Supervising Officers, counter-terrorism liaison officers, equalities officers and physical education officers.

We also seek to offer our participants ways to use their unique position to identify solutions to problems they face on the frontline and to take action:

- **Pilot projects:** Those on the frontline know best the problems we are seeking to solve. The Innovation Acceleration Programme (IAP) is designed to support and amplify the impact participants can have by offering funding for small-scale, evidence driven innovation projects in their prisons. To receive funding, participants must demonstrate how they work closely with other non-Unlocked Graduates prison officers in their prison to develop an idea that will achieve senior buy-in and has the potential to be sustainable long-term. To date, we have supported 72 small and 39 large projects. Through this we have invested over £80,000 in frontline prison innovation.
- **Ideas to share:** We believe an evidence-based approach will be an important part of driving rehabilitation in the prison service. As part of their Master's degree, participants undertake a research project based on a problem, question or initiative that they co-identify with the prison governor as an area of interest. These are focused on making targeted, tangible recommendations, whether to policy-makers or practitioners of the prison. In the past year, some of these have been turned in to ‘policy papers’ which were published in a special edition of the Prison Service Journal in 2023, led by Leeds Trinity University.

Retain

In 2022, we placed nearly 130 officers into 28 prisons. This included a new placement in North Wales at HMP Berwyn. We have recruited over 750 prison officers in 37 establishments across England and Wales, reaching over a third of the prisoner population.

In the past year we undertook a benchmarking exercise with a sample of 14 of our partner prisons, with representation from prisons from the north, Midlands, Greater London and the south. We were looking to compare the retention of Band 3 officers in the 2021/22 year to understand how well the retention of our Unlocked officers compared to those that entered the service via the standard route. The analysis showed that the retention of Unlocked participants is currently 13 per cent higher during our two-year programme compared to those entering via the standard route. This is despite increasing numbers of participants being actively approached for other roles during their time on the programme.

Almost 75 per cent of Unlocked ambassadors stay in a role in the prison service employed by HMPPS or MoJ (specifically operational in prison, HMPPS or MoJ) for eight months after they finish Unlocked Graduates' Leadership Development Programme.

Unlocked Graduates can only challenge and change the prison service with the support of those within it, and we remain grateful to our partners and colleagues across the service. 100 per cent of governors recently surveyed would recommend Unlocked Graduates to other prisons. One governor Unlocked Graduates works with said, “I think Unlocked is starting to

influence how we recruit and support. It is also attracting some brilliant people into the prison service". Another governor said that Unlocked Graduates should be the model for all our new staff and "undoubtedly contributes to developing confident, competent and capable prison officers."

Support ambassadors to progress into operational prison leadership roles

What we did

Ambassadors are key to our mission of developing outstanding leaders to break cycles of reoffending in prison and throughout society. Our aim is to create a network of alumni (ambassadors) with exceptional leadership skills using their frontline experience to impact systemic changes in prisons, the wider criminal justice system, and beyond.

Our Ambassador Network Manager is a graduate of our Leadership Development Programme. This year he has been using community organising principles to formalise our alumni network and creating spaces for ambassadors to form networks organically. This has included various events, study visits and networking opportunities. One example is his work with a group of ambassadors who were keen to organise on how prisoners with neurodiversity can be better supported.

We trust ambassadors to identify how they can make the most impact on prisons, however many tell us they want to stay in operational roles long term but feel unable to do so. As a result, we have worked with Oliver Wyman on a pro bono basis to research and report back on what the most prevalent push factors are. The recommendations from this report will influence our work in this area through 2023-24.

Our impact

The majority of ambassadors remain are still operational in prison over six months after completing the programme and nearly 90 per cent still work towards the mission of Unlocked Graduates in their primary role. About half (44 per cent) of everyone who has ever completed the programme are still operational in prison. A small number have now reached governor grades, with many more taking on roles as Custodial Managers.

Our ambassadors continue to have a remarkable impact on prisons. In the past year, one has won a Butler Trust Award and another a Prime Minister's Award for their work changing the lives of those in prison.

Mainstream our solutions so all prison officers benefit from our research & work.

What we did

The retention of Unlocked Graduates is 13 per cent higher than the standard entry route. When surveyed, one governor told us, "The Unlocked scheme is certainly bringing something different. We welcome the Unlocked scheme and I would recommend it to any prison that is currently not part of the scheme". We are working hard to mainstream our solutions and to share what works between our cohorts and in the entire service. This varies from private meetings with those with agency, lobbying for change with the Ministry of Justice and leading the sector to catalyse whole system change.

Part of our strategy to mainstream our solution is to share solutions we have found to workforce issues. We launched this at our December 2022 House of Lords reception, where we were joined by the Minister for Prisons Rt Hon Damian Hinds MP, colleagues from across HMPPS and the Ministry of Justice and frontline staff including our participants and ambassadors.

Our March 2023 Conference was opened up to prison officers and senior leaders from across our partner prisons. Attendance from establishments across the country continues to be high at events such as Champions Day and Governors Day at our Summer Institute.

In December 2022, Unlocked Graduates gave a written submission to the Justice Select Committee's Inquiry on the Prison Operational Workforce. Subsequently, Natasha Porter OBE was asked to give oral evidence on behalf of Unlocked. The report from the Committee is due in late summer 2023.

Our impact

We are continuing to work closely with HMPPS to mainstream best practice. The Ministry of Justice referenced our contributions in one of their submissions to the Justice Select Committee's Inquiry on the Prison Operational Workforce, saying that the Unlocked CEO was invited "to share her expertise and views about what a good prison officer needs in terms of training. Natasha has also shared resources, learning plans and content of the Unlocked curriculum and we continue to work together to improve the impact of our training".

We have also been invited speak about the work of Unlocked at international prison service conferences in Lisbon and Berlin.

Peter Dawson, the former Director of the Prison Reform Trust, spoke on the ongoing impact of Unlocked ambassadors across the criminal justice sector stating that "Unlocked is seeding the whole system with good people and fresh thinking... it is a tremendous force for good."

Prove what works in prisons to catalyse whole system change

What we did

In order to ensure that there was sufficient expertise and capacity within Unlocked Graduates, we have restructured the senior team to create a new role: Associate Director of Impact and Insights. In March 2023, Dr Liam Fenn joined in this role, bringing extensive experience in defining impact in the criminal justice sector. Liam has spent his first few months working through how to bring this strategic goal to life. We are now progressing work in the following areas:

- Harnessing actionable insights from our data and improved surveying to understand the factors that shape the performance, wellbeing, and retention of prison officers.
- Codifying our solutions and research evidence to share with the sector, covering recruitment, training and support for prison officers.
- Working with leading academics and experts to collaborate on the evaluation of Unlocked and developing thought-papers that can be used to inform change.
- Designing a robust evaluation to better understand the contribution that Unlocked is making to culture and system change.
- Improving participant and ambassador access to best practice and supporting them to evaluate impact.

Our impact

We know that our model works. A Custodial Manager (senior officer) in a central London prison recently told us that Unlocked Graduates are changing the way that he does his job. Referring to a group of participants and ambassadors he told us, "The three of them have been a revelation. They listen to prisoners and use their education in a good way – they see things from a different viewpoint... by having the way my staff talk to everyone down there better – that is how it's been so successful. And that is slowly rubbing off. It's just a different way to be a prison officer".

We will codify and prove what works in order to ensure that the changes that this Custodial Manager has described can happen across the entire sector.

Financial review

The charity's total income during the period was £4,207,773 (2022 - £4,049,186). The main source of income has been our contract with the Ministry of Justice (MOJ) which has generated income of £4,044,912 (2022 - £3,680,847). In addition, Unlocked Graduates has raised income of £160,161 (2022 - £368,339) from trusts and other donations. Of these donations, £1,424 (2022 - £75,000) was restricted income and £158,737 (2022 - £293,339) was unrestricted income.

Expenditure has totalled £4,446,680 (2022 - £3,896,636) of which £1,301,656 (2022 - £1,291,356) was spent on recruitment activities and £3,109,521 (2022 - £2,521,120) on graduate programme delivery. Expenditure on raising funds came to £35,503 (2022 - £84,159).

Risks and uncertainties

As part of the charity's commitment to effective risk management, the trustees review identified risks, as well as the plans and strategies for managing those risks.

The principal risks and uncertainties facing the charity are:

- Loss of the MOJ contract, or failure to secure a new contract. Mitigations include continual evidencing of impact and value for money; continuing strong performance against the contract KPIs; and close involvement of the CEO and Board in contract extension negotiations.
- Lack of stakeholder support from government, the civil service, or prison governors. Mitigations include relationship building with all relevant stakeholders, gaining cross-party support, and demonstrating the positive impact of the charity.
- Reputational risks relating to participants, such as negative media coverage or a high-profile departure of a participant. Mitigations include a rigorous recruitment process, strong training and mentoring for participants on the programme, internal evaluation and continual improvement, close monitoring and detailed reporting systems, involvement of MOJ press office and a formalised crisis communications strategy.
- Cyber security or data breach. Mitigations include Cyber Essentials Plus and ISO 27001 audit and compliance, use of data protection agreements with subcontractors, staff training and strict IT policies.
- We are aware of wider societal and environmental factors and their interplay with our work. Our strategy integrates a particular focus on our responsibilities around sustainability, and equity, diversity and inclusion.

Reserves policy

As of 31 March 2023, Unlocked Graduates had total reserves of £574,044 (2022 - £812,951) of which £20,000 (2022 - £98,367) were restricted, leaving unrestricted reserves of £554,044 (2022 - £714,584). Unrestricted reserves consist of two designated funds – new ventures fund of £139,000, and ambassadors fund of £91,000 – as well as tangible fixed assets of £64,033 (2022 - £61,981), leaving free unrestricted reserves of £260,011 (2022 - £342,603). The new ventures fund is to be spent over the next two years on mobilisation costs of new ventures started by the charity, and the ambassadors fund is to be spent over the next two years on mobilisation costs of our new ambassador programme.

In this financial period, we have taken a prudent position in relation to reserves as we establish the most effective use of non-contractual funding. Now that Unlocked Graduates has established itself as an independent charity, we have ambitious plans to use this income to further our charitable objectives. The growth of our non-contractual activity, enabled by fundraised income, is key to the next phase of our strategy. The surplus against the minimum level of reserves represents funds that will be used over the next three years as we grow to enable delivery of our ambassadors' programme, innovation acceleration within prisons, and strategic expansion.

The trustees have examined the requirements for reserves in light of the main risks to the charity. The trustees have established a reserves policy to protect the charity and its long-term charitable activities by providing time to adjust to changing financial circumstances.

The level of reserves is set to cover a minimum of one busy month's expenditure and three months' expenditure outside of busy periods. Based on forecast expenditure for 2023-24, the trustees have approved a minimum level of free unrestricted reserves of £400,000. A minimum level of £400,000 reserves is deemed to be necessary predominantly based on working capital requirements and to mitigate against the financial impact of risks. Given the strategic focus to date has been on income generation to enable stability as a newly independent charity, the trustees have not currently set a maximum level of reserves. As we move into the next phase of our strategy, we expect this to evolve.

Working capital and cash flow requirements include costs such as monthly salaries, VAT bills and office rents. The charity currently operates under seven-day payment terms with the Ministry of Justice which lowers risks relating to cash flow. However, we must mitigate against delays in payments of invoices by the MOJ: as the charity's main funding source, delays can have a significant impact. Exit costs (including office lease commitments, staff redundancy costs and university exit costs) are included in the MOJ contract which significantly reduces financial risk relating to termination of the contract.

