



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

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Foreword

The prevailing theme of the year has been uncertainty. New waves of coronavirus meant new waves of lockdowns and restrictions. The ending of restrictions has not meant the end of the virus, and countries around the world have been hit by supply chain issues and price rises as economies have moved out of deep freeze. Latterly this was exacerbated by Russia's invasion of Ukraine.

That has meant great uncertainty and challenges for many people. We have sought to highlight this and promote solutions. The furlough scheme did its job, protecting millions of jobs. But this hides a worrying rise in economic inactivity as many, particularly the over 50s, stopped looking for work altogether. We helped shine a light on the one million people missing from our labour market compared to if pre-pandemic trends had continued and argued for employment support to focus more on this group.

The first multi-year spending review for some time included welcome increases in funding for adult learning. But our analysis showed this would still leave funding in England some £750 million lower in real terms by 2024-25 compared to 2010-11, showing how far there is still to go. Meanwhile, 63% fewer adults are improving their literacy and numeracy compared to a decade ago, despite nine million adults needing to do so. We set up a Skills for Life Alliance, backed by analysis and international case studies, to try to change this.

As restrictions have eased, attention has turned to the future. We developed an index to explore the need for and challenges of 'levelling up', continued to celebrate amazing adult learners in England and Wales, mapped a spike in lifelong learning through the pandemic, and helped the Welsh Government set ambitions for the qualifications of the population in 2050.

Our work is wide ranging. We work in complex sectors in partnership with a range of organisations. We must also work ever harder to gain funding for our work – the year saw dozens of funders supporting dozens of projects. And, of course, our staff have faced the same challenges as everyone else, affected by the pandemic and the rising cost of living. That makes our achievements even more remarkable, and we extend our thanks to all our brilliant staff and trustees.

We know that, whatever the policy challenge, widening access to learning and good work are central. We will continue our work to make the case for this, build the evidence base, shape policy, and test new ways of working.

Maggie Galliers and Stephen Evans

Report of the Trustees: impact report

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

Strategic priorities and impact

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

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

1. Lifelong learning.

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

2. Employment and social security.

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

3. Essential and life skills.

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

4. Pay, progression and security.

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

5. Apprenticeships and technical education.

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

6. Social justice and inclusion.

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

We have helped shape policy nationally and locally

Policy and advocacy

We encourage evidence-based policy development. We help to shape the debate by working closely with MPs, civil servants and others, as well as raising and widening the debate through events, parliamentary sessions, and the media.

A significant part of our work this year has been deepening understanding of the economic impacts of coronavirus, and looking ahead to what's needed for **renewal and recovery**.

Highlights of our achievements include:

- helping to shape the Government's response to the labour market impacts of the pandemic through the Plan for Jobs;
- giving oral evidence to the Work and Pensions Select Committee on the Government's Plan for Jobs and employment support, and to the Economy Committee of the London Assembly;
- identifying the one million gap in the UK's workforce compared to pre-pandemic trends as a result of rising economic inactivity and analysing the sources of and solutions to this challenge, this is widely accepted and quoted;
- pre-empting and responding to the Levelling Up White Paper by setting out five measures of success in employment and skills, and published a map of how opportunity varies across the country;
- helping to secure new policy commitments such as the Young Person's Guarantee, a review of adult literacy and numeracy levels, ongoing support for the adult community learning sector, and the introduction of Mid-Life Career Reviews in Wales;
- developing new national milestones for qualification levels in Wales, adopted by the Welsh Government; and
- securing commitments to strengthen Citizens' Curriculum in Wales through new pilots.

In addition, we responded to **several inquiries and Government consultations**, and submitted evidence to the Education Committee on their major inquiries into the future of post 16 qualifications and Careers Education, Information, Advice and Guidance (CEIAG).

Towards the end of the year, we **developed an offer to local government to support their investment plans for Multiply adult numeracy initiatives and UK Shared Prosperity Fund (UKSPF) allocations**, and scoped longer-term partnerships that support with the subsequent delivery of programmes.

Bringing people together

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

Events

In July, Mims Davies MP, **Minister for Employment**, and Kate Green MP, **Shadow Secretary of State for Education** at the time, headlined our **Employment and Skills Convention**, with more than **1,300 delegates**. The annual **Employability and Skills Wales Convention** in November 2021 had keynote speakers including Vaughan Gething MS, **Minister for Economy** and Nikki Lawrence, Chief Executive at Careers Wales, and secured over **380 attendees and viewers**. Our **Better Work Summit** brought together key stakeholders from across London, with over **120 attendees**, to explore how to support access to better work and progression from low pay after the pandemic. The event featured a keynote from Rajesh Agrawal, the **Deputy Mayor of London for Business**. Our **Youth Employment and Skills Summit** in October hosted **Metro Mayor for Liverpool City Region** Steve Rotheram and Minister Mims Davies MP as keynote speakers. Our annual **English, Maths and ESOL conference**, delivered online to **515 participants**, highlighted the role of essential and life skills in recovering from the pandemic. Finally, our **Housing, Learning and Work Conference** held jointly with Communities that Work attracted around **600 delegates** to explore the Government's Levelling Up agenda.

In-between conferences, we held webinars and shorter events, to mark the publications of reports and external events, and our senior team shared platforms at events hosted by other organisations.

We increased our reach and relevance, building engagement with key audiences

We received around **1,100 pieces of media coverage** in 2021-22. Our research and analysis were featured in Guardian, Independent, Telegraph, Times, Mirror and Big Issue. Our analysis of labour market statistics featured almost monthly in national news. Our work has also been featured in sector press including FE Week, FE News, People Management and Business Insider. Notable coverage for specific campaigns included our adult participation in learning survey, and our work on apprenticeships and technical education.

