



**Trustees' report and financial statements
For the year ended 31 March 2024**

Index to the financial statements

Foreword	3
Report of the Trustees - Impact Report	4-10
Report of the Trustees – continued	11-19
Report of the independent auditor	20-22
Statement of financial activities	23
Balance sheet	24
Cash flow statement	25
Notes to the financial statements	26-41
Legal and administrative details	42-43

Foreword

We are proud of the difference we have made during challenging times. A cost-of-living crisis following a decade of low growth has left many struggling to make ends meet and public services stretched. Restarting stalled economic growth in ways that benefit those on the lowest incomes must be part of the answer. Our work helped to highlight ways we can do this and make the changes demanded by the combination of demographic changes like an aging population and advances in technology.

Rising economic inactivity after the pandemic constrains growth, makes it difficult for employers to find the people they need, and limits people's opportunities. We helped build understanding of the challenge, including the rise of people out of work due to long-term sickness, and shape what needs to change. That included building the evidence of what works by evaluating DWP's Restart and health-led trials, and working on the broader changes needed by supporting the Health Foundation's Healthier Working Lives Commission.

Weaknesses in the UK's skills base compared to other countries, particularly in intermediate skills and essential skills like literacy and numeracy, have held back both our economy and people's life chances for more than a century. Our research revealed the Government has cut adult skills funding in England by £1 billion since 2010 and that employers are spending 26% less on training per employee than in 2005. We argued that reform of the apprenticeship levy, a new Skills Tax Credit, and a widened Lifelong Learning Entitlement could make a difference.

We also looked at how to better support particular groups of people and different types of learning. That included campaigning for changes in the 21 hour rule that means too many young adult carers face a narrower range of learning options than other young people if they need to continue receiving Carer's Allowance. And highlighting the difference English for Speakers of Other Languages can make, as well as how learning can support health through social prescribing, and testing a new Citizen's Curriculum in Wales.

The range of ways in which learning can make a difference were showcased in our Festival of Learning and Inspire! Awards.

Lastly, longer working lives will mean people will need to update their skills and change careers more often. Our research highlighted that around 5% of adults change sector or occupation each year, often facing a drop in earnings when doing so. We argued for better support for people to change career and update their skills.

None of this is possible without our excellent and dedicated trustees and team. We thank them for their work over the year.

The year ahead will see a UK General Election. Whatever the result of that, the need for a step change in learning, skills and employment is clear. We will continue to make that case, build the evidence base, shape policy, and test new ways of working.

Jeremy Moore 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. Our focus is on the case for participating in learning and policy and practice to achieve this.

2. Employment and social security.

Employment is relatively high, but economic inactivity has risen primarily due to long-term sickness, limiting both opportunity and prosperity. Our aim is to help ensure everyone who can work gets the support they need to access, remain and thrive in the workforce.

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 and practice nationally, regionally and locally.

Policy and advocacy

We encourage evidence-based policy development and use our insights to improve service design and delivery. We help to shape the debate by working closely with our partners and testing out new approaches, and engaging across the political spectrum with elected representatives, government officials and others across the UK.

Highlights of our achievements during 2023-24 include:

- Influencing thinking on how to support people to switch careers, including highlighting the 'career changer pay penalty'.
- Continuing to influence thinking on how to reverse the decline in employer investment in skills, which our research has shown is down 26% per employee since 2005.
- Helping to secure an increase in the Care Leavers Apprenticeship Bursary, based on evidence from our research and our relationship with DfE.
- Building support for our campaign to exempt young adult carers from the 21 hour rule which prevents people studying more than 21 hours per week from claiming Carer's Allowance, including engagement with a range of MPs and tabling of parliamentary questions.
- Influencing and informing the development of devolved Adult Education Budget policy in Greater London, the West Midlands and other mayoral combined authorities, through a range research and evaluation projects.
- Securing a firm commitment to Wales as a nation of second chances through the piloting and expected mainstreaming of a Citizens' Curriculum for Wales.
- Supporting the new Commission for Tertiary Education in Wales to understand its lifelong learning duties through learner focus groups.
- Being called to give evidence by a number of Committees, including the Work and Pensions Committee on the UK Shared Prosperity Fund, and the importance of localised employment support for economically inactive people.
- Establishing and leading a new partnership with the Department for Work and Pensions, Communities that Work, Institute for Employment and 10 housing associations to test a community-based approach to employment support.