Fundraising

Unlocked Graduates is registered with the Fundraising Regulator and adheres to their fundraising codes of practice. When donations from individuals are received, the charity aims to protect personal data, never sells data or swaps data with other organisations, and undertakes to promptly and thoroughly investigate any complaints regarding its fundraising activities. We aim to learn from complaints and improve operations accordingly. During 2022/23, Unlocked Graduates received no complaints about fundraising activities.

Post balance sheet events, future plans and going concern

The trustees have assessed the resources, activities and risks of the charity to assess whether the use of the going concern basis is appropriate. This assessment has been made for a period of at least one year from the date of approval of the financial statements. Our income from the graduate programme is contracted with the Ministry of Justice until at least 2026 (and in the event of termination of the contract, exit provisions cover most costs incurred). In addition, the charity has a healthy reserves position. The trustees have reviewed the expenditure plans and are assured these can be met from existing resources and expected future income. The trustees have therefore concluded the charity is a going concern and therefore, the accounts and financial statements have been prepared on this basis.

There was one post balance sheet event to report, as described in Note 17, as a new office lease agreement was entered into.

Future plans for the charity are focused on its aforementioned aims of continuing the core programme of recruiting, developing and retaining graduates as prison officers; supporting ambassadors to develop into future leaders; sharing our work with the wider sector; and building and evidence base of what works in prisons.

Statement of trustees' responsibilities

The trustees (who are also directors of Unlocked Graduates for the purposes of company law) are responsible for preparing the trustees' report and 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 charity and the income and expenditure of the charity for that year.

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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

This report was approved by the trustees and signed on their behalf by:



David Laws

Approved on: 03 October 2023

Independent auditor's report to the members of Unlocked Graduates

Opinion

We have audited the financial statements of Unlocked Graduates (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 March 2023 and of its 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 charitable company 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 accounts 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 accounts 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report, which is also the directors' report 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 trustees' report, which is also the directors' report for the purposes of company law, has 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 trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; 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

As explained more fully in the trustees' responsibilities statement, the trustees 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:

- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- ◆ We understood how the charitable company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of trustee meetings and papers provided to the trustees.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the accounts 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 this 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.

Buzzacott LLP

06 October 2023

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 March 2023
(incorporating the income and expenditure account)

	Notes	Restricted funds £	Un- restricted general Funds £	Year to 31 March 2023 £	Year to 31 March 2022 £
Income from:					
Donations	1	1,424	158,737	160,161	368,339
Charitable activities	2	--	4,044,912	4,044,912	3,680,847
Other income		--	2,700	2,700	—
Total income		1,424	4,206,349	4,207,773	4,049,186
Expenditure on:					
Raising funds	3	--	35,503	35,503	84,159
Charitable activities	4	79,791	4,331,386	4,411,177	3,812,477
Total expenditure		79,791	4,366,889	4,446,680	3,896,636
Net (expenditure) income and movement in funds for the period	6	(78,367)	(160,540)	(238,907)	152,550
Reconciliation of funds:					
Funds brought forward at 1 April 2022		98,367	714,584	812,951	660,401
Funds carried forward at 31 March 2023		20,000	554,044	574,044	812,951

All activities derive from continuing operations.

All recognised gains and losses are included in the statement of financial activities.

Balance sheet 31 March 2023

	Notes	31 March 2023 £	31 March 2023 £	31 March 2022 £	31 March 2022 £
Fixed assets					
Tangible fixed assets	8		64,033		61,981
Current assets					
Debtors	9	875,994		712,945	
Cash at bank and in hand		728,132		688,023	
		1,604,126		1,400,968	
Creditors: amounts falling due within one year	10	(1,092,865)		(648,748)	
Net current assets			511,261		752,220
Creditors: amounts falling due after one year			(1,250)		(1,250)
Total net assets			574,044		812,951
The funds of the charity:					
Restricted fund	12		20,000		98,367
Unrestricted funds:					
General funds	13		324,044		404,584
Designated funds	13		230,000		310,000
			574,044		812,951

The financial statements were approved by the trustees and signed on their behalf by:



David Laws

Approved on: 03 October 2023

Unlocked Graduates: A company limited by guarantee, Company Registration No.11448853 (England and Wales)

Statement of cash flows Year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Net cash flows from operating activities	A	42,161	(552,987)
Net cash flows from investing activities	B	(2,052)	(31,240)
Change in cash and cash equivalents		40,109	(584,227)
Cash and cash equivalents at 1 April 2022		688,023	1,272,250
Cash and cash equivalents at 31 March 2023		728,132	688,023

Notes to the statement of cash flows for the year ended 31 March 2023

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

	Year to 31 March 2023 £	Year to 31 March 2022 £
Net (expenditure) income	(238,907)	152,550
(Increase) in debtors	(163,049)	(326,493)
Increase (decrease) in creditors	444,117	(379,044)
Net cash provided by (used in) operating activities	42,161	(552,987)

B Cash flows from investing activities

	Year to 31 March 2023 £	Year to 31 March 2022 £
Investing activities		
Purchase of fixed assets	(2,052)	(31,240)
Net cash flows used in investing activities	(2,052)	(31,240)

C Cash and cash equivalents

	Year to 31 March 2023 £	Year to 31 March 2022 £
Cash at bank	728,132	688,023
Total	728,132	688,023

Cash and cash equivalents at the year-end consisted solely of cash at bank and no other cash instruments. No cash has been borrowed and no debt repayments are outstanding at year-end.

Principal accounting policies – Year ended 31 March 2023

The principal accounting policies, adopted judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below:

Basis of preparation of financial statements

These financial statements have been prepared for the year ended 31 March 2023. The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities FRS 102 SORP') and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

No significant judgments and/or estimates have been made by the trustees in preparing these financial statements.

Assessment of going concern

The trustees have assessed the resources, activities and risks of the charity to assess whether the use of the going concern basis is appropriate. This assessment has been made for a period of at least one year from the date of approval of the financial statements. Our income from the graduate programme is contracted with the Ministry of Justice until at least 2026 (and in the event of termination of the contract, exit provisions cover most costs incurred). In addition, the charity has a healthy reserves position. The trustees have reviewed the expenditure plans and are assured these can be met from existing resources and expected future income. The trustees have therefore concluded the charity is a going concern and therefore, the accounts and financial statements have been prepared on this basis.

Income

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Contract and grant income

Contract funding is recognised over the term of the contract term as services are delivered.

Grant funding subject to specific performance conditions is recognised as the related services or outcomes are delivered.

Principal accounting policies – Year ended 31 March 2023

Income (continued)

Donations

Income from donations is recognised in the period in which the charity becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All costs are inclusive of irrecoverable VAT.

Expenditure comprises direct costs and support costs. The classification between activities in direct costs and support costs is as follows:

- ◆ Expenditure on raising funds includes any expenditure associated with raising funds for the charity and includes direct costs associated with fundraising events. An allocation of support costs is made against fundraising activities based on the amount of staff time involved.
- ◆ Expenditure on charitable activities comprises direct expenditure on the charity's two primary charitable activities and includes support costs.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of a finance function and other overheads such as the maintenance of websites etc.

Governance costs comprise the costs related to the public accountability of the charity and costs in respect of its compliance with applicable regulations and good practice.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 9. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Principal accounting policies – Year ended 31 March 2023

Financial instruments (continued)

Financial liabilities – accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 10. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Debtors

Debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions 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 measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Fund accounting

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Restricted funds comprise monies received for, or their use is restricted to, a specific purpose or have donor imposed conditions.

1 Donations

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Donations from Trusts and Foundations	1,424	158,737	160,161
2023 Total funds	1,424	158,737	160,161
	Restricted funds £	Unrestricted general funds £	Total funds 2022 £
Donations from Trusts and Foundations	75,000	293,339	368,339
2022 Total funds	75,000	293,339	368,339

2 Income from charitable activities

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Graduate Prison Officers Programme	--	2,554,681	2,554,681
Participant Recruitment Activities	--	1,490,231	1,490,231
2023 Total funds	--	4,044,912	4,044,912
	Restricted funds £	Unrestricted general funds £	Total funds 2022 £
Graduate Prison Officers Programme	—	2,357,068	2,357,068
Participant Recruitment Activities	—	1,323,779	1,323,779
2022 Total funds	—	3,680,847	3,680,847

3 Expenditure on raising funds

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Support costs (see note 5)	--	35,503	35,503
2023 Total expenditure	--	35,503	35,503

3 Expenditure on raising funds (continued)

	<i>Restricted funds £</i>	<i>Unrestricted General funds £</i>	<i>Total funds 2022 £</i>
<i>Support costs (see note 5)</i>	—	84,159	84,159
2022 Total expenditure	—	84,159	84,159

4 Expenditure on charitable activities

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Activities undertaken directly			
Graduate Prison Officers Programme	79,791	2,705,589	2,785,380
Participant Recruitment Activities	--	1,112,573	1,112,573
	79,791	3,818,162	3,897,953
Support costs (see note 5)			
Graduate Prison Officers Programme	--	324,141	324,141
Participant Recruitment Activities	--	189,083	189,083
	--	513,224	513,224
2023 total expenditure	79,791	4,331,386	4,411,177

	<i>Restricted funds £</i>	<i>Unrestricted general funds £</i>	<i>Total funds 2022 £</i>
Activities undertaken directly			
Graduate Prison Officers Programme	38,378	2,162,571	2,200,949
Participant Recruitment Activities	—	1,116,717	1,116,717
	38,378	3,279,288	3,317,666
Support costs (see note 5)			
Graduate Prison Officers Programme	—	320,171	320,171
Participant Recruitment Activities	—	174,640	174,640
	—	494,811	494,811
2022 total expenditure	38,378	3,774,099	3,812,477

5 Analysis of support costs

		Unrestricted Charitable activities		
	Raising funds £	Graduate Prison Officers Programme £	Participant Recruitment activities £	2023 Total £
Human resources:				
- Shared staff costs allocations	28,613	87,466	51,022	167,101
- Other HR related shared costs	323	11,098	6,474	17,895
Finance	302	10,387	6,059	16,748
Information Technology	654	22,455	13,099	36,208
Premises and office running costs	5,185	178,103	103,893	287,181
Governance costs:				
- Auditor's remuneration	171	5,861	3,419	9,451
- Legal, professional and accountancy	215	7,398	4,316	11,929
- Bank charges	40	1,365	796	2,201
- Other governance costs	0	8	5	13
Totals	35,503	324,141	189,083	548,727

		Unrestricted Charitable activities		
	Raising funds £	Graduate Prison Officers Programme £	Participant Recruitment activities £	2022 Total £
Human resources:				
- Shared staff costs allocations	64,647	41,736	22,765	129,148
- Other HR related shared costs	2,161	30,835	16,819	49,815
Finance	153	2,185	1,193	3,531
Information Technology	1,723	24,589	13,412	39,724
Premises and office running costs	14,511	207,062	112,944	334,517
Governance costs:				
- Auditor's remuneration	390	5,571	3,039	9,000
- Legal, professional and accountancy	263	3,757	2,049	6,069
- Bank charges	72	1,031	562	1,665
- Other governance costs	239	3,405	1,857	5,501
Totals	84,159	320,171	174,640	578,970

5 Analysis of support costs (continued)

Support costs are allocated on the following bases, which reflect an estimate of staff time, spent on fundraising activities and the direct staff time on the primary charitable activities of running the programme and recruitment activities:

	2023 %	2022 %
Fundraising	2%	4%
Charitable activities:		
(i) Graduate Prison Officers Programme	62%	62%
(ii) Participant Recruitment Activities	36%	34%
Total allocations	100%	100%

6 Net (expenditure) income

This is stated after charging the following against unrestricted funds:

	2023 Total £	2022 Total £
Staff costs (see note 7)	1,864,055	1,490,363
Auditor's remuneration	9,450	9,000
Depreciation	33,684	18,732
Operating lease rentals	232,723	247,962

7 Staff costs and trustees' remuneration

	2023 £	2022 £
Staff costs during the period were as follows:		
· Wages and salaries	1,511,297	1,243,430
· Social security costs	160,730	117,970
· Termination payments	14,902	6,177
· Pension costs	177,126	122,786
	1,864,055	1,490,363

The average number of employees during the period was:

	2023 Number	2022 Number
Management and Leadership	6	5
Programme	14	12
Recruitment	29	16
Operations	3	4
External Relations	2	4
	54	41

7 Staff costs and trustees' remuneration (continued)

During the current accounting period, there were three (2022 - five) employees who earned £60,000 or more (including taxable benefits but excluding employer pension contributions).