Our **website received more than 310,000 views in the year**, slightly up from the previous year. We had spikes around report publications and other popular pages have included our resources for English language learning and conversation clubs, and pages on lifelong learning and essential skills. Our campaign websites also received increased attention this year.

The number of followers for our **@LearnWorkUK** Twitter account rose **400 in the year, to 18,200**. Our **YouTube** channels had **25,200 views with 204,000 minutes of footage viewed**, an increase on the previous year.

Wales figures show that **@LearnWorkCymru** account received over **52,000 profile views** and **L&W Wales YouTube** had over **19,000 views with 228,000 minutes of footage viewed** by users.

We inspired more adults to take up learning for life

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

In England, **Festival of Learning** is supported by Department for Education, NOCN, WEA, City Lit, the Education and Training Foundation, and Skills and Education Group, and we worked with organisations such as HOLEX, Association of Colleges, AELP, World Skills UK and Open University. Award winner announcements took place in July, and the twelve winners and seven finalists were selected from over 200 nominations. The **awards ceremony livestream was viewed by over 1,200 individuals** and our **Twitter hashtag achieved 1.1 million impressions**. Award winner stories received **widespread sector press coverage**.

We welcomed **HRH The Princess Royal to our centenary celebration event** during **Lifelong Learning Week** in November. HRH met previous Patron Award winners and an Adult Learners' Week winner from 1993. We were thrilled to receive supportive messages from Kate Green MP and Angela Rayner MP, and we published a series of blogs to celebrate lifelong learning and our centenary. **Social activity saw 4.7 million impressions, 1,100 tweets and 511 different users** tweeting about Lifelong Learning Week. This is up on the figures reached in 2020.

In Wales, **Adult Learners' Week** worked with over 200 partners to provide a mix of 500 online courses, events and community-based outreach and taster activity, and **nearly 10,000 people engaged with learning activities**. Learning opportunities were delivered by a range of stakeholders including Adult Learning Wales, Wales TUC, Big Ideas Wales, Digital Communities Wales and the network of community learning, further and higher education, training and voluntary learning providers. We worked with Welsh Government to promote the campaign and to signpost people to advice and guidance at Working Wales and to the Adult Learners' Week/Change Your Story platform. Our **online platform** hosting course listings, special events, learner stories and links to further information, advice and support **had over 167,000 page views** and our **content generated over six million impressions on Twitter**.

Just ahead of Adult Learners' Week, Jeremy Miles the Welsh Government Minister for Education and the Welsh Language presented 13 **Inspire! Awards** to celebrate the achievements of adult learners, families, communities and workplace projects. Our **online award ceremony had an audience of 1,000**, and award winners **featured in print and broadcast media**, with two being interviewed on S4C.

We developed solutions to meet the big challenges

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

Improving outcomes for young people. We are co-chairs of the Youth Employment Group, helping us shape support for young people. Our Facing the Future report, in partnership with The Prince's Trust, explored the impact of the pandemic on young people's employment, their future job prospects and the cost of higher youth unemployment. Alongside this we proposed a Youth Guarantee to improve employment and skills outcomes. We worked with the Social Mobility Commission to explore the impact of the pandemic upon young people, with our findings contributing to their annual State of the Nation report 2022.

Understanding what works. We worked with Nesta to explore what works for online adult learning and data-driven solutions to help people find rewarding future careers. We supported 11 innovators to evaluate the effectiveness and impact of their online learning interventions, and developed an evaluation toolkit to support others. We delivered the initial evaluation of the Catch 22 Horizons programme, designed to help people overcome social barriers to work such as homelessness, mental health or poor education. We presented the findings of the first wave of the evaluation of the Restart Scheme to DWP, which has helped to inform management and redesign of the scheme.

Understanding adult participation in learning. In its 25th year, our survey showed that 44% of adults have taken part in learning in the last three years – marking the first rise in participation since 2015. However, the survey continues to highlight stark inequalities in who participates in learning, meaning there is much more to do to ensure fair access to opportunities. The survey's findings on people's motivations and barriers are helping to inform the development of policy, including the National Skills Fund in England and Personal Learning Accounts pilot in Wales.

Improving literacy, numeracy and life skills. One in five adults have low essential skills like literacy and numeracy and fewer adults are in learning to improve these skills. Together with HOLEX, we convened the Skills for Life Alliance, bringing together key sector stakeholders, along with observers from the Department for Education (DfE) and DWP, to argue for a greater focus and action on adult essential skills in skills policy and practice. To support the Alliance's work, we published Getting the Basics Right, a summary of the case for action on adult essential skills. We also worked with three MCAs to understand the drivers of low participation in those areas. We advised the DfE on future delivery models for Essential Digital Skills and the Greater London Authority (GLA) on social prescribing to adult education, to improve the health and wellbeing of Londoners.

High quality, accessible apprenticeships and technical education. To work for employers and people, apprenticeships and technical education need to be high quality and accessible. We are working with the Strategic Development Network (SDN) to deliver the Government's T level employer support programme, and with IFF Research to evaluate the DfE Skills Accelerator programme. We also worked with DfE to review their occupational traineeship pilots

and support providers to roll out the programme. We have undertaken research on behalf of World Skills UK on how young people can acquire the technical skills needed to support the UK's transition to a net zero economy. We continued our research programme on apprenticeships including exploring how early withdrawals can be reduced. In partnership with JP Morgan, we worked with providers from different parts of the world to identify and share effective practice in the design and delivery of pre-apprenticeship programmes for young people.

Engaging adults in career learning. The pandemic has likely accelerated the need for people to change careers and update their skills more often. Our flagship programme, New Futures, is testing ways of helping people reskill and change career through five pilots across the UK. We have also undertaken research to inform National Skills Fund policy in England, including exploring how skills bootcamps can help to address green skills gaps, engaging adults in the Free Courses for Jobs offer, and adults' cost barriers to Level 3 learning.