In addition, we responded to **inquiries and Government consultations**, and submitted evidence to, and presented at, All-Party Parliamentary Groups including the APPG for Youth Affairs and APPG for Adult Education.

We built engagement with key audiences through media and social media.

We received around **558 pieces of media coverage** in 2023-24 for our campaigns and unique research and analysis, with our commentary of labour market statistics featuring regularly in national news. We achieved significant national media coverage in print, online and broadcast for our policy research, including in The Telegraph, The Times, The Financial Times, The Economist, The i, BBC News, BBC Radio 4 and BBC Radio 5 Live. Our work has also been featured in sector press including FE Week, FE News, Education Journal, People Management, Municipal Journal, LocalGov, Children and Young People Now, Wonkhe, Inside Housing and The Stage.

Our **website received 258,185 views in the year**. We had spikes around report publications, including the Adult Participation in Learning Survey and our events, including our Employment and Skills Summit Lifelong Learning Week and Festival of Learning Awards. Our **L&W Wales website drew 9,700 users**.

Our **@LearnWorkUK Twitter account has 18,200 followers** and our **@LearnWorkCymru Twitter account has 4,709 followers**. Our **YouTube channels had 19,500 views with 87,800 minutes of footage viewed**. The number of followers on **LinkedIn rose more than 1,100 this year to 5,869**. We had **7,598 page views** and **3,159 unique visitors**.

Bringing people together

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

Events

Our **Better Work Conference** in April, brought **100 stakeholders** together to explore different dimensions of job quality, including mental health, worker rights and flexible work. In November, we hosted our **Employment and Skills Summit** online. The event was sponsored by Clarion Futures, Youth Futures Foundation, Edge Foundation and City and Guilds and **400 people** registered to join. Our annual **English, Maths and ESOL conference**, delivered in person for the first time since 2019 to **100 participants**, focussed on Multiply delivery and using technology in essential skills teaching. We also held webinars as part of Lifelong Learning Week, focusing on career change and health, and policy roundtables on disability employment and employer investment in skills. In Wales, we held a webinar on the future of Fair Work with the Deputy Minister for Social Partnership as the headline speaker with around **60 attendees**. We also launched our research into employment support in Wales at the Pierhead Building in Cardiff Bay, with involvement from several Members of the Senedd and around **70 attendees**.

We inspired more adults to take up learning for life.

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

We partnered with the West Midlands Combined Authority to deliver their inaugural **West Midlands Adult Learning Awards**, with the ceremony taking place in May 2023. We also worked with the team at City Hall to deliver the **Mayor of London's Adult Learning Awards** for the second time, with a celebration in November for adult learners and their supporters. In England, **Festival of Learning** was supported by NOCN, City Lit, the Education and Training Foundation, Skills and Education Group and Phoenix Insights, and we worked with organisations such as HOLEX, Association of Colleges, AELP and WEA. Award winner announcements took place in July, and the ten winners and seven finalists were selected from nearly 200 nominations. The **awards ceremony livestream has been viewed more than 1,500 times**. Award winner stories received **widespread sector press coverage**. **Lifelong Learning Week** took place from 6 to 10 November 2023 and featured a different theme each day, including **career change, creativity and culture, health and learning for the**

future. During the week, we also published the 27th edition of our annual **Adult Participation in Learning Survey** and hosted our annual **English, Maths and ESOL Conference**.