	2023 Number	2022 Number
£60,001 – £70,000	--	2
£70,001 – £80,000	1	1
£80,001 – £90,000	1	1
£90,001 – £100,000	--	1
£100,001 – £110,000	1	--

No trustee received any remuneration in respect of their services during the year (2022 - £nil) and £83 of expenses were reimbursed to one trustee during the year (2022 - £337 to three trustees).

The key management personnel of the charity in charge of directing and controlling, running and operating the organisation on a day-to-day basis comprise the trustees together with five employees: the Chief Executive Officer, the Chief Operating Officer, the External Relations Director, Recruitment Director and Programme Director. The total remuneration (including taxable benefits and employer's national insurance contributions) payable to key management personnel during the year is set out below.

	2023 £	2022 £
Key Management Personnel – Gross pay	440,670	414,148
Key Management Personnel – Employer pensions	47,361	40,816
Key Management Personnel – Employer NI	53,312	47,579
	541,343	502,543

8 Tangible fixed assets

	Computer equipment £	Furniture, fixtures equipment £	Leasehold improve- ments £	2023 Total £
Cost				
At 1 April 2022	44,280	29,876	8,520	82,676
Additions	34,235	1,500	--	35,735
At 31 March 2023	78,515	31,376	8,520	118,411
Depreciation				
At April 2022	14,199	4,366	2,130	20,695
Charge for period	22,471	6,100	5,112	33,683
At 31 March 2023	36,670	10,466	7,242	54,378
Net book values				
At 31 March 2023	41,845	20,910	1,278	64,033
At 1 April 2022	30,081	25,510	6,390	61,981

9 Debtors

	2023 £	2022 £
Trade debtors	448,930	377,741
Prepayments	341,433	276,761
Accrued income	85,631	58,443
	875,994	712,945

10 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	364,118	61,047
Other creditors	64,393	56,305
Tax and social security	163,056	143,666
Accruals and deferred income	501,298	387,730
	1,092,865	648,748

11 Creditors: amounts falling due after one year

	2023 £	2022 £
Lease liability	1,250	1,250
	1,250	1,250

12 Restricted funds

	At 1 April 2022 £	Income £	Expenditure £	At 31 March 2023 £
Restricted funds				
Treebeard Trust	44,791	--	(44,791)	--
Hadley Trust	3,576	(3,576)	--	--
Drapers Charitable Trust	15,000	(15,000)	--	--
Dulverton Trust	35,000	--	(35,000)	--
John Armitage Charitable Trust	--	20,000	--	20,000
Total	98,367	1,424	(79,791)	20,000

Restricted funds

Treebeard Trust: to support the policy paperwork.

Hadley Trust: to support the technology innovation project.

Drapers Charitable Trust: to support the prison technology innovation project.

Dulverton Trust: to support graduate ventures.

John Armitage Charitable Trust: to support the prison innovation acceleration project.

13 Analysis of net assets between funds

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Fund balances at 31 March 2023 are represented by:			
Tangible fixed assets	--	64,033	64,033
Current assets	20,000	1,584,126	1,604,126
Current liabilities	--	(1,092,865)	(1,092,865)
Non-current liabilities	--	(1,250)	(1,250)
Total net assets	20,000	554,044	574,044

Unrestricted funds at 31 March 2023 include designated funds as follows:

- ◆ New ventures fund of £139,000, to be spent over the next two years on mobilisation costs of new ventures started by the charity.
- ◆ Ambassadors fund of £91,000, to be spent over the next two years on mobilisation costs of our new ambassador programme.

	At 1 April 2022 £	Income £	Expenditure£	At 31 March 2023 £
Designated funds				
New ventures fund	170,000	--	(31,000)	139,000
Ambassadors fund	140,000	--	(49,000)	91,000
Total	310,000	--	(80,000)	230,000

	Restricted funds £	Unrestricted general funds £	Total funds 2022 £
Fund balances at 31 March 2022 are represented by:			
Tangible fixed assets	—	61,981	61,981
Current assets	98,367	1,302,602	1,400,969
Current liabilities	—	(648,748)	(648,748)
Non-current liabilities	—	(1,250)	(1,250)
Total net assets	98,367	714,584	812,951

14 Operating lease commitments

At 31 March 2023, the balance sheet date, the Charity had operating lease commitments as follows:

	2023 £	2022 £
On office space		
Due within one year	75,552	226,656
Due between one and two years	--	75,552
	75,552	302,208

The lease on office space was terminated post year-end prior to the full commitment balance being paid. A new lease agreement was entered into for office space in May 2023.

15 Taxation

Unlocked Graduates is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

16 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

17 Post balance sheet events

There was a new office lease agreement entered into as described in Note 14.

Unlocked

ANNUAL REPORT

Leading change from the inside
2022/23

Unlocked Graduates
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Charity No: 1187552 | Company No: 11448853

Contents

Reports

Reference and administrative details	1
Trustees' report	2
Report of the independent auditor	16

Financial statements

Statement of financial activities	20
Balance sheet	21
Statement of cash flows	22
Principal accounting policies	23
Notes to the financial statements	26

Reference and administrative details

Directors and Members	Dame Sally A Coates Angela O Daniel (appointed 9 October 2022) James B H Darley Robert D Farquharson Rt Hon. David Laws Nicola C Marfleet Karan Rai (resigned 28 April 2022) Thomas P J Shinner Nathan A White Emma J Wilson Christopher R Wright (resigned 16 March 2023)
Company number	11448853
Charity registration number	1187552
Registered Office	7 Bell Yard London WC2A 2JR
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Solicitors	Stone King LLP Boundary House 91 Charterhouse St Barbican London EC1M 6HR
Bankers	Barclays Bank Plc 1 Churchill Place London E14 5HP

MESSAGE FROM THE CHAIR

This year has been a very productive one for Unlocked Graduates. In many areas of our work, it has felt that we have finally had a year which has not been entirely overshadowed by Covid emergencies. In many operating areas the landscape has completely changed. Yet we have continued to deliver even in this new world.

Our 750th prison officer has been recruited, and will start the programme in September 2023; our ambassador network has continued to grow, and we have seen more applications to the Unlocked Graduate core programme than ever.

We are delighted to note that Unlocked's CEO, Natasha Porter, was last year recognised by His Majesty the King, by becoming an Officer of the British Empire (OBE) for her work in establishing and running Unlocked. This is a well merited recognition both of her personal leadership and inspiration and of the success of Unlocked since its inception.

This year has not been without its challenges. We faced a recruitment landscape with few similarities to the market pre-Covid, ever higher levels of inflation and cost pressures, and a prison service which is running out of beds.

The Board continues to be a huge help at this time, and we have been delighted to welcome Angela Daniel to the board who is not only a qualified accountant, but also has much experience running an alumni network at the University of Oxford.

Coming out of Covid has coincided with proof of the concept of Unlocked Graduates and our model. This has led the board to work with Natasha and her senior team to design and launch a new strategy. This strategy is focused on impact and ultimately on trying to move towards creating a tipping point for the prison service. It gives the direction we need to focus our work where we will have the most impact, and the impetus to gather the evidence and data we need to persuade others.

As always however, our work would not be possible were it not for the incredible support of all of our partners.

Of course, first and foremost we must thank His Majesty's Prison and Probation Service and the Ministry of Justice. Their continued support makes what we do possible, and we are grateful to the government for their commitment to innovation. Finally, I want to thank our generous donors. Their support not only enables the most innovative elements of our work but ensures our independence to take bold action.

We hope to continue implementing our bold new strategy, break cycles of reoffending and repay the trust that government and our partners continue to put in us.



Rt. Hon David Laws

MESSAGE FROM THE CEO

We are now at a stage of our development where we can see our model is working: we are attracting excellent people onto the frontline of prisons despite negative and largely incorrect perceptions of the role and sector, and we see those who are on our leadership programme making real impact. We have recently placed our 750th participant, and our retention continues to compare positively to those joining the service through other routes. This year we have continued to hear from prisoners, other prison officers, and governors of prisons about the positive impact those who join the service through Unlocked are having, and we have seen another year where every governor we work with say they would recommend our programme to colleagues in other prisons. We are also delighted with the growth of our ambassador network, and the impact they are continuing to have on prisoner outcomes.

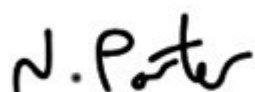
In December 2022, against this backdrop of early organisational success, we launched our new strategy in the House of Lords. Our new strategy focuses on depth: being laser focused in robustly evidencing what we have found works, and then using that to catalyse whole system change. At the heart of this is a focus on how to best lead rehabilitative culture in a prison and beyond, and a recognition that excellent prison officer – prisoner relationships need to sit at the heart of a prison.

There are also many people and organisations without whom our work would not be possible.

First and foremost, we are hugely grateful to His Majesty's Prison and Probation Service and the Ministry of Justice. They continue to be hugely supportive, and in doing so ensure that we can deliver our mission. From the Secretary of State to the CEO, Executive Directors, to all those who work with us in HMPPS and MoJ, through to governors and frontline officers and staff who make the practicalities work: thank you.

Our independence is completely essential to our success, and here we have a large network of partners and supporters to thank. Funders in particular allow us to experiment and try new things, and their assistance enables us to achieve what many believe is impossible. There are easier and safer areas to fund than prisons, and we continue to be ever grateful for those who invest in this challenging, but vitally important space. Partners from private sector have also been exceedingly generous with their pro bono support, and a myriad of organisations have embraced the opportunity to connect with frontline prison staff in new ways, including by speaking at our events and hosting work placements.

We could not do it without all of you so thank you. I hope you will enjoy reading about our achievements this year.



Natasha Porter

TRUSTEES' REPORT

The trustees (who are also directors of the charitable company for the purposes of the Companies Act) present their annual report together with financial statements of Unlocked Graduates ("the charity") for the year ended 31 March 2023.

The financial statements have been prepared in accordance with the accounting policies set out on pages 233 to 255 of the attached financial statements and comply with the charity's governing document, applicable laws and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Structure, governance and management

Constitution and background

Unlocked Graduates is a company limited by guarantee and a registered charity established on 4th July 2018 and governed by its Memorandum and Articles of Association.

The directors of the charity are the trustees for the purpose of charity law and throughout this report are collectively referred to as "the trustees". The number of trustees consists of nine persons, who collectively make up the Board of Trustees ("the Board"). The Articles of Association require a minimum of three trustees.

The charity's objects are to promote the rehabilitation and education of prisoners and ex-prisoners, and to reduce reoffending through the provision of:

1. A specialised programme of education and training for graduate prison officers;
2. Education and training of those engaged in the prison and probation services and the criminal justice system in the rehabilitation and education of prisoners and ex-prisoners.