Valuing lifelong learning. In Wales, we have supported the review of adult education committed to in the Programme for Government. We will continue to support the work of the adult education External Reference and the aim of increasing the number of adult learners in Wales. We began coordinating the work of Taith, the new international learner exchange programme in Wales. Our work is encouraging adult learning organisations to develop and submit proposals for international exchange and to widen opportunities for disadvantaged learners.

Improving skills and employment opportunities. We're analysing the equality and human rights implications of emerging labour market trends for groups with different protected characteristics. We're also with the National Foundation for Educational Research's (NFER) on the Skills Imperative 2035 research programme to analyse the future of essential employment skills in our changing labour market. We undertook research for DfE into a new Academic Progression Pathway for young people, to inform the development of a future pilot.

Helping people on low pay to progress and build skills. Around five million people in Britain are low paid – relatively high by international standards, though falling as the minimum wage rises. Our Better Work Network – a policy and practice-based initiative in London and across the UK – has increased membership by nearly 30 per cent to over 600 members. We published the first Better Work Audit for London, informing the GLA's economic strategy and Boroughs' approaches to in-work poverty. We established a new partnership with Peabody Trust to produce the Peabody Index, tracking pay and employment for low paid Londoners. Our report on the creation of more 'good jobs' fed into the Poverty and Inequality Commission's advice to the Scottish Government on its Child Poverty Delivery Plan 2022-26.

Ensuring everyone can get the help they need. Life chances are closely linked to people's background. Our work with care leavers and young adult carers highlights the significant barriers to learning and employment that these young people face. We worked with four groups of care leavers, from different parts of England, to understand their experiences of the welfare system and to support them to advocate for change. Our Driving Change project, in partnership

with Carers Federation, has worked with over 40 colleges and three universities across the UK, to directly improve support for young adult carers. We worked with EY Foundation to review the delivery of online employability programmes for young people from disadvantaged backgrounds and highlighted the impact of inclusive and high quality programmes.

Supporting under-represented groups. We continued to grow our ESOL Network in Wales by offering online development workshops during the pandemic, coordinating professional learning, and helping practitioners to come together with policymakers to understand the challenges facing the sector. Working with the University of South Wales we are reviewing ESOL policy for the Welsh Government.

International work. Our decade-long role as UK National Coordinator for the European Agenda for Adult Learning came to an end in December 2021. We continue to play an active role in the European Association for the Education of Adults and the European Basic Skills Network. We shared our work on informal, volunteer-led English language provision with over 50 European stakeholders at the EBSN annual conference in Malta, the first face-to-face event in two years. Through the Regional Capacity for Adult Learning and Education (RegALE) project, we continue to collaborate with partners on a range of topical adult education issues.

Report of the Trustees - continued

The Company Board who are the Directors of the Company and Trustees of the Charity present their report together with the audited financial statements for the year ended 31 March 2022. This report constitutes the Trustees' Annual Report for the purposes of charity law, and both the Directors' report and Strategic Report for the purposes of company law. The Strategic (Impact) Report is on pages 4-10.

Results

The statement of financial activities is set out on page 22 and shows the net movement in funds for the year.

Tax status

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

Our objectives

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

Our vision

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

Our mission

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

Our values

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

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

Public benefit

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

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

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

Structure, governance & management

Constitution

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

Governance structure

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

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

Currently the Company Board has nine members.

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

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

However, the Company Board establishes as standing committees:

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

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

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

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

The Haldane Trust

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £122,000 at 31 March 2022 (£124,000 at 31 March 2021). Due to the common control and materiality, the investments of the Haldane Trust are consolidated into the L&W accounts. Further details are provided in note 21 to the financial statements.

Recruitment, induction and training of Trustees

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

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

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

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

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

Financial review for the year ended 31 March 2022

Trustees are confident that L&W continues to operate on a going concern basis. The organisation is in control of its annual income and expenditure and enters 2022-23 having already secured a very significant proportion of the income required for the year ahead. Furthermore, resilience is derived from reserves held in the form of investments that have a current market value in excess of one year of income. Trustees note that following the outbreak of Covid 19 in March 2020 the organisation seamlessly switched to homeworking with negligible effect on operations and that this continued successfully throughout 2021-22.

More generally, as for many organisations in the third sector during 2021-22, L&W continued to experience funding pressures. L&W increased income from non-government sources, but not enough to compensate for the reduction government commissioning observed this year. Focus continues to be placed on pipeline development to increase funding from sources other than government grants. L&W continues to have a positive impact and uses its funds carefully to deliver on all contracts and grant agreements.

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

Year on year headline income decreased by £2,684,000. This is predominantly because the prior year income included a £2,145,000 grant received from Charities Aid Foundation in February 2021. Under accounting regulations we were obliged to recognise the grant in full in 2020-21 whilst nearly all the work and associated costs are being delivered over 2021-22 and 2022-23. This effectively overstates underlying financial performance in 2020-21 by £2,134,000 and will correspondingly understate the current year and 2022-23 when the work is performed with no revenue remaining to recognise in these years.

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

Net expenditure before unrealised gains/losses on investments and changes in the valuation of the pensions scheme under FRS102 assumptions was £1,344,000. The prior year net income was £1,022,000 but as noted above this was enhanced by the full recognition of the

£2,145,000 Charities Aid Foundation grant. Accordingly in 2021/22 L&W incurred costs related to the Charities Aid Foundation work with no income to recognise against this.

This year the pension scheme deficit as calculated under the requirements of FRS 102 improved by £6,037,000 as a result of strong asset returns and favourable changes in the assumptions used by the actuary to calculate the deficit. This includes a notional interest charge on the FRS 102 calculated deficit. In contrast the prior year FRS102 calculation worsened by £5,846,000.

The FRS 102 adjustment leads to a net improvement in funds for the year of £4,722,000, last year this was a negative £3,309,000.