In Wales, **Adult Learners' Week** involved a collaborative partnership with 150 partners to provide a mix of **over 600** online and in-person courses, tasters, events and learning resources. **Over 15,000 people engaged with the campaign** throughout September. Learning opportunities were delivered by a range of stakeholders including The Open University in Wales, Amgueddfa Cymru | Museum Wales, UNISON Cymru, The Digital College, Adult Community Learning providers, Wales TUC, Working Denbighshire, Reaching Wider Partnership, Swansea MAD and others. We worked with Welsh Government to organise a multi-media marketing campaign which signed posted hundreds of people to advice, guidance and events hosted on the Working Wales and Adult Learners' Week websites. **Our online campaign platform** hosted free courses, special events, learner stories and links to further information. **There were 34k page views** throughout September, and our **content generated over 12 million impressions on Twitter**.

We held the Inspire! Adult Learning Awards and the Inspire! Tutor awards in September and March respectively with contributions from then **Minister for Education, Jeremy Miles** and **John Griffiths MS**. The awards were attended by **over 200 guests** in City Hall, Cardiff **and the award winner success stories generated 61 pieces of media coverage including ITV news, S4C and Radio Wales**.

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.

Valuing lifelong learning. In its 27th year, our adult participation in learning survey showed that, after a decade of decline during the 2010s, participation in learning has risen for the second year in a row. Almost one in two adults (49%) say they have taken part in learning in the last three years – the highest rate since the survey began in 1996. The survey also demonstrates a shift in the number of adults learning independently and for leisure, with interest sparked during the pandemic and helping to fill the gap as investment in learning from government and employers fell over the previous decade. 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. Through our multi-year strategic partnership with Ufi VocTech Trust we continue to support the adoption and deployment of technology to help every adult in the UK get the skills they need to participate and benefit from our transitioning economy. This includes collaborations with four places across the UK to test and learn what works to increase adult participation in learning.

Our wide-ranging work in partnership with Welsh Government has led to increased profile of and access to adult learning opportunities. In Wales, we have undertaken a review of adult learning partnerships to inform governance of the sector as it transitions towards regulation by the Commission on Tertiary Education and Research. We continue to support the work of the adult education External Reference Group and the aim of increasing the number of adult learners in Wales. We coordinated the work of Taith, the new international learner exchange programme in Wales for adult education. Our work has encouraged adult learning organisations

to develop and submit proposals for international exchange and to widen opportunities for disadvantaged learners.

Improving outcomes for young people. As co-chairs of the Youth Employment Group, we have regularly convened our members and called for a Young Person's Guarantee through events at party conferences, alongside our regular meetings with politicians and government officials across departments. Our evaluation of the NEAS Youth Employment Service is helping to improve outcomes for young people with autism. Alongside this, our research for Welsh Government has helped to ensure that supported employment coaches are able to offer young people the help they need to move into employment. We have trained and supported groups of care experienced young people to research and campaign on issues that are important to them. As a result care experience has been recognised as a protected characteristic by their local authorities. Our Driving Change in Higher Education project is supporting universities to introduce new policies and support to improve young adult carers' experiences and outcomes. In partnership with Carers Trust, our campaign to exempt young adult carers from the 21 hour rule in the benefit system has gained good support and is raising awareness of the challenges that young adult carers face in accessing further education.

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 have continued working with the Strategic Development Network (SDN) to deliver the Government's T-Level employer support programme. We have undertaken further research on apprenticeships for St Martin's Group, and presented our findings on the barriers apprenticeship employers face, and how employers can support apprenticeship completion, at an industry-leaders' event. We published our research on behalf of WorldSkills UK on how young people can acquire the world-class technical skills the UK needs to become a global leader in advanced manufacturing. We undertook a review of the vocational education and training system in Wales with a view to drawing in European best practice on initial and continuing vocational education to inform the new tertiary commission.