Method of appointment and election of trustees

The trustees are elected in accordance with the provisions of the Articles of Association. Normally, trustees are elected for a three-year term, with the possibility of reappointment for two consecutive terms, or three terms for founder trustees.

Upon appointment, trustees complete a variety of incorporation documents, and their details are submitted to Companies House and the Charity Commission. Trustees must declare any conflicts of interest throughout their term of office. Training needs are monitored on an ongoing basis. Trustees attend an annual away day which provides a more in-depth opportunity for strategic discussion and offers a training opportunity for new and existing members. New trustees also meet with existing Board members and the Senior Leadership Team (SLT) and are introduced to Unlocked Graduate's mission and strategy.

Organisation structure and decision making

The day to day running of the charity is delegated by the trustees to the Chief Executive Officer (CEO) and key management personnel which consists of the CEO, Chief Operating Officer (COO) and three Directors.

The trustees meet quarterly at Board meetings (and more if required on an ad-hoc basis) to review the progress relative to plans, monitor compliance with policies, and to review and

approve plans for the year ahead. The Finance, Audit and Risk committee (FARC) meets quarterly to discuss and review the charity's financial position and principal risks, and reports to the Board.

Salary banding and remuneration policy is reviewed and approved by the Board annually. The Board also approves the CEO's salary. The CEO approves all salaries within the organisation. This is based on a benchmarking exercise against similar charities to ensure competitiveness and fairness, and ultimately, is focussed on maximising effective use of resource towards the Unlocked Graduates mission.

Risk management

Unlocked Graduates is committed to managing risk effectively to safeguard the future of the charity and achieve its charitable aims. Risk management is a key focus of the Board. In particular, the FARC monitors risk, and the actions taken by the SLT in response to risk, at each of its quarterly meetings.

The SLT leads on identifying and managing risks and implementing appropriate contingency planning. This is reviewed and monitored by FARC and the Board.

Volunteers and supporters

We are grateful to the trustees who are all volunteers and provide their time and expertise without payment. We have also benefited from some voluntary pro-bono contributions from supporters. Besides this, the operations and activities of Unlocked Graduates are run by paid staff and not reliant on volunteers.

Trustees are entitled to the reimbursement of any reasonable expenses incurred in carrying out the business of the charity, but are encouraged to keep their expense claims to a minimum. Trustees' expenses reimbursed during 2022/23 are detailed in Note 7.

Key management personnel

The key management personnel of the charity in charge of controlling, running and operating the charity on a day-to-day basis comprise the trustees and personnel comprising the CEO, COO and three Directors.

Public benefit

The trustees confirm that they have given due regard to the Charity Commission's guidance on public benefit when reviewing the charity's aims and planning its objectives. The main activities undertaken to further the charity's aims are set out in this report.

The charity meets its obligations to provide a public benefit by working towards a reduction in cycles of reoffending, which we envisage having a positive impact on the public in general. The charity will work with anyone in need regardless of age, gender reassignment, marital status, pregnancy, disability, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

Activities and approach

Main activities

Unlocked Graduates' mission is to break cycles of reoffending through developing outstanding leaders in prison and wider society. The main activities by which the charity seeks to fulfil its charitable objects and this mission are:

1. Recruitment of a brilliant, diverse group of graduates who are motivated to break cycles of reoffending.
2. Provision of a two-year leadership programme for selected graduates, working on the frontline of prisons to directly break cycles of reoffending.
3. Development of an ambassadors' network to drive meaningful system change and break cycles of reoffending.

Our approach

In December 2022, at the House of Lords, Unlocked Graduates launched our new strategy.

Our vision is a prison system where every prisoner receives the support that they need to flourish and desist from crime. Our strategy reflects everything we have learnt over the past five years, and the steps we now need to take to build the prison system we need. With this in mind, we have committed to four areas of work:

1. **Recruit, develop and retain more high-quality graduates as prison officers.**
2. **Support ambassadors to progress into operational prison leadership roles.**
3. **Mainstream our solutions so all prison officers benefit from our research & work.**
4. **Prove what works in prisons to catalyse whole system change.**

All Unlocked Graduates' activities feed into this strategy, and working towards these aims is key to furthering our charitable objects. Inspiring and developing participants enables them to have a rehabilitative impact; growth enables that rehabilitation to happen on a larger scale; and amplification creates virtuous cycles where this is even more effective.

Achievements and performance

During this reporting period, Unlocked Graduates has made significant progress against our goals. We are excited about the direction in which our ambitious new strategy is taking our work. Our focus is very much on continuing and growing our core work, focusing on proving our impact, and using this to catalyse system change.

Area 1: Recruit, develop and retain more high-quality graduates as prison officers

This work is at the heart of Unlocked Graduates' work to date. Since launch, we have recruited over 750 prison officers to be placed in 38 prisons. This year we had our highest application number yet with over 30 applications for each place on the programme.

What we did

Recruit

We attract, recruit and select brilliant, diverse and mission-aligned candidates to become prison officers. In 2022-2023 we received our most applications ever and saw the attractiveness of our brand and offer continue to grow within the graduate market.

Our recruitment strategy is designed to attract high-calibre candidates, particularly the overwhelming majority of graduates who would not have considered a role in the prison service without us. Our focus on graduates is, in part, because they are under-represented in the prison service, and we believe that their addition will diversify the problem-solving skills available in the workforce – critical given the magnitude of the challenge. We also focus on this audience because one way to raise the status of the job of a prison officer is to actively target this ambitious group of jobseekers that society views as our 'best and brightest'.

To achieve our ambitious goals for diversity in our recruitment, Unlocked also offered free, independent coaching for applicants from under-represented groups. This is delivered by the recruitment team and a third-party expert consultant who helps applicants plan and navigate the application process.

Develop

We believe that the right training and support can radically accelerate the time it takes for a frontline workforce to make a difference.

Weaving practical and theoretical learning throughout the programme, we support and develop outstanding individuals who excel in their roles, take on additional responsibilities, and influence best practice on and off the landings.

The initial training in Summer Institute is followed by intensive mentoring support which runs throughout the two years alongside the theoretical study enabled by the MSc in Applied Custodial Leadership. This is co-designed and delivered by Leeds Trinity University but fully integrated into every element of the programme.

Once in role these officers are supported and challenged by their Mentoring Prison Officers (MPOs) from day one to meaningfully contribute to making their prisons more rehabilitative. All of our support and learning aims to create a framework to empower these officers and push them to innovate.

The Unlocked Graduates curriculum is informed by a range of influencers including Scandinavian models of prison officer training. Our training offer runs across multiple years in recognition of the time it takes to refine expert practice. We also require a high level of prior academic attainment so training can be pitched at a high level. This enables us to accommodate the difficulty of the theories involved in the course as well as build in deep critical analysis and significant independent research.

Practice-based learning underpins our pedagogy for the sections of our curriculum which focus on prison officer skills and professionalism. We have also been informed by the work of Professor Alison Liebling around balancing different components of the prison officer role. We have shared these approaches with other training organisations and the wider prison service, and elements have already been adopted by the mainstream prison officer training scheme as well as other organisations.

In line with our philosophy of ongoing learning, practitioner skills are developed throughout the programme. Participants receive 30 half-days of in-prison training which focuses on specialised aspects of the prison officer role. The focus on practitioner skills is central to the programme's impact. Our participants continue to develop over the two years, meaning their skills are always up to date, relevant and in line with best practice. The programme includes a significant independent research element. This empowers these frontline professionals to make an immediate contribution to rehabilitation in their prisons.

Retain

Our retention has remained an area of focus for the organisation, focused on the support and challenge from our MPOs. Feedback from participants about their MPOs continues to be exceptionally high, with 91 per cent rating the quality of the support positively.

We know that an officer who leaves the prison service has the potential to be another broken connection for the prisoners in their care. One ex-prisoner said to us "Unlocked officers were just very consistent and that made a real difference. That kind of a relationship with a prison officer really does make you change your ways."

Our impact

Recruit

We are changing graduates' perceptions around working in the prison service and are reaching people who would not otherwise consider entering this sector: nine out of ten participants on our programme had not considered joining the prison service before discovering Unlocked. And yet, 86 per cent of current participants would recommend Unlocked Graduates to a friend. One participant said, "doing this graduate scheme was one of the best decisions I have made".

We have also worked hard and succeeded in recruiting Black, Asian and other ethnic minority participants. Each year, the scheme has successfully attracted a diverse range of applications. This year, over 70 per cent of successful applicants are women, compared with 41 per cent of prison service staff. One in five are from ethnic minority backgrounds, which compares to around one in ten of the broader prison officer population.

We have continued to win industry awards for our recruitment campaigns and Leadership Development Programme. In 2023, Unlocked Graduates won 'Best Graduate Development Programme' at the Institute of Student Employers Awards. High Fliers also shortlisted our Instagram account as an example of best practice in reaching our audience effectively, and Unlocked were runners up for overall best use of social media.

Each year, the influential Times Top 100 list of Graduate Employers is released. This year, Unlocked Graduates is ranked at number 22, and are the highest risers in the list. Unlocked were the only public sector scheme to rise in the rankings. This positions us as a more attractive option than graduate schemes with many household names and law firms.

Develop

Our 2022 Summer Institute was run for the first time in a number of years with no lockdown restrictions. We delivered an extremely successful programme to our new cohort of prison officers, making them day-one ready. Unlocked Graduates training is an important part of our strategy to professionalise the prison officer role, and thereby create systemic change in the prison service to address cycles of reoffending. We continue to pioneer new training and development approaches to improve all elements of our ongoing support and training. 98 per

cent of current participants rate their training positively, and 100 per cent were positive about the range of work placements on offer to them as part of our Leadership Development Programme. 95 per cent rated the support from their MPO positively, with one participant describing the support from their MPO as “faultless”. Another said, “He has been exactly what I have needed this year, and I honestly think that my experience in prison would have been very different without an MPO as amazing as [mine].”

We know that these officers are having an immediate impact. In our 2021 cohort, 63 per cent of officers have been promoted or taken on additional responsibility. These include Band 4 Supervising Officers, counter-terrorism liaison officers, equalities officers and physical education officers.

We also seek to offer our participants ways to use their unique position to identify solutions to problems they face on the frontline and to take action:

- **Pilot projects:** Those on the frontline know best the problems we are seeking to solve. The Innovation Acceleration Programme (IAP) is designed to support and amplify the impact participants can have by offering funding for small-scale, evidence driven innovation projects in their prisons. To receive funding, participants must demonstrate how they work closely with other non-Unlocked Graduates prison officers in their prison to develop an idea that will achieve senior buy-in and has the potential to be sustainable long-term. To date, we have supported 72 small and 39 large projects. Through this we have invested over £80,000 in frontline prison innovation.
- **Ideas to share:** We believe an evidence-based approach will be an important part of driving rehabilitation in the prison service. As part of their Master's degree, participants undertake a research project based on a problem, question or initiative that they co-identify with the prison governor as an area of interest. These are focused on making targeted, tangible recommendations, whether to policy-makers or practitioners of the prison. In the past year, some of these have been turned in to ‘policy papers’ which were published in a special edition of the Prison Service Journal in 2023, led by Leeds Trinity University.

Retain

In 2022, we placed nearly 130 officers into 28 prisons. This included a new placement in North Wales at HMP Berwyn. We have recruited over 750 prison officers in 37 establishments across England and Wales, reaching over a third of the prisoner population.