Pension schemes

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

The LGPS scheme is a funded multi-employer defined benefit pension scheme. The FRS 102 deficit is large in comparison to the size of the organisation due to significant downsizing in the recent past. The March 2022 FRS 102 calculation from the scheme's actuaries showed a deficit of £11,863,000 (2021 £17,090,000 deficit, 2020 £10,751,000 deficit, 2019 £12,098,000 deficit).

Asset values increased by over £3,801,000 in the year, and the actuary's calculation of the present value of the defined benefit obligation reduced by £1,426,000 underpinned by an increase in the discount rate applied from 2.0% in 2020 to 2.6% for 2021. The FRS 102 calculation is sensitive to the discount rate used by the actuaries, Note that a 0.1% increase in the discount rate improves the calculated liability by approximately £1m. For the 2022 calculation the actuary also assumed larger increases in pensions and salaries compared to the prior year, assumed pensions increase was 3.25% 2021, 2.85% 2020 and salaries 4.25% 2021, 3.85% 2020.

It should be noted that the scheme's administrator (LPP) performed a triennial valuation as at 31 March 2019. This was calculated using different methodology and assumptions to the FRS102 valuations. The triennial valuation is used by the LPP to set the contribution rates paid by the organisation for three years from 1 April 2020 to fund the pension scheme. The 2019 triennial valuation of the deficit was £1,231,000 with a 96% funding level (2016 £3,491,000 deficit, 86%).

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

Although the fund deficit poses a serious issue for L&W, the Trustees recognise that by L&W making additional contributions to the pension fund that the deficit should improve in the long term. However, the risk will be continually managed on a proactive basis in partnership with the LPP.

Reserves policy

The Trustees reviewed their desired reserves policy in December 2021. The overriding principle is that L&W should use its reserves to maintain financial stability of the organisation and meet the needs of the organisation's beneficiaries both current and future. Reserves are held for the following purposes:

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

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

Required level of reserves

The targeted level of reserves is calculated as follows:

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

The reserves target range is between the lower cap of £5,000,000 and the upper cap of £11,863,000 being the FRS 102 pension deficit at March 2022. The deficit is large compared to the size of the organisation due to recent significant downsizing.

Organisation reserves at the end of March 2022 before the FRS 102 calculated pension liability were £8,561,000 (March 2021 £9,064,000). This is reduced by the FRS 102 calculated pension liability to a net balance sheet liability of £3,302,000 (March 2021 liability £8,025,000).

Whilst the organisation does not have sufficient reserves to meet its policy requirement, the Trustees note that the triennial valuation of the pension scheme deficit at 31 March 2019 was £1.2m and that the organisation holds investments with a market value of £7,031,000 at 31 March 2022. In conjunction with a viable three year plan underpinned by a funding plan and ability to flex the cost base the Trustees consider the organisation to be a going concern.

Investment policy

Investment performance is overseen by a nominated Trustee, the CEO and Director of Finance and Operations. Reviews are held with the Investment Managers and reports are made to the Board of Trustees. The Trustees have approved an Investment Policy that has the objective of increasing reserves towards and to meet the reserves policy. The Investment Policy was last reviewed in December 2021. The current investment approach is to achieve a target return in a well-diversified portfolio comprising the appropriate asset classes and individual investments for a UK charity, which are quoted on the most widely used stock exchanges and regulated markets. The risk profile is medium, which allows for significant exposure to global equities and other diversifying investments, that will be held within a balanced portfolio. The objective is to increase the value of the portfolio by targeting total nominal return of 5-6% over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

Risk management

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

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

Risk	Mitigation
Failure to influence the policy changes we want to see.	Maintenance of strong relationships with officials. Controls on external communication. Strategic plan to sets clear priorities.
Failure to influence the changes in practice we advocate	Use of Evidence to support our work. Strategic plan and key strategic relationships underpin our credibility.
Failure to secure adequate Income	Strategic plan underpinned by funding plans which are regularly reviewed.
Cashflow – inability to pay staff and suppliers on time	Regular cashflow reviews by management and Board. Ability to call on £5m+ of investments immediately.
Failure to service pension scheme	Three year agreement in place with the Scheme's Administrator
Governance and Systems are not robust	Expert independent internal audit committee review. ISO9001, Investors in People and Cyberessentials accreditations.
Insufficient capacity and capability to deliver funder contracts	Mechanisms to monitor capacity in place. Engaged staff.

The internal audit programme is devised by management and audits conducted using expert contractors as appropriate. The Audit Committee review the audit programme in advance and the outcomes of audits and considers all matters of risk, control, and governance. The Committee in turn reports to the Board on the overall efficiency of the risk management process and the adequacy of the internal control systems.

During the year the organisation has continued to deal with uncertainty arising from COVID 19 and worked from home without issue, existing controls where required were adapted for home working successfully. The Trustees consider that through ongoing consideration of risks and mitigating actions and the level of the organisation's reserves it is appropriate to adopt the going concern bases for these accounts.

Financial risk

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

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

Grant making

Occasionally L&W manages and distributes grants on behalf of other agencies and government departments. L&W may distribute the grant, provide support to the recipient, and monitor the outcomes as part of the contract with the funder. All such grants will be made in accordance with the contract requirements. Receipt of funding by L&W and payment to the grant recipients are recognised in the accounts at the time of entitlement. The reader will have already noted in the financial review on pages 14-15 the impact of the £2.145m grant received in February 2021 from the Charities Aid Foundation which was recognised in full in the accounts to the year 31 March 2021 despite the delivery of the project materially occurring during the years to 31 March 2022 and 31 March 2023.