Understanding what works. We tested ways of helping people reskill and change career through four pilots across the UK – in Edinburgh, Belfast, Tees Valley and Wales – as part of our flagship programme, New Futures. Our multi-year national evaluation of DWP's Restart scheme setting out findings from the longitudinal cohort study, a survey of Restart providers, case study research of twelve Restart areas and recommendations has informed DWP's development of Restart's successor programme. The full evaluation of the Work and Health Unit's Health-led Trials, published by the DWP in July, included a process evaluation led by L&W. This was the largest evaluation of Individual Placement and Support (IPS) ever conducted and contained valuable insights to inform the design of the Government's ongoing expansion of IPS. We have been working with DWP and others to develop pilots with housing associations and partners to test place-based approaches to increasing employment.

Improving employment opportunities. Ahead of the 2023 Autumn Statement, we published new analysis which found that people who are unemployed are ten times more likely to be in work 6 months later than economically inactive people, and only 1% of people economically inactive due to long-term sickness are in work six months later. We called for a UK employment rate of 80% to be achieved through extending employment support, working with employers on recruitment and job design and investing in social infrastructure like health, skills and childcare. We have continued to inform proposed benefit reforms and our response to the proposed changes to the Work Capability Assessment featured in the Telegraph and as a letter in the

Times, arguing for the need to extend support to find work, rather than just tightening eligibility for benefits. As a partner in the Health Foundation's Health Equals campaign we are making the case for investment in initiatives that help people stay in work, but also to change the way we think about health, wellbeing and work. We have also formed a new collaboration alongside the Institute for Employment Studies and Royal Society for Public Health to be the research partners for the Commission for Healthier Working Lives, supported by the Health Foundation. In Wales, we evaluated an ESF-funded programme run by Gower College, which has worked with 5,500 people, including many people who are in part-time, low paid or insecure work. It includes in-work employment support, building on our expertise in this area including evaluation of the Welsh Government's In Work Support Service. We also published a report, which way now for employment support in Wales, that examined the complexities of the current policy landscape and set out suggestions for improvements. We worked with the West Midlands Combined Authority to develop a blueprint for Adult Employment and Skills Hubs across the region.

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 –increased membership to over 800 members. We published new research with the Equality and Human Rights Commission on the future of work and the impacts on people with certain protected characteristics. Our findings suggest that ethnic minorities, older workers and disabled people are overrepresented in the gig economy, self-employment and industries at risk of automation. We co-hosted a roundtable on employer investment in skills with Edge Foundation and HMT in mid-December, and hosted a Fair Work in Wales seminar, sharing our research on trends in job quality and evidence on what works to support people to access better work.

Improving literacy, numeracy and life skills. We modelled essential skills needs down to ward level in England, and engaged MPs, including the shadow skills minister, with data on their local areas at a parliamentary event hosted by the Adult Literacy Trust. We supported devolved areas in England develop adult learning and essential skills policy, evaluating Multiply in the West Midlands and delivering work for the GLA on the use of remote learning in adult education since Covid-19, on migrant communities' access to adult education provision, and on the impact of the rising cost of living on adult education. As part of our work with the British Army, our evaluation of the Army Foundation College (Harrogate) demonstrated clear benefits for young people gaining Level 2 and 3 qualifications, including English and maths. In our role as South East Regional ESOL Co-ordinator, we delivered a substantial DLUHC-funded ESOL capacity building programme, working with ETF, Learning Unlimited and local authorities to support new and experienced ESOL practitioners and volunteers across the region. This has included: 34 teachers trained with a Level 5 ESOL subject specialist course and 113 participants in short CPD courses, 15 prospective teachers supported to gain a Level 3 teaching award, 40 volunteers trained to deliver English language conversation clubs and three local authorities supported with a small grant to improve ESOL networks and co-ordination locally. In Wales, we took part in the ESOL Reform Implementation Group set up by Welsh Government to implement the recommendations provided by our ESOL policy review last year. This included hosting an ESOL conference in Cardiff and growing our ESOL Network in Wales by coordinating professional learning, and helping practitioners to come together with policymakers, for example at our recent event in Coleg Cambria Wrexham, to understand the challenges facing the sector, which will continue with further activity next year.