In the past year we undertook a benchmarking exercise with a sample of 14 of our partner prisons, with representation from prisons from the north, Midlands, Greater London and the south. We were looking to compare the retention of Band 3 officers in the 2021/22 year to understand how well the retention of our Unlocked officers compared to those that entered the service via the standard route. The analysis showed that the retention of Unlocked participants is currently 13 per cent higher during our two-year programme compared to those entering via the standard route. This is despite increasing numbers of participants being actively approached for other roles during their time on the programme.

Almost 75 per cent of Unlocked ambassadors stay in a role in the prison service employed by HMPPS or MoJ (specifically operational in prison, HMPPS or MoJ) for eight months after they finish Unlocked Graduates' Leadership Development Programme.

Unlocked Graduates can only challenge and change the prison service with the support of those within it, and we remain grateful to our partners and colleagues across the service. 100 per cent of governors recently surveyed would recommend Unlocked Graduates to other prisons. One governor Unlocked Graduates works with said, “I think Unlocked is starting to

influence how we recruit and support. It is also attracting some brilliant people into the prison service". Another governor said that Unlocked Graduates should be the model for all our new staff and "undoubtedly contributes to developing confident, competent and capable prison officers."

Support ambassadors to progress into operational prison leadership roles

What we did

Ambassadors are key to our mission of developing outstanding leaders to break cycles of reoffending in prison and throughout society. Our aim is to create a network of alumni (ambassadors) with exceptional leadership skills using their frontline experience to impact systemic changes in prisons, the wider criminal justice system, and beyond.

Our Ambassador Network Manager is a graduate of our Leadership Development Programme. This year he has been using community organising principles to formalise our alumni network and creating spaces for ambassadors to form networks organically. This has included various events, study visits and networking opportunities. One example is his work with a group of ambassadors who were keen to organise on how prisoners with neurodiversity can be better supported.

We trust ambassadors to identify how they can make the most impact on prisons, however many tell us they want to stay in operational roles long term but feel unable to do so. As a result, we have worked with Oliver Wyman on a pro bono basis to research and report back on what the most prevalent push factors are. The recommendations from this report will influence our work in this area through 2023-24.

Our impact

The majority of ambassadors remain are still operational in prison over six months after completing the programme and nearly 90 per cent still work towards the mission of Unlocked Graduates in their primary role. About half (44 per cent) of everyone who has ever completed the programme are still operational in prison. A small number have now reached governor grades, with many more taking on roles as Custodial Managers.

Our ambassadors continue to have a remarkable impact on prisons. In the past year, one has won a Butler Trust Award and another a Prime Minister's Award for their work changing the lives of those in prison.

Mainstream our solutions so all prison officers benefit from our research & work.

What we did

The retention of Unlocked Graduates is 13 per cent higher than the standard entry route. When surveyed, one governor told us, "The Unlocked scheme is certainly bringing something different. We welcome the Unlocked scheme and I would recommend it to any prison that is currently not part of the scheme". We are working hard to mainstream our solutions and to share what works between our cohorts and in the entire service. This varies from private meetings with those with agency, lobbying for change with the Ministry of Justice and leading the sector to catalyse whole system change.

Part of our strategy to mainstream our solution is to share solutions we have found to workforce issues. We launched this at our December 2022 House of Lords reception, where we were joined by the Minister for Prisons Rt Hon Damian Hinds MP, colleagues from across HMPPS and the Ministry of Justice and frontline staff including our participants and ambassadors.

Our March 2023 Conference was opened up to prison officers and senior leaders from across our partner prisons. Attendance from establishments across the country continues to be high at events such as Champions Day and Governors Day at our Summer Institute.

In December 2022, Unlocked Graduates gave a written submission to the Justice Select Committee's Inquiry on the Prison Operational Workforce. Subsequently, Natasha Porter OBE was asked to give oral evidence on behalf of Unlocked. The report from the Committee is due in late summer 2023.

Our impact

We are continuing to work closely with HMPPS to mainstream best practice. The Ministry of Justice referenced our contributions in one of their submissions to the Justice Select Committee's Inquiry on the Prison Operational Workforce, saying that the Unlocked CEO was invited "to share her expertise and views about what a good prison officer needs in terms of training. Natasha has also shared resources, learning plans and content of the Unlocked curriculum and we continue to work together to improve the impact of our training".

We have also been invited speak about the work of Unlocked at international prison service conferences in Lisbon and Berlin.

Peter Dawson, the former Director of the Prison Reform Trust, spoke on the ongoing impact of Unlocked ambassadors across the criminal justice sector stating that "Unlocked is seeding the whole system with good people and fresh thinking... it is a tremendous force for good."

Prove what works in prisons to catalyse whole system change

What we did

In order to ensure that there was sufficient expertise and capacity within Unlocked Graduates, we have restructured the senior team to create a new role: Associate Director of Impact and Insights. In March 2023, Dr Liam Fenn joined in this role, bringing extensive experience in defining impact in the criminal justice sector. Liam has spent his first few months working through how to bring this strategic goal to life. We are now progressing work in the following areas:

- Harnessing actionable insights from our data and improved surveying to understand the factors that shape the performance, wellbeing, and retention of prison officers.
- Codifying our solutions and research evidence to share with the sector, covering recruitment, training and support for prison officers.
- Working with leading academics and experts to collaborate on the evaluation of Unlocked and developing thought-papers that can be used to inform change.
- Designing a robust evaluation to better understand the contribution that Unlocked is making to culture and system change.
- Improving participant and ambassador access to best practice and supporting them to evaluate impact.

Our impact

We know that our model works. A Custodial Manager (senior officer) in a central London prison recently told us that Unlocked Graduates are changing the way that he does his job. Referring to a group of participants and ambassadors he told us, "The three of them have been a revelation. They listen to prisoners and use their education in a good way – they see things from a different viewpoint... by having the way my staff talk to everyone down there better – that is how it's been so successful. And that is slowly rubbing off. It's just a different way to be a prison officer".

We will codify and prove what works in order to ensure that the changes that this Custodial Manager has described can happen across the entire sector.

Financial review

The charity's total income during the period was £4,207,773 (2022 - £4,049,186). The main source of income has been our contract with the Ministry of Justice (MOJ) which has generated income of £4,044,912 (2022 - £3,680,847). In addition, Unlocked Graduates has raised income of £160,161 (2022 - £368,339) from trusts and other donations. Of these donations, £1,424 (2022 - £75,000) was restricted income and £158,737 (2022 - £293,339) was unrestricted income.

Expenditure has totalled £4,446,680 (2022 - £3,896,636) of which £1,301,656 (2022 - £1,291,356) was spent on recruitment activities and £3,109,521 (2022 - £2,521,120) on graduate programme delivery. Expenditure on raising funds came to £35,503 (2022 - £84,159).

Risks and uncertainties

As part of the charity's commitment to effective risk management, the trustees review identified risks, as well as the plans and strategies for managing those risks.

The principal risks and uncertainties facing the charity are:

- Loss of the MOJ contract, or failure to secure a new contract. Mitigations include continual evidencing of impact and value for money; continuing strong performance against the contract KPIs; and close involvement of the CEO and Board in contract extension negotiations.
- Lack of stakeholder support from government, the civil service, or prison governors. Mitigations include relationship building with all relevant stakeholders, gaining cross-party support, and demonstrating the positive impact of the charity.
- Reputational risks relating to participants, such as negative media coverage or a high-profile departure of a participant. Mitigations include a rigorous recruitment process, strong training and mentoring for participants on the programme, internal evaluation and continual improvement, close monitoring and detailed reporting systems, involvement of MOJ press office and a formalised crisis communications strategy.
- Cyber security or data breach. Mitigations include Cyber Essentials Plus and ISO 27001 audit and compliance, use of data protection agreements with subcontractors, staff training and strict IT policies.
- We are aware of wider societal and environmental factors and their interplay with our work. Our strategy integrates a particular focus on our responsibilities around sustainability, and equity, diversity and inclusion.

Reserves policy

As of 31 March 2023, Unlocked Graduates had total reserves of £574,044 (2022 - £812,951) of which £20,000 (2022 - £98,367) were restricted, leaving unrestricted reserves of £554,044 (2022 - £714,584). Unrestricted reserves consist of two designated funds – new ventures fund of £139,000, and ambassadors fund of £91,000 – as well as tangible fixed assets of £64,033 (2022 - £61,981), leaving free unrestricted reserves of £260,011 (2022 - £342,603). The new ventures fund is to be spent over the next two years on mobilisation costs of new ventures started by the charity, and the ambassadors fund is to be spent over the next two years on mobilisation costs of our new ambassador programme.

In this financial period, we have taken a prudent position in relation to reserves as we establish the most effective use of non-contractual funding. Now that Unlocked Graduates has established itself as an independent charity, we have ambitious plans to use this income to further our charitable objectives. The growth of our non-contractual activity, enabled by fundraised income, is key to the next phase of our strategy. The surplus against the minimum level of reserves represents funds that will be used over the next three years as we grow to enable delivery of our ambassadors' programme, innovation acceleration within prisons, and strategic expansion.

The trustees have examined the requirements for reserves in light of the main risks to the charity. The trustees have established a reserves policy to protect the charity and its long-term charitable activities by providing time to adjust to changing financial circumstances.

The level of reserves is set to cover a minimum of one busy month's expenditure and three months' expenditure outside of busy periods. Based on forecast expenditure for 2023-24, the trustees have approved a minimum level of free unrestricted reserves of £400,000. A minimum level of £400,000 reserves is deemed to be necessary predominantly based on working capital requirements and to mitigate against the financial impact of risks. Given the strategic focus to date has been on income generation to enable stability as a newly independent charity, the trustees have not currently set a maximum level of reserves. As we move into the next phase of our strategy, we expect this to evolve.

Working capital and cash flow requirements include costs such as monthly salaries, VAT bills and office rents. The charity currently operates under seven-day payment terms with the Ministry of Justice which lowers risks relating to cash flow. However, we must mitigate against delays in payments of invoices by the MOJ: as the charity's main funding source, delays can have a significant impact. Exit costs (including office lease commitments, staff redundancy costs and university exit costs) are included in the MOJ contract which significantly reduces financial risk relating to termination of the contract.

Fundraising

Unlocked Graduates is registered with the Fundraising Regulator and adheres to their fundraising codes of practice. When donations from individuals are received, the charity aims to protect personal data, never sells data or swaps data with other organisations, and undertakes to promptly and thoroughly investigate any complaints regarding its fundraising activities. We aim to learn from complaints and improve operations accordingly. During 2022/23, Unlocked Graduates received no complaints about fundraising activities.

Post balance sheet events, future plans and going concern

The trustees have assessed the resources, activities and risks of the charity to assess whether the use of the going concern basis is appropriate. This assessment has been made for a period of at least one year from the date of approval of the financial statements. Our income from the graduate programme is contracted with the Ministry of Justice until at least 2026 (and in the event of termination of the contract, exit provisions cover most costs incurred). In addition, the charity has a healthy reserves position. The trustees have reviewed the expenditure plans and are assured these can be met from existing resources and expected future income. The trustees have therefore concluded the charity is a going concern and therefore, the accounts and financial statements have been prepared on this basis.

There was one post balance sheet event to report, as described in Note 17, as a new office lease agreement was entered into.

Future plans for the charity are focused on its aforementioned aims of continuing the core programme of recruiting, developing and retaining graduates as prison officers; supporting ambassadors to develop into future leaders; sharing our work with the wider sector; and building and evidence base of what works in prisons.

Statement of trustees' responsibilities

The trustees (who are also directors of Unlocked Graduates for the purposes of company law) are responsible for preparing the trustees' report and 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 charity and the income and expenditure of the charity for that year.