Remuneration policy

Sets out the principles and process of the remuneration relationship with staff and unions. It also includes the process of determining annual awards. Remuneration of the CEO and his direct reports are also determined by the Remuneration Committee who make an objective assessment of the appropriate level considering factors such as the market, needs of the organisation and comparable benchmarks. This was fully reviewed in 2017/18 in consultation with staff and recognised unions and further refined in 2018/19 then reviewed again each year in September. L&W seeks to offer a competitive salary and benefits package to attract and retain quality staff in the context of:

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

Disability policy

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

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

Staff training and continuous professional development

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

Sharing information with employees

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

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

Trustees' responsibilities for the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the organisation and of the profit or loss of the organisation for that period.

- Select suitable accounting policies and then apply them consistently.
- Observe the methods and principles in the Charities SORP.
- Make judgments and estimates that are reasonable and prudent.
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. In so far as the Trustees are aware there is no relevant audit information of which the charitable company's auditors are unaware and the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

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

Trustees' liability insurance

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

Creditor payment policy and practice

It is the policy of L&W to follow standard payment terms of 30 days (or as otherwise agreed with the supplier) unless there are reasons to dispute the amounts with suppliers. Trade creditors at the end of the year were £186,000 equating to 20 creditor days (2021 £189,000 and 18 days)

Auditors

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

Future plans

L&W's strategic plan 2021-24 is available at www.learningandwork.org.uk. L&W seek a prosperous and fair society in which learning and work provide opportunities for everyone to realise their potential and ambitions throughout life. To progress this, L&W will prioritise work in the areas of lifelong learning, employment and social security, essential and life skills, good work and progression, apprenticeships and technical education, social justice and inclusion. Trustees consider the combination of the strategic plan, careful financial and operational management and reserves will ensure any challenges from Covid 19 or otherwise will be overcome. This report which includes the Strategic Report required by company law, has been approved by the Board both as company directors and charity Trustees.

ON BEHALF OF THE TRUSTEES

Margaret Galliers

Maggie Galliers
Chair of Company Board
7th July 2022

Stephen Evans

Stephen Evans
Company Secretary
7th July 2022

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

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

Opinion

We have audited the financial statements of National Learning and Work Institute for the year-ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Organisation Balance Sheets, the Consolidated Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 March 2022 and of the group's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent charitable company; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees for the financial statements

As explained more fully in the trustees' responsibilities statement set out on pages 20-21, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Siobhan Holmes (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditor

Date: 13 September 2022

10 Queen Street Place
London
EC4R 1AG

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

	Note	Unrestricted funds £'000	Restricted funds £'000	Endowed funds £'000	2022 Total funds £'000	2021 Total Funds £'000
Income						
Investment income	2	72	-	-	72	134
Income from charitable activities – from core projects	3	1,265	1,379	-	2,644	5,352
Income from other charitable activities	4	62	-	-	62	6
Total income		1,399	1,379	-	2,778	5,493
Expenditure						
Cost of raising investment funds	5	38	-	-	38	36
Cost of core charitable activities	5	2,477	1,532	-	4,009	4,283
Cost of other charitable activities	5	75	-	-	75	151
Total expenditure		2,590	1,532	-	4,122	4,470
Net income (expenditure) before gains on investment assets		(1,191)	(153)	-	(1,344)	1,022
Realised and unrealised gains / (losses)		31	-	(2)	29	1,515
Net income (expenditure)		(1,160)	(153)	(2)	(1,315)	2,537
Change in financial assumptions on defined benefit pension scheme		6,037	-	-	6,037	(5,846)
Net movement in funds for the year		4,877	(153)	(2)	4,722	(3,309)
Reconciliation of funds						
Total funds brought forward		(10,231)	2,205	124	(7,902)	(4,593)
Total funds carried forward		(5,354)	2,052	122	(3,180)	(7,902)

All activities are continuing and are in furtherance of the objectives of the organisation. The net expenditure for the purposes of the Companies Act was £1,344,000 (2021: £1,022,000 net income).

Balance sheet

	Note	Organisation		Group	
		2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fixed assets					
Tangible assets	10	7	30	7	30
Investments	11	7,031	6,972	7,153	7,096
Total fixed assets		<u>7,038</u>	<u>7,002</u>	<u>7,160</u>	<u>7,126</u>
Current assets					
Debtors	12	1,122	830	1,122	830
Cash at bank and in hand		1,809	2,800	1,809	2,800
Total current assets		<u>2,931</u>	<u>3,630</u>	<u>2,931</u>	<u>3,630</u>
Creditors falling due within one year	13	1,382	1,547	1,382	1,547
Net current assets		<u>1,549</u>	<u>2,083</u>	<u>1,549</u>	<u>2,083</u>
Total assets less current liabilities		8,587	9,085	8,709	9,209
Creditors falling due after more than one year	15	26	21	26	21
Net assets excluding pension liabilities		8,561	9,064	8,683	9,188
Defined benefit pension scheme liability	19	(11,863)	(17,090)	(11,863)	(17,090)
Net assets including pension liability		<u>(3,302)</u>	<u>(8,025)</u>	<u>(3,180)</u>	<u>(7,902)</u>
The funds of the charity					
Unrestricted funds excluding pension liability		6,509	6,859	6,509	6,859
Pension reserve	16	(11,863)	(17,090)	(11,863)	(17,090)
Restricted funds		2,052	2,205	2,052	2,205
Haldane Trust endowment	21	-	-	122	124
Total charity funds		<u>(3,302)</u>	<u>(8,025)</u>	<u>(3,180)</u>	<u>(7,902)</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 7 July 2022

Margaret Galliers

Maggie Galliers
Trustee

Tim Render

Tim Render
Trustee

Consolidated cash flow statement

	Note	2022 £'000	2021 £'000
Cash used in operating activities	18	(1,224)	1,387
Cash flows from investing activities			
Interest and dividend income		72	134
Sales of investments		5,375	945
Purchase of investments		(5,203)	(867)
Purchase of tangible fixed assets		(11)	(16)
Cash provided by (used in) investing activities		233	196
 Increase (decrease) in cash in the year		 (991)	 1,583
Cash at the beginning of the year		2,800	1,217
Total cash at the end of the year		<u>1,809</u>	<u>2,800</u>