International work. We continue to play an active role in the European Association for the Education of Adults and the European Basic Skills Network, sharing insights from our work with adult learning providers, practitioners and policymakers across Europe. At EAEA's annual conference in Zagreb, we facilitated a workshop on green skills for adults, drawing on findings from the Adult Participation in Learning survey. We chaired the RegALE project dissemination event in Brussels, which highlighted effective practice in adult learning at the regional level. At EBSN's annual conference in Pecs, we shared insights from our work on effective practice in adult literacy and numeracy in London. We were delighted to be able to host a meeting of the EAEA Executive Board, and UK adult education stakeholders, in Manchester, and to participate in an expert seminar in Berlin, advising the German Federal Ministry of Education and Research on the future direction of its adult literacy strategy. In Wales we have an ongoing exchange with partners in the Republic of Ireland through the Taith Programme, which included a practice sharing event as part of Adult Learners' Week.

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 2024. 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 23 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 the UK, 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 12 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 7 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 12 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 42 and 43.

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 2024 (£113,000 at 31 March 2023). 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 2024

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 2024-25 having already secured a very significant proportion of the income required for the year ahead. Furthermore, resilience is derived from free reserves held in the form of short term investments that have a current market value in accordance with the reserves policy.

More generally, as for many organisations in the third sector, L&W continues to experience funding pressures. 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 Welsh Government that 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, NOCN, City & Guilds, Charities Aid Foundation, Department of Work and Pensions, Department of Education, Education and Training Foundation, European Commission, The Health Foundation, Greater London Authority, Ministry of Defence, National Lottery Community Fund and many others.

Year on year headline income increased by £4,175,000 through the one-off pension surplus of £4,850,000 brought about by the exit from the Local Government Pension Scheme (LGPS) defined benefit pension scheme. Income from charitable activity declined during the year however higher activity on the Charities Aid Foundation project that concludes in Autumn 2024 where £2,145,000 of grant funding was recognised in full in year end 31 March 2021 is a significant contributory factor. Diversification of income sources and a focus on pipeline continue to be a major focus for future income generation.

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 was a surplus of £3,271,000. The prior year net income was a deficit of £989,000. This improvement of £4,260,000 is attributable to the exit of the LGPS defined benefit pension scheme and one off contribution of £4,850,000.

Pension schemes

The organisation operated the LGPS which is administered by the Local Pensions Partnership (LPP), until November 30th 2023 at which point L&W fully exited the scheme for all staff. The LGPS scheme was a funded multi-employer defined benefit pension scheme.

As of December 1st 2023 L&W offer a defined contribution pension scheme with Standard Life to all staff.

At the point of exit from the LGPS scheme an actuarial valuation showed a surplus of £4,850,000 that the scheme administrator has advised will be paid to L&W in due course. The surplus has been accrued as income for the year. As part of the changes to staff terms and conditions a payment of £471,000 to staff from the surplus will be paid in due course and has been accrued as expenditure for the year.

Note the March 2023 FRS 102 calculation from the LGPS scheme's actuaries showed a surplus of £4,667,000, (2022 £11,863,000 deficit, 2021 £17,090,000 deficit, 2020 £10,751,000 deficit, 2019 £12,098,000 deficit).

In February 2017, the organisation provided the LPP with a first charge over investments capped at £1,000,000 that will be released at the point of surplus payment to L&W.

Reserves policy

The Trustees reviewed their desired reserves policy in March 2024. 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. Free reserves are defined as the following:

- A minimum of £300,000 necessary to cover the statutory obligations of winding up its affairs; And a maximum of £1,500,000 necessary to cover a temporary loss of income (6months) in order for the organisation to plan its future strategy

Organisation free reserves at the end of March 2024 were £1,410,000 comprising £1,501,000 of short term investments and (£91,000) unrestricted bank account balance.

The organisation has sufficient reserves to meet its policy requirement. The Trustees note that the organisation holds short term investments with a market value of £1,501,000 as of 31 March 2024 and the ability to access long term investments in exceptional circumstances. In conjunction with a viable three year financial 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 Investment Policy was last reviewed and approved by Trustees in March 2024.