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 Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

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

This report was approved by the trustees and signed on their behalf by:



David Laws

Approved on: 03 October 2023

Independent auditor's report to the members of Unlocked Graduates

Opinion

We have audited the financial statements of Unlocked Graduates (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows, the principal accounting policies and the notes to the financial statements. 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 March 2023 and of its 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 charitable company 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 accounts 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 accounts 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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ◆ the information given in the trustees' report, which is also the directors' report 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 trustees' report, which is also the directors' report for the purposes of company law, has 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 trustees' 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, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of trustees' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit; 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

As explained more fully in the trustees' responsibilities statement, the trustees 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:

- ◆ We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are the Companies Act 2006, the Charities SORP FRS 102 and the Charities Act 2011.
- ◆ We understood how the charitable company is complying with those legal and regulatory frameworks by making enquiries to management and those responsible for legal, compliance and governance procedures. We corroborated our inquiries through our review of trustee meetings and papers provided to the trustees.

We assessed the susceptibility of the charitable company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- ◆ making enquiries of management and those charged with governance as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- ◆ considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

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

To address the risk of fraud through management bias and override of controls, we:

- ◆ performed analytical procedures to identify any unusual or unexpected relationships;
- ◆ tested journal entries to identify unusual transactions; and
- ◆ assessed whether judgements and assumptions made in determining the accounting estimates set out in the accounting policies were indicative of potential bias.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- ◆ agreeing financial statement disclosures to underlying supporting documentation;
- ◆ reviewing the minutes of trustees' meetings;
- ◆ enquiring of management and those charged with governance as to actual and potential litigation and claims; and
- ◆ reviewing any available correspondence with HMRC.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. International Standards on Auditing also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

A further description of our responsibilities for the audit of the accounts 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 this 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.

Buzzacott LLP

06 October 2023

Hugh Swainson (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Statement of financial activities Year to 31 March 2023
(incorporating the income and expenditure account)

	Notes	Restricted funds £	Un- restricted general Funds £	Year to 31 March 2023 £	Year to 31 March 2022 £
Income from:					
Donations	1	1,424	158,737	160,161	368,339
Charitable activities	2	--	4,044,912	4,044,912	3,680,847
Other income		--	2,700	2,700	—
Total income		1,424	4,206,349	4,207,773	4,049,186
Expenditure on:					
Raising funds	3	--	35,503	35,503	84,159
Charitable activities	4	79,791	4,331,386	4,411,177	3,812,477
Total expenditure		79,791	4,366,889	4,446,680	3,896,636
Net (expenditure) income and movement in funds for the period	6	(78,367)	(160,540)	(238,907)	152,550
Reconciliation of funds:					
Funds brought forward at 1 April 2022		98,367	714,584	812,951	660,401
Funds carried forward at 31 March 2023		20,000	554,044	574,044	812,951

All activities derive from continuing operations.

All recognised gains and losses are included in the statement of financial activities.

Balance sheet 31 March 2023

	Notes	31 March 2023 £	31 March 2023 £	31 March 2022 £	31 March 2022 £
Fixed assets					
Tangible fixed assets	8		64,033		61,981
Current assets					
Debtors	9	875,994		712,945	
Cash at bank and in hand		728,132		688,023	
		1,604,126		1,400,968	
Creditors: amounts falling due within one year	10	(1,092,865)		(648,748)	
Net current assets			511,261		752,220
Creditors: amounts falling due after one year			(1,250)		(1,250)
Total net assets			574,044		812,951
The funds of the charity:					
Restricted fund	12		20,000		98,367
Unrestricted funds:					
General funds	13		324,044		404,584
Designated funds	13		230,000		310,000
			574,044		812,951

The financial statements were approved by the trustees and signed on their behalf by:



David Laws

Approved on: 03 October 2023

Unlocked Graduates: A company limited by guarantee, Company Registration No.11448853 (England and Wales)

Statement of cash flows Year ended 31 March 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Net cash flows from operating activities	A	42,161	(552,987)
Net cash flows from investing activities	B	(2,052)	(31,240)
Change in cash and cash equivalents		40,109	(584,227)
Cash and cash equivalents at 1 April 2022		688,023	1,272,250
Cash and cash equivalents at 31 March 2023		728,132	688,023

Notes to the statement of cash flows for the year ended 31 March 2023

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

	Year to 31 March 2023 £	Year to 31 March 2022 £
Net (expenditure) income	(238,907)	152,550
(Increase) in debtors	(163,049)	(326,493)
Increase (decrease) in creditors	444,117	(379,044)
Net cash provided by (used in) operating activities	42,161	(552,987)

B Cash flows from investing activities

	Year to 31 March 2023 £	Year to 31 March 2022 £
Investing activities		
Purchase of fixed assets	(2,052)	(31,240)
Net cash flows used in investing activities	(2,052)	(31,240)

C Cash and cash equivalents

	Year to 31 March 2023 £	Year to 31 March 2022 £
Cash at bank	728,132	688,023
Total	728,132	688,023

Cash and cash equivalents at the year-end consisted solely of cash at bank and no other cash instruments. No cash has been borrowed and no debt repayments are outstanding at year-end.

Principal accounting policies – Year ended 31 March 2023

The principal accounting policies, adopted judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below:

Basis of preparation of financial statements

These financial statements have been prepared for the year ended 31 March 2023. The financial statements have been prepared under the historical cost convention with items initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) ('Charities FRS 102 SORP') and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

Critical accounting estimates and areas of judgement

No significant judgments and/or estimates have been made by the trustees in preparing these financial statements.

Assessment of going concern

The trustees have assessed the resources, activities and risks of the charity to assess whether the use of the going concern basis is appropriate. This assessment has been made for a period of at least one year from the date of approval of the financial statements. Our income from the graduate programme is contracted with the Ministry of Justice until at least 2026 (and in the event of termination of the contract, exit provisions cover most costs incurred). In addition, the charity has a healthy reserves position. The trustees have reviewed the expenditure plans and are assured these can be met from existing resources and expected future income. The trustees have therefore concluded the charity is a going concern and therefore, the accounts and financial statements have been prepared on this basis.

Income

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Contract and grant income

Contract funding is recognised over the term of the contract term as services are delivered.

Grant funding subject to specific performance conditions is recognised as the related services or outcomes are delivered.

Principal accounting policies – Year ended 31 March 2023

Income (continued)

Donations

Income from donations is recognised in the period in which the charity becomes entitled to the donation and where receipt is probable and its amount can be measured reliably.

Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All costs are inclusive of irrecoverable VAT.

Expenditure comprises direct costs and support costs. The classification between activities in direct costs and support costs is as follows:

- ◆ Expenditure on raising funds includes any expenditure associated with raising funds for the charity and includes direct costs associated with fundraising events. An allocation of support costs is made against fundraising activities based on the amount of staff time involved.
- ◆ Expenditure on charitable activities comprises direct expenditure on the charity's two primary charitable activities and includes support costs.

Support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of a finance function and other overheads such as the maintenance of websites etc.

Governance costs comprise the costs related to the public accountability of the charity and costs in respect of its compliance with applicable regulations and good practice.

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial instruments

The charity only holds basic financial instruments as defined in FRS 102. The financial assets and financial liabilities of the charity and their measurement basis are as follows:

Financial assets – trade and other debtors are basic financial instruments and are debt instruments measured at amortised cost as detailed in note 9. Prepayments are not financial instruments.

Cash at bank – is classified as a basic financial instrument and is measured at face value.

Principal accounting policies – Year ended 31 March 2023

Financial instruments (continued)

Financial liabilities – accruals and other creditors are financial instruments and are measured at amortised cost as detailed in note 10. Deferred income is not deemed to be a financial liability, as the cash settlement has already taken place and there is an obligation to deliver services rather than cash or another financial instrument.

Debtors

Debtors are initially recognised at their settlement amount and subsequently at amortised cost or their recoverable amount. Impairment provisions are recognised when there is objective evidence, such as significant financial difficulties on the part of the counterparty or default or a significant delay in payment, that the charity will be unable to collect all of the amounts due.

Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

Creditors and provisions

Creditors and provisions 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 measured or estimated reliably.

Creditors and provisions are initially recognised at fair value, being the amount the charity anticipates it will pay to settle the debt, and subsequently at amortised cost.

Fund accounting

General funds represent those monies which are freely available for application towards achieving any charitable purpose that falls within the charity's charitable objects.

Restricted funds comprise monies received for, or their use is restricted to, a specific purpose or have donor imposed conditions.

1 Donations

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Donations from Trusts and Foundations	1,424	158,737	160,161
2023 Total funds	1,424	158,737	160,161

	Restricted funds £	Unrestricted general funds £	Total funds 2022 £
Donations from Trusts and Foundations	75,000	293,339	368,339
2022 Total funds	75,000	293,339	368,339

2 Income from charitable activities

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Graduate Prison Officers Programme	--	2,554,681	2,554,681
Participant Recruitment Activities	--	1,490,231	1,490,231
2023 Total funds	--	4,044,912	4,044,912

	Restricted funds £	Unrestricted general funds £	Total funds 2022 £
Graduate Prison Officers Programme	—	2,357,068	2,357,068
Participant Recruitment Activities	—	1,323,779	1,323,779
2022 Total funds	—	3,680,847	3,680,847

3 Expenditure on raising funds

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Support costs (see note 5)	--	35,503	35,503
2023 Total expenditure	--	35,503	35,503

3 Expenditure on raising funds (continued)

	<i>Restricted funds £</i>	<i>Unrestricted General funds £</i>	<i>Total funds 2022 £</i>
<i>Support costs (see note 5)</i>	—	84,159	84,159
2022 Total expenditure	—	84,159	84,159

4 Expenditure on charitable activities

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Activities undertaken directly			
Graduate Prison Officers Programme	79,791	2,705,589	2,785,380
Participant Recruitment Activities	--	1,112,573	1,112,573
	79,791	3,818,162	3,897,953
Support costs (see note 5)			
Graduate Prison Officers Programme	--	324,141	324,141
Participant Recruitment Activities	--	189,083	189,083
	--	513,224	513,224
2023 total expenditure	79,791	4,331,386	4,411,177

	<i>Restricted funds £</i>	<i>Unrestricted general funds £</i>	<i>Total funds 2022 £</i>
Activities undertaken directly			
Graduate Prison Officers Programme	38,378	2,162,571	2,200,949
Participant Recruitment Activities	—	1,116,717	1,116,717
	38,378	3,279,288	3,317,666
Support costs (see note 5)			
Graduate Prison Officers Programme	—	320,171	320,171
Participant Recruitment Activities	—	174,640	174,640
	—	494,811	494,811
2022 total expenditure	38,378	3,774,099	3,812,477

5 Analysis of support costs

	Raising funds £	Unrestricted Charitable activities		2023 Total £
		Graduate Prison Officers Programme £	Participant Recruitment activities £	
Human resources:				
- Shared staff costs allocations	28,613	87,466	51,022	167,101
- Other HR related shared costs	323	11,098	6,474	17,895
Finance	302	10,387	6,059	16,748
Information Technology	654	22,455	13,099	36,208
Premises and office running costs	5,185	178,103	103,893	287,181
Governance costs:				
- Auditor's remuneration	171	5,861	3,419	9,451
- Legal, professional and accountancy	215	7,398	4,316	11,929
- Bank charges	40	1,365	796	2,201
- Other governance costs	0	8	5	13
Totals	35,503	324,141	189,083	548,727