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

Notes to the financial statements

1 Accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK (FRS102) (effective 1 January 2019) -(Charities SORP(FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements are prepared in thousands of pounds (£'000s).

b) Basis of consolidation

In 2021 the trustees reviewed the accounting treatment in respect of the Haldane Trust, a charity controlled by L&W. On the basis that the Haldane Trust was material at 31 March 2021 and remains material at 31 March 2022, it is consolidated into L&W's financial statements on a line-by-line basis.

c) Preparation of the accounts on a going concern basis

Trustees have reviewed the forecast results, cashflow and reserves for the foreseeable future and a minimum period of twelve months as well as future potential effects of COVID 19 and any likely reduction in Government funding. Trustees are confident L&W will continue and there is no material uncertainty over its ability to operate as a going concern. More information can be found in the Trustees report on page 14.

d) Estimates and judgements

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

e) Income and expenditure account

The Statement of Financial Activities on page 22 discloses the information required within the Income and Expenditure account and as such no separate Income and Expenditure account has been prepared.

f) Income

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

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

g) Expenditure

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

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

h) Allocation of support costs

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

i) Operating leases

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

j) Investments

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

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

k) Tangible fixed assets

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

Tangible fixed assets are stated at cost net of depreciation.

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

l) Creditors

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

m) Provisions

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

n) Financial instruments

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

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

o) Pension costs

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

For the year ended 31 March 2021, all but one of the employees were in the LGPS scheme, the other is in the Teachers Pension Scheme.

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

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

2. Investment income

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

	2022 Total £'000	2021 Total £'000
Dividends	72	99
Interest on investments	-	33
Interest on Bank accounts	-	2
Total Investment Income	72	134

3. Income from charitable activities – core projects

	Contract & sales 2022 £'000	Recurrent grant 2022 £'000	Total 2022 £'000
L&W Wales		509	509
Research and development	1,265	583	1,847
Campaigns, promotions and advocacy	-	287	287
Total charitable activities income	1,265	1,379	2,644

	Contract & sales 2021 £'000	Recurrent grant 2021 £'000	Total 2021 £'000
L&W Wales	32	515	547
Research and development	3,409	1,164	4,573
Campaigns, promotions and advocacy	6	226	232
Total charitable activities income	3,447	1,905	5,352

Income analysed by funding source

	Total 2022 £'000	Total 2021 £'000
Departments for Education	870	1,031
Welsh Government	509	547
Department of Work and Pensions	13	69
Ministry of Defence	90	58
Other Government	-	72
European Funding	127	217
Public sector	201	346
Charitable trusts	793	2,610
Other project funding	103	402
	<u>2,706</u>	<u>5,352</u>

4. Income from other charitable activities

	2022 Total £'000	2021 Total £'000
Conference and events income	62	-
Other income	-	6
Total income from other charitable activities	<u>62</u>	<u>6</u>

5. Analysis of total expenditure

	L&W Wales 2022 £'000	Research & Dev 2022 £'000	Campaigns 2022 £'000	Total 2022 £'000
Direct project costs	120	501	37	658
Direct salary costs associated with projects	345	1,984	108	2,437
Allocation of support costs	100	647	58	805
Allocation of governance costs	13	87	9	109
Total costs of core charitable activities	578	3,219	212	4,009

Other charitable activity direct costs				6
Other charitable activity direct salary costs				41
Allocation of support costs				25
Allocation of governance costs				3
Total costs of other charitable activities				75
Investment management fees				38

	L&W Wales 2021 £'000	Research & Dev 2021 £'000	Campaigns 2021 £'000	Total 2021 £'000
Direct project costs	80	705	70	855
Direct salary costs associated with projects	441	1,761	168	2,370
Allocation of support costs	115	749	68	932
Allocation of governance costs	16	101	9	126
Total costs of core charitable activities	652	3,316	315	4,283

Other charitable activity direct costs				52
Other charitable activity direct salary costs				66
Allocation of support costs				29
Allocation of governance costs				4
Total costs of other charitable activities				151
Investment management fees				36

6. Analysis of support and governance costs

	2022 Total £'000	2021 Total £'000
Support costs		
FRS 102 Cost of Defined Benefit Pension Scheme	145	80
Support Staff Salaries	397	406
Additional Defined Benefit Pension contributi	13	13
Accommodation	-	220
Computer	76	62
Depreciation	16	54
HR Costs	113	66
Travel	1	3
Policy and publicity	13	9
Telephone	18	35
Printing and stationery	2	13
Total support costs	794	961
Governance costs		
Salaries and FRS102 Cost of Defined Benefit Pension Scheme	75	75
Audit services	9	40
Legal and insurances	28	15
Total governance costs	112	130

Notes on basis of allocation

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

7. Net expenditure for the year

This is stated after charging:	2022 £'000	2021 £'000
Operating leases		
Land and buildings	118	115
Others	3	6
Depreciation	18	53
Auditors remuneration		
External audit fees	24	24
Other accountancy services	-	18
Trustee's indemnity insurance	10	10

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

	2022 £'000	2021 £'000
Salaries and wages	1,603	1,876
Social security costs	162	195
Pension costs		
Employer contributions paid	345	396
Addition Defined Benefit Pension Scheme Charges	787	494
Teachers' Pension scheme	-	11
	<u>2,897</u>	<u>2,972</u>

Not included in the above are termination costs of £47,422 (2021: £122,044)