The current approach for short term investments is for a low risk profile to preserve capital. Up to 100% can be invested in fixed income investments, with a minimum of 50% invested in bonds rated AA- or above, the remainder of the bond element should be investment grade credit. A maximum of 20% can be invested in equity funds that invest in 'large cap' companies. All assets must be liquid and realisable as cash. The objective is to maintain the value of the portfolio in real terms over the longer term of 5-10 years. Trustees consider performance is on track to meet this objective.

The current approach for long term investments is for a medium risk profile to generate an income to contribute to the work of L&W whilst maintaining the real value of the portfolio. To

achieve the long term objectives of this mandate this portfolio will hold a diversified blend of asset classes including bonds, equities, alternatives and cash. The objective is to increase the value of the portfolio by targeting a return of 3-4% in real terms 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 sets clear priorities.
Failure in Governance.	A rigorous process of self-audit, independent internal audit and Charity Commission checklists is in place. Non-Exec Audit Committee sits three times a year.
Failure to secure adequate income to offset costs and break even.	Strategic plan underpinned by funding plans which are regularly reviewed. Plan to reduce overhead costs.
Cashflow – inability to pay staff and suppliers on time.	Regular cashflow reviews by management and Board. Ability to call on £1.5m+ of short term investments.
Failure of IT systems and GDPR breach.	Cyber essentials plus accredited and external IT security audited. Staff mandatory training of threats.
Staff are not engaged, and we lack sufficient capacity & capability to deliver our strategy.	Mechanisms to monitor capacity in place. Engagement of staff monitored through the Investors in People survey.

The internal audit programme is approved by the Audit Committee and the findings and conclusions are reported to the Audit Committee. The Audit Committee reports to the Board on the overall efficiency of the risk management process and the adequacy of the internal control systems.

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 short term investments valued at over 6 month'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 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 2024.

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 is fully reviewed in consultation with staff and unions when changes occur. 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.

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 cover during the year and continue to do so within the Management liability package.

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 £109,000 equating to 11 creditor days (2023 £303,000 and 26 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 2024-29 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, essential skills, employment, and better work. Trustees consider the combination of the strategic plan, careful financial and operational management and reserves will ensure any challenges 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

Jeremy Moore

Jeremy Moore
Chair of Company Board
4th July 2024

Stephen Evans

Stephen Evans
Company Secretary
4th July 2024

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 2024 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 2024 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 page 18, 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 related to the

Charity Commission, GDPR, health and safety regulations and employment law, 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
- 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, ACA, DChA)
For and on behalf of Haysmacintyre LLP, Statutory Auditor
10 Queen Street Place, London, EC4R 1AG

9 August 2024

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

	Note	Unrestricted funds	Restricted funds	Endowed funds	2024 Total funds	2023 Total funds
		£'000	£'000	£'000	£'000	£'000
Income						
Investment income	2	117			117	94
Income from charitable activities – from core projects	3	2,177	243		2,420	3,130
Income from other charitable activities	4	123			123	111
Income from pension exit	4	4,850			4,850	-
Total income		7,267	243	-	7,510	3,335
Expenditure						
Cost of raising investment funds	5	36			36	38
Cost of core charitable activities	5	2,668	962		3,630	4,122
Cost of other charitable activities	5	102			102	164
Cost of pension exit	5	471			471	-
Total expenditure		3,277	962	-	4,239	4,324
Net income (expenditure) before gains on investment assets		3,990	(719)	0	3,271	(989)
Realised and unrealised gains / (losses)		389		9	398	(482)
Net income (expenditure)		4,379	(719)	9	3,669	(1,471)
Change in financial assumptions on defined benefit pension scheme		-			-	11,863
Net movement in funds for the year		4,379	(719)	9	3,669	10,392
Reconciliation of funds						
Total funds brought forward		6,011	1,076	113	7,200	(3,192)
Total funds carried forward		10,390	357	122	10,869	7,200

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 £3,271,000 (2023: £989,000 net income).

Balance sheet