	Raising funds £	Unrestricted Charitable activities		2022 Total £
		Graduate Prison Officers Programme £	Participant Recruitment activities £	
Human resources:				
- Shared staff costs allocations	64,647	41,736	22,765	129,148
- Other HR related shared costs	2,161	30,835	16,819	49,815
Finance	153	2,185	1,193	3,531
Information Technology	1,723	24,589	13,412	39,724
Premises and office running costs	14,511	207,062	112,944	334,517
Governance costs:				
- Auditor's remuneration	390	5,571	3,039	9,000
- Legal, professional and accountancy	263	3,757	2,049	6,069
- Bank charges	72	1,031	562	1,665
- Other governance costs	239	3,405	1,857	5,501
Totals	84,159	320,171	174,640	578,970

5 Analysis of support costs (continued)

Support costs are allocated on the following bases, which reflect an estimate of staff time, spent on fundraising activities and the direct staff time on the primary charitable activities of running the programme and recruitment activities:

	2023 %	2022 %
Fundraising	2%	4%
Charitable activities:		
(i) Graduate Prison Officers Programme	62%	62%
(ii) Participant Recruitment Activities	36%	34%
Total allocations	100%	100%

6 Net (expenditure) income

This is stated after charging the following against unrestricted funds:

	2023 Total £	2022 Total £
Staff costs (see note 7)	1,864,055	1,490,363
Auditor's remuneration	9,450	9,000
Depreciation	33,684	18,732
Operating lease rentals	232,723	247,962

7 Staff costs and trustees' remuneration

	2023 £	2022 £
Staff costs during the period were as follows:		
· Wages and salaries	1,511,297	1,243,430
· Social security costs	160,730	117,970
· Termination payments	14,902	6,177
· Pension costs	177,126	122,786
	1,864,055	1,490,363

The average number of employees during the period was:

	2023 Number	2022 Number
Management and Leadership	6	5
Programme	14	12
Recruitment	29	16
Operations	3	4
External Relations	2	4
	54	41

7 Staff costs and trustees' remuneration (continued)

During the current accounting period, there were three (2022 - five) employees who earned £60,000 or more (including taxable benefits but excluding employer pension contributions).

	2023 Number	2022 Number
£60,001 – £70,000	--	2
£70,001 – £80,000	1	1
£80,001 – £90,000	1	1
£90,001 – £100,000	--	1
£100,001 – £110,000	1	--

No trustee received any remuneration in respect of their services during the year (2022 - £nil) and £83 of expenses were reimbursed to one trustee during the year (2022 - £337 to three trustees).

The key management personnel of the charity in charge of directing and controlling, running and operating the organisation on a day-to-day basis comprise the trustees together with five employees: the Chief Executive Officer, the Chief Operating Officer, the External Relations Director, Recruitment Director and Programme Director. The total remuneration (including taxable benefits and employer's national insurance contributions) payable to key management personnel during the year is set out below.

	2023 £	2022 £
Key Management Personnel – Gross pay	440,670	414,148
Key Management Personnel – Employer pensions	47,361	40,816
Key Management Personnel – Employer NI	53,312	47,579
	541,343	502,543

8 Tangible fixed assets

	Computer equipment £	Furniture, fixtures equipment £	Leasehold improve- ments £	2023 Total £
Cost				
At 1 April 2022	44,280	29,876	8,520	82,676
Additions	34,235	1,500	--	35,735
At 31 March 2023	78,515	31,376	8,520	118,411
Depreciation				
At April 2022	14,199	4,366	2,130	20,695
Charge for period	22,471	6,100	5,112	33,683
At 31 March 2023	36,670	10,466	7,242	54,378
Net book values				
At 31 March 2023	41,845	20,910	1,278	64,033
At 1 April 2022	30,081	25,510	6,390	61,981

9 Debtors

	2023 £	2022 £
Trade debtors	448,930	377,741
Prepayments	341,433	276,761
Accrued income	85,631	58,443
	875,994	712,945

10 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	364,118	61,047
Other creditors	64,393	56,305
Tax and social security	163,056	143,666
Accruals and deferred income	501,298	387,730
	1,092,865	648,748

11 Creditors: amounts falling due after one year

	2023 £	2022 £
Lease liability	1,250	1,250
	1,250	1,250

12 Restricted funds

	At 1 April 2022 £	Income £	Expenditure £	At 31 March 2023 £
Restricted funds				
Treebeard Trust	44,791	--	(44,791)	--
Hadley Trust	3,576	(3,576)	--	--
Drapers Charitable Trust	15,000	(15,000)	--	--
Dulverton Trust	35,000	--	(35,000)	--
John Armitage Charitable Trust	--	20,000	--	20,000
Total	98,367	1,424	(79,791)	20,000

Restricted funds

Treebeard Trust: to support the policy paperwork.

Hadley Trust: to support the technology innovation project.

Drapers Charitable Trust: to support the prison technology innovation project.

Dulverton Trust: to support graduate ventures.

John Armitage Charitable Trust: to support the prison innovation acceleration project.

13 Analysis of net assets between funds

	Restricted funds £	Unrestricted general funds £	Total funds 2023 £
Fund balances at 31 March 2023 are represented by:			
Tangible fixed assets	--	64,033	64,033
Current assets	20,000	1,584,126	1,604,126
Current liabilities	--	(1,092,865)	(1,092,865)
Non-current liabilities	--	(1,250)	(1,250)
Total net assets	20,000	554,044	574,044

Unrestricted funds at 31 March 2023 include designated funds as follows:

- ◆ New ventures fund of £139,000, to be spent over the next two years on mobilisation costs of new ventures started by the charity.
- ◆ Ambassadors fund of £91,000, to be spent over the next two years on mobilisation costs of our new ambassador programme.

	At 1 April 2022 £	Income £	Expenditure£	At 31 March 2023 £
Designated funds				
New ventures fund	170,000	--	(31,000)	139,000
Ambassadors fund	140,000	--	(49,000)	91,000
Total	310,000	--	(80,000)	230,000

	Restricted funds £	Unrestricted general funds £	Total funds 2022 £
Fund balances at 31 March 2022 are represented by:			
Tangible fixed assets	—	61,981	61,981
Current assets	98,367	1,302,602	1,400,969
Current liabilities	—	(648,748)	(648,748)
Non-current liabilities	—	(1,250)	(1,250)
Total net assets	98,367	714,584	812,951

14 Operating lease commitments

At 31 March 2023, the balance sheet date, the Charity had operating lease commitments as follows:

	2023 £	2022 £
On office space		
Due within one year	75,552	226,656
Due between one and two years	--	75,552
	75,552	302,208

The lease on office space was terminated post year-end prior to the full commitment balance being paid. A new lease agreement was entered into for office space in May 2023.

15 Taxation

Unlocked Graduates is a registered charity and therefore is not liable to income tax or corporation tax on income derived from its charitable activities, as it falls within the various exemptions available to registered charities.

16 Members' liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £1 for the debts and liabilities contracted before he/she ceases to be a member.

17 Post balance sheet events

There was a new office lease agreement entered into as described in Note 14.

The Trustees
Unlocked Graduates
Holborn Town Hall
193-197 High Holborn
London
WC1V 7BD

06 October 2023

Our ref UGA001/HJS/TBE

Dear Trustees

Post-Audit Report – Year ended 31 March 2023

The purpose of this letter is to bring to the attention of the Board as those charged with governance and management the findings from our recent audit of the financial statements of Unlocked Graduates, for the year ended 31 March 2023, for your consideration and to enable you to address matters arising where appropriate. Throughout this letter, “you” and “your” refer to the Board. “We” and “our” refer to Buzzacott LLP.

We appreciate that you will already be aware of some of the matters contained in this letter. However, in accordance with International Standards on Auditing (UK) (ISAs) we are communicating them to you formally.

1. Purpose of the audit

As auditor, we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements for the year ended 31 March 2023 that have been prepared by management with the oversight of those charged with governance, and other matters required by legislation.

Our work has been carried out in accordance with our audit planning letter dated 11 April 2023.

Our audit work included consideration of the internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of your system of internal control.

The matters being reported are limited to those that were identified during the audit and that we conclude are of sufficient importance to merit being reported to those charged with governance.

2. Audit progress

We are pleased to report that, from our perspective, the audit has gone well and in accordance with the planned timetable.

We would like to take this opportunity to thank all those with whom we dealt during the audit for their assistance and co-operation, in particular Michael Reinsoo.

3. Annual report and financial statements' format

The financial statements have been prepared, as last year, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (Charities SORP FRS 102).

There are no significant changes to the format of the financial statements this year.

4. Auditor's report

We do not propose any modifications to our audit opinion and are therefore issuing an unqualified opinion in our auditor's report.

The wording of our auditor's report is unchanged from last year.

5. Adjustments made during the audit

There have only been two presentational adjustments made to the figures presented to us for audit. These are in relation to the higher paid employee and key management personnel disclosures where the calculations had initially been calculated on taxable salary as opposed to gross salary.

We will obtain written representations from you, as trustees, that you concur with these adjustments.

6. Unadjusted misstatements

We are pleased to report that we found only clearly trivial misstatements during our audit for the period.

7. Accounting policies, accounting estimates and disclosures

The accounting policies used in preparing the financial statements are unchanged from the previous year.

Our work included a review of the adequacy of disclosures in the financial statements and consideration of the appropriateness of the accounting policies and estimation techniques adopted by the charity. We found the disclosed accounting policies, significant accounting estimates and the overall disclosure and presentation to be appropriate for the charity.

8. Key audit considerations

In advance of the audit fieldwork, we issued our audit planning arrangements letter, which set out a number of key considerations for the accounts and audit. We are reporting back to you on these matters now.

• ISA 315

The scope of our work increased for this audit year in response to the revised International Standard on Auditing 315 (ISA 315). This predominantly had an impact on the audit planning stage and required us to carry out additional work, particularly on the control environment in place at Unlocked Graduates.

Information was gathered at the planning stage in respect of access permissions to key systems housing financial data with controls over access being checked as part of the audit. We also gained a deeper understanding of the charity's general IT infrastructure, its data storage and back up procedures through the questionnaire that the charity was asked to complete and the subsequent meeting held between us and management.

From the work we had carried out in relation to this, we did not note any deficiencies that we wish to bring to your attention.

• Recognition of income in relation to services provided in the next accounting period

The HMPPS contract is a £nil profit contract through which Unlocked Graduates is reimbursed in full for any relevant costs. Although claims are made on a cash basis, accounting standards require Unlocked Graduates to record its income and expenditure on an accruals basis.

Income that is received in this financial year but relates to costs in the following financial year should be treated as deferred income.

The financial statements include a balance of £341,435 of deferred income relating to the HMPPS contract. Management have provided analysis of this balance for which we have tested a sample as part of our audit fieldwork. We are therefore satisfied that the income has been recognised on an appropriate basis.

- **Income diversification and VAT**

As the charity's income sources diversify, there is also a risk that there may be a need to change the VAT recovery methodology of the charity. VAT relating to HMPPS activity is fully recoverable. Previously, the focus of the charity's work was the HMPPS contract but diversification of income could change this position.

We discussed the above with management as part of the audit. From our discussions, we understand that the charity has concluded that all of its funding it receives, including that of restricted donations, is linked to its core activities that it undertakes in contract with HMPPS and therefore the related costs are eligible for recovery of VAT. We also understand that the charity has discussed this with Buzzacott's VAT team who have concurred with the charity's conclusion. As a result, we have no further issues to note but do recommend that Unlocked Graduate's continues to review its VAT position particularly where it undertakes any new activities.