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

	2022 Number	2021 Number
£ 60,001 - £ 70,000	2	2
£ 80,001 - £ 90,000	-	1
£100,001 - £110,000	1	1
	<u>3</u>	<u>4</u>

The key management personnel of the organisation comprise the Trustees, the Chief Executive Officer and the Senior Management Team. Trustees were not paid any remuneration for their services in the year, nor in the prior year. Three Trustees were reimbursed expenses for travel and subsistence. The total employment benefits for the Senior Management Team, including the CEO, was £574,612 (2021: £553,641)

9. Staff numbers

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

	2022	2021
Employees	<u>46</u>	<u>50</u>

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

	2022	2021
Employees – full time equivalents	<u>42</u>	<u>48</u>

10. Tangible fixed assets

	Computer equipment £'000	Office equipment £'000	Total £'000
Cost			
At 1 April 2021	247	55	302
Additions	4	7	11
At 31 March 2022	251	62	313
Depreciation			
At 1 April 2021	215	55	270
Charge for the year	34	2	36
At 31 March 2022	249	57	306
Net book value At 31 March 2022	2	5	7
At 31 March 2021	30	-	30

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

	£'000
At 1 April 2021	7,094
Additions at cost	5,203
Disposal at proceeds	(5,375)
Realised and unrealised gains	29
Movement in cash	202
At 31 March 2022	7,153

The fixed asset investments were held as follows

	2022 £'000	2021 £'000
Listed stocks and shares	6,613	6,857
Cash	418	234
Market value at 31 March	7,031	7,094

The book cost of listed stock and shares was £6,336,075 (2021 £5,582,064).

On the Balance sheet, the consolidated investments include the Haldane Trust portfolio valued at £122,000 as at 31 March 2022 and £124,000 at 31 March 2021.

12. Debtors

	2022 £'000	2021 £'000
Trade debtors	496	510
Prepayments and accrued income	626	320
Other debtors	-	-
	<u>1,122</u>	<u>830</u>

13. Creditors: amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	230	189
Other creditors	11	97
Tax and social security	145	131
Accruals	9	25
Deferred income (see note 14)	821	937
Provision for costs of relocation on new premises	166	166
	<u>1,382</u>	<u>1,547</u>

14. Deferred income

	Balance at 1 April 2021 £'000	Movement In year £'000	Balance at 31 March 2022 £'000
Restricted funds charitable activities	421	(357)	64
Unrestricted funds charitable activities	481	335	816
Unrestricted funds other trading activities	35	(25)	10
	<u>937</u>	<u>(47)</u>	<u>890</u>

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

	2022 £'000	2021 £'000
Provision for costs of relocation on leased premises	<u>26</u>	<u>21</u>

16. Analysis of charitable funds

Analysis of movement in restricted fund

	2022 £'000	2021 £'000
Opening balance	2,205	-
Income	1,379	3,501
Expenditure	(1,532)	1,296
Closing balance	<u>2,052</u>	<u>2,205</u>

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

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

Funder and project details 2021 Comparator	Income	Expenditure	Surplus / (deficit)	Transfer from/(to) unrestricted funds
	2021 £'000	2021 £'000	2021 £'000	2021 £'000
DFE	775	704	71	-
core funding for agreed projects				
DFE	253	253	-	-
Festival of Learning England				
DFE – specific projects agreed, incremental to core funding	0	0	-	-
 European Programmes				
Various	217	217	-	-
 Charitable Trusts				
Charities Aid Foundation	2,145	11	2,134	-
ETF	17	17	-	-
The National Lottery Community Fund	94	94		
 Other consultancy/research				
Various	0	0	-	-
	<u>3,501</u>	<u>1,296</u>	<u>2,205</u>	<u>-</u>

17. Analysis of net assets between funds

	Balance at 1 April 2021 £'000	Movement In year £'000	Balance at 31 March 2022 £'000
Restricted funds	2,205	(153)	2,052
Unrestricted funds	(10,231)	4,877	(5,354)
Endowment funds	124	(2)	122
	<u>(7,902)</u>	<u>4,722</u>	<u>(3,180)</u>

	Restricted funds 2022 £'000	Unrestricted funds 2022 £'000	Endowment Funds 2022 £'000	Total funds 2022 £'000
Fund balances at 31 March 2022 are represented				
Tangible fixed assets		7		7
Investments		7,031	122	7,153
Cash at bank	1,726	83		1,809
Current assets	326	898		1,224
Current liabilities		(1,484)		(1,484)
Creditors of more than one year		(26)		(26)
Defined benefit pension scheme liability		(11,863)		(11,863)
Total net assets	2,052	(5,354)	122	(3,180)

	Restricted Funds 2021 £'000	Unrestricted Funds 2021 £'000	Endowment Funds 2021 £'000	Total Funds 2021 £'000
Fund balances at 31 March 2021 are represented				
Tangible fixed assets	-	30	-	30
Investments	-	6,972	124	7,096
Cash at bank	2,505	295	-	2,800
Current assets	(371)	1,120	-	749
Current liabilities	-	(1,466)	-	(1,466)
Creditors of more than one year	-	(21)	-	(21)
Defined benefit pension scheme liability	-	(17,090)	-	(17,090)
Total net assets	2,134	(10,159)	124	(7,902)

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

	2022 £'000	2021 £'000
Net movement in funds	4,722	(3,309)
FRS 102 Non cash adjustment	(5,227)	6,339
Add back depreciation charge	36	52
Deduct interest income shown in investing activities	(72)	(134)
Decrease (increase) in debtors	(292)	471
Increase (decrease) in creditors	(165)	(333)
Increase (decrease) in creditor long term	5	(11)
Investments (gains)	(29)	(1,515)
Movement in investment cash	(202)	(173)
Net cash used in operating activities	(1,224)	(1,387)

19. Pension costs

The organisation contributes to two defined benefit pension schemes, the Local Government Pension Scheme (LGPS) administered by the Local Pensions Partnership and the Teachers' Pension Scheme, on behalf of its employees. The assets of these schemes are held in independently administered funds. Contributions are paid based on the recommendations of the qualified actuaries. For the year to March 2021 all employees but one were in the LGPS scheme and one employee was in the Teachers' scheme.

(a) The LGPS scheme

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

	31	31
	March	March
	2022	2021
Rate of increase in pensions and CPI rate of inflation	3.25%	2.85%
Rate of increase in salaries	4.25%	3.85%
Rate used to discount scheme liabilities	2.6%	2.0%

To assess the value of the Employer's liabilities at 31 March 2022, the actuaries have rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2019, using financial assumptions that comply with FRS102.

To calculate the asset share the actuaries have rolled forward the assets allocated to the Employer at 31 March 2019 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

The actuaries adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2019. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2020 Model, allowing for a long-term rate of improvement of 1.25% p.a., smoothing parameter of 7.0, an additional parameter of 0.5% and a 2020 weighting of 25%.

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

	31 March 2022 £'000	31 March 2021 £'000
Fair value of employer assets:		
Equities	18,998	16,525
LDI/Cashflow matching	-	-
Target return funds/Bonds	7,518	7,159
Infrastructure	3,498	2,578
Commodities	-	-
Property	3,064	2,768
Cash	1,139	1,386
Total	34,217	30,416
Present value of funded liabilities	(46,080)	(47,506)
Net pension liability	(11,863)	(17,090)

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

	2022 £'000	2021 £'000
Opening defined benefit obligation	47,506	36,964
Current service cost	747	597
Interest cost	941	859
Contributions paid by members	113	132
Changes in financial assumptions	(2,258)	10,820
Changes in demographic assumption	-	(387)
Estimated benefits paid net of transfers in	(1,096)	(919)
Experience loss / (gain) on defined benefit obligation	111	(560)
Past service costs incl. curtailments – Mcloud/Sergeant judgements	16	-
Closing defined benefit obligation	46,080	47,506

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

	2022 £'000	2021 £'000
Opening fair value of employer assets	30,416	26,213
Interest on assets	602	611
Return on assets less interest	3,890	4,027
Other actuarial gains/(losses)	-	-
Administration expenses	(40)	(34)
Contributions paid by members	113	132
Contributions paid by the employer	332	386
Estimated benefits paid	(1,096)	(919)
Closing fair value of employer assets	34,217	30,416

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

	2022	2021
	£'000	£'000
Administration expenses	40	34
Current service cost	763	597
Net interest on the defined liability (asset)	339	248
	1,142	879

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

	2022	2021
	£'000	£'000
Fair value of employer assets	34,217	30,416
Present value of defined benefit obligation	(46,080)	(47,506)
Surplus/(deficit)	(11,863)	(17,090)
Return on fund assets in excess of interest	3,890	4,027
Change in financial assumptions	2,258	(10,820)
Remeasurement of the net assets/(defined liability)	6,037	(5,846)

(b) The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a pay as you go basis are credited to the Exchequer under arrangements governed by the Superannuation Act 1972. Under the definition set out in FRS102 (Retirement Benefits), the scheme is a multi-employer pension scheme. The organisation is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the organisation has accounted for its contribution as if it were a defined contribution scheme. The last employee who was a member of the scheme retired in December 2020.

20. Commitments

Operating lease payments amounted to £119,800 during 2021/22. The leases to which these amounts relate expire as follows:

	2022		2021	
	Land and buildings	Other	Land and buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire in:				
Less than one year	-	3	33	3
One to five years	380	3	264	3
Total	380	6	297	6

21. Connected charities and related parties

Two trustees of L&W are also the sole trustees of the Haldane Trust, created in 1934 to commemorate the work of Viscount Haldane of Cloan in connection with Adult Education. The Haldane Trust holds investments with a market value of £122,000 at 31 March 2022 (£124,000 as at 31 March 2021). Due to the common control and materiality, the investments of the Haldane Trust have been consolidated into the L&W accounts. The Haldane Trust was not consolidated prior to the year ended 31 March 2021 as it was immaterial.

22. Trustees and other bodies

Certain trustees of L&W can be trustees of other bodies who may in turn provide funding to L&W. Trustees declare their interests in line with the policies of L&W and the funding bodies and do not participate in decisions affecting L&W. There were no other connected charities and related parties during the year to 31 March 2022 or the year to 31 March 2021.

23. Financial derivatives

There were no financial derivatives at 31 March 2022 or 31 March 2021

24. Related Parties

There were no related party transactions in the year to 31 March 2022 or 31 March 2021

Legal and administrative details

Company registration number: 2603322

Charity registration number: 1002775

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

Patron: HRH The Princess Royal

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

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

Committees

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

Audit Committee

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

Learning and Work Institute Wales Strategy Group

Jeff Greenidge (Chair)
Rachel Bowen
Michelle Matheron
Llyr ap Gareth
Alan Felstead
Deri Bevan
Margaret Phelan

Cath Hicks
Michelle Matheron
Jeff Protheroe
Phil Southard
Catherine Jenkins
Katy Stevenson
Amanda Wilkinson

Remuneration Committee

Maggie Galliers
Timothy Render
Nick Stuart

Senior Management:

Stephen Evans – Chief Executive
Naomi Phillips – Deputy Chief Executive
Robert Gill – Director of Finance & Operations

Solicitors:

Shakespeare Martineau
Two Colton Square
Leicester, LE1 1QH

External auditor and accountants

Haysmacintyre LLP
10 Queen Street Place
London, EC4R 1AG

Bankers:

Bank of Scotland
8 Humberstone Gate
Leicester, LE1 3PH

Investment advisors:

Canaccord Genuity Wealth Limited
88 Wood Street
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EC2V 7QR