9. Letter of representation

We enclose the draft letter of representation which we will request management and the trustees to approve and sign at the same time as the financial statements. This includes acknowledgement of the trustees' responsibility for the design and implementation of internal controls to prevent and detect fraud.

As set out in our planning letter, we understand the following applied to the year ended 31 March 2023.

- Trustees exercised effective oversight of management's processes for identifying and responding to the risks of fraud in the charity and a system of internal controls was in place to mitigate these fraud risks.
- The key areas at most risk of fraud at Unlocked Graduates are through phishing emails.
- Trustees were not aware of any instances of actual, suspected, or alleged fraud, including misconduct or unethical behaviour related to financial reporting or misappropriation of assets.
- There have not been any out of the ordinary transactions.

If there is further information you would like to discuss with us, or if any of the above is incorrect, please contact Hugh or Tom.

10. Accounting and internal control systems

Our work during the audit included an examination of some of the charity's transactions, procedures and controls with a view to expressing an opinion on the financial statements for the year ended 31 March 2023.

This work was not directed primarily towards discovering weaknesses, other than those that would affect our audit opinion, or towards the detection of fraud. We have included in this report only matters that have come to our attention as a result of our normal audit procedures and consequently our comments should not be regarded as a comprehensive record of all weaknesses that may exist or of all improvements that might be made.

We found no significant deficiencies in the accounting and internal control systems during our audit. However, we have made one recommendation for improvement, which is detailed in the section below.

11. Observations and recommendations on the accounting system and financial reporting function

The table below provides a summary of any observations made concerning weaknesses in the charity's accounting and internal control systems.

Observations included in the "A" grade (red) banding indicate that, in our opinion, there is a risk of significant financial impact on the charity that must be addressed immediately.

"B" grade (orange) banding recommendations relate to those issues where there is a risk of moderate financial impact on the charity, such as a control failure or the absence of a control in an area of moderate risk. These items should be addressed shortly.

Observations included in the "C" grade (yellow) banding indicates that the matter, although important, does not warrant urgent attention and should be addressed within an agreed timeframe.

Priority	No of points	Relating to
A	0	Payroll authorisation
B	1	
C	0	

Further details in respect of the observations and recommendations as a result of our audit work are given in Appendix A.

The matters have all been discussed with Michael Reinsoo, who have appropriate management authority and are informed management for independence purposes.

12. Prior year observation

There were no issues raised last year which required follow-up in the current year.

13. Materiality

Materiality threshold £88,900

Reporting threshold: £4,445

Materiality refers to the relative significance of a particular matter in the context of the financial statements as a whole. An item would be considered material if its omission or its erroneous inclusion would reasonably influence the decisions of those using the financial statements.

We are required to report corrected audit misstatements, and uncorrected audit misstatements in excess of our reporting threshold which is set at 5% of overall materiality.

Our materiality threshold is based on 2% of the charity's expenditure for the year. A lower level of materiality may be selected for specific areas of the financial statements and for some disclosure items e.g. transactions and other financial arrangements with trustees and their connected persons.

When considering the impact of misstatements discovered during the course of our audit and considering the implications for our report of such misstatements, we will refer to this level amongst other things. Whether a misstatement is 'material' or not is ultimately down to the auditor's judgement.

14. Professional ethics

In accordance with our profession's ethical guidance and further to our letter to you dated 11 April 2023 confirming audit planning arrangements there are no further matters to bring to your attention in relation to Integrity, Objectivity and Independence.

15. Current developments

We have attached a summary of recent and ongoing developments as Appendix B to this report. The matters included in this appendix may not all be directly relevant to the charity. However, we are aware that a lot of trustees are involved with more than one organisation, therefore we have included items for general information.

16. Updates, insights and seminars

As part of our commitment to the charity sector, during the year the Charity Team issues occasional Updates and Insights on matters of relevance to the sector and also holds a number of seminars free of charge throughout the year. We would be delighted to welcome representatives of your charity to our seminars or to add trustees and management to our email distribution lists if this would be welcome. News and Insights are also available on our website at [News and insights \(buzzacott.co.uk\)](https://www.buzzacott.co.uk/news-and-insights), where there is also an opportunity to sign up to our mailing list should you wish.

17. Future fees

As per the audit planning letter, the agreed fee for the 2022/23 audit did not factor in the impact of inflation and the significant increases in audit regulation that have impacted the scope of the audit work including ISA315 and ISA240 this year. As a result, it is necessary for us to update our fee to be able to provide you with a compliant audit that remains commercially viable.

To take account of the above, we propose a fee estimate for the audit of Unlocked Graduates for the year to 31 March 2024 of £11,000 plus VAT.

We would be happy to provide more details on the above if requested.

Conclusion

This letter has been prepared for your private use only. It has been prepared on the understanding that it will not be shared with any third party without our prior written consent and we can therefore assume no responsibility to any other party. Any recommendations contained herein are based on the information you have provided and UK law and judicial and administrative interpretation as of the date of this letter. Should the facts provided to us be incorrect or incomplete, or should they change, our recommendations may be inappropriate. Buzzacott LLP accepts no liability for losses arising from changes in UK law, interpretation or practice or in public policy that are first published after the date of this letter.

If you require any further information or assistance, we shall be very pleased to help you.

We would be pleased to receive your comments and reaction to this letter.

Yours faithfully

A handwritten signature in black ink that reads "Buzzacott LLP". The signature is written in a cursive, flowing style.

Appendix A: Audit observations and recommendations

Current year observations and recommendations

	Observation	Implication	Recommendation	Management comment
B	Payroll authorisation During the audit fieldwork, we noted that the Head of Finance both reviews and approves the final payroll before the payroll provider processes payment.	There is no segregation of duties in this part of the process, particularly where there are amends to payroll for a particular month.	We recommend that there is a second layer of oversight by a senior member of the team after the Head of Finance has carried out their initial review of payroll.	Management agrees with this recommendation and will implement second layer of approval by the COO beginning with August 2023 payroll.

Appendix B: Current developments

Trustees' Annual Report and Accounts

Financial Reporting Exposure Draft (FRED) 82

The Financial Reporting Council ('FRC') is currently undertaking its second triennial review of Financial Reporting Standard 102 (FRS 102), the underlying accounting framework under which the charity prepares its accounts. During 2023, the FRC released FRED 82, which outlined the proposed revisions to the next edition of FRS 102 and the consultation period closed on 30 April 2023. The FRC is currently considering the responses to this, and we expect a final version to be released later in 2023.

For more information please visit: <https://www.frc.org.uk/getattachment/e7cf66c5-7f1b-45b1-8620-2bd754f6c97f/20221215-FRED-82-At-a-glance.pdf>

One of the key changes proposed in FRED 82 is the alignment of lease accounting treatments with International Financial Reporting Standards. These changes will have a significant effect on the charity's accounts given its material leasing commitments. In summary, the proposed amendment to section 20 of FRS 102 will require all leases, not just finance leases, to be recognised as 'right of use' assets on the balance sheet, along with a corresponding liability reflecting the discounted cashflow value of all future lease payments. The exposure draft includes provisions for charities to use interest rates on deposits (or failing that gilt rates) as the discount rate instead of cost of capital which will simplify the process.

The proposed effective date for FRED 82 is for accounting periods beginning on or after 1 January 2025. The final text of the revised FRS102 is expected to be released later in 2023 at which point transitional provisions will be confirmed. An update on the practicalities of these changes will be issued in due course.

The other change expected is in respect of income recognition whereby a five-step recognition model is planned.

Development of new Charity Statement of Recommended Practice (SORP)

An exposure draft of the new SORP is expected in late 2023, with implementation expected for accounting periods commencing on or after 1 January 2025. Briefings on 15 topics with proposed changes that have been considered by the SORP Committee are available at: <https://charitysorp.org/engage-briefings-to-inform-the-engagement-process-in-developing-the-next-sorp>

Sustainability and reporting

Whilst many companies are including sustainability and climate change-related information in their annual reports, only the largest private and listed companies are required to provide such information. This disclosed

information is not yet subject to any independent 'checking' which has resulted in the 'greenwashing' claims about some unverified information contained in annual reports.

June 2023 saw the issue of the first two international sustainability reporting standards aimed at improving trust and confidence in company disclosures about sustainability and climate change. The two IFRS Sustainability Disclosure Standards are internationally effective from 1 January 2024 though have not yet been adopted by UK standard setters. However, it is likely that compliance will become mandatory in the near future. To begin with, the obligation may only be for large companies but, the 'trickle down' process is likely to require many companies to ensure that they can provide adequate information to others in their supply chain who have the reporting obligation. As is usually the way, the reporting obligation will ultimately be extended to smaller companies.

In anticipation of the above, it is advisable to start discussions around sustainability reporting and data early and more information can be found at: <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/>

Charity Commission guidance on cost of living pressures

The Charity Commission has published guidance on managing financial difficulties as a result of the cost of living crisis covering key topics regarding trustee duty and decision-making, practical tips on what to do in situations where charities are in financial difficulty, what to do if the charity cannot continue to operate and a reminder on reporting serious incidents.

The detailed guidance can be seen at: <https://www.gov.uk/guidance/manage-financial-difficulties-in-your-charity-arising-from-cost-of-living-pressure>

Additional questions on Charity Annual Returns

The questions posed in the Charity Commission's Annual Return have been updated for financial years starting on or after 1 January 2023. The most significant changes relate to smaller charities where, depending on the level of income, the number of responses required may be reduced. Narrative changes to some questions have been made to improve clarity and improvements in the glossary and guidance have also been made to help charities answer questions quickly and accurately.

The detailed list of questions can be found at Appendix 8 at the following link: <https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25>

UK employment law

A number of employment law regulatory changes have taken place in recent months including increases in statutory sick pay, updated redundancy pay calculations and national minimum wage increases which can impact organisations and their HR processes and documentation. The following insight provides detailed commentary on

the changes and information on how Buzzacott can support: <https://www.buzzacott.co.uk/insights/an-update-on-uk-employment-law-2023>

Charity Commission consultation on social media guidance

The Charity Commission has produced draft guidance on the use of social media following a consultation process. It analyses matters around how the charity uses social media, how to manage risks around content and engagement with controversial topics, what the trustees' responsibilities are and how employees of the charity ensure good practice. The guidance can be seen at the below link and is expected to be finalised over the Summer.

<https://www.gov.uk/government/consultations/draft-guidance-charities-use-of-social-media/draft-guidance-charities-and-social-media>

Tax

Business and non-business activities – new HMRC VAT guidance

On 1 June 2022, substantial changes were made to HMRC's Business/Non-Business manual. Previously, HMRC have applied a 'business test' derived from case law of 40 years earlier. The new guidance prefers a 'two-stage test' derived from a Court of Appeal case heard in 2018. The test is:

1. Does the activity result in a supply of goods or services for consideration?
2. Is the supply made for the purpose of obtaining income on a continuing basis?

HMRC identify the following types of organisation as being affected by the change in the test:

- Charities and not-for-profit organisations;
- Businesses providing nursery and crèche facilities;
- Entities that receive grants or subsidies; and
- Any entity carrying out non-business activities.

In practice, most charities have both business and non-business activities, so awareness of the new test is important in relation to claims for VAT relief and on deduction of VAT on costs. Many disputes with HMRC have been about charities seeking zero-rating for buildings used for non-business activity. It has emerged in 2023 that HMRC's new policy may affect entitlement to zero rating of building work retrospectively despite their earlier assurances that it was effective only from June 2022.

Detail on these changes can be found at: <https://www.gov.uk/government/publications/revenue-and-customs-brief-10-2022-vat-business-and-non-business-activities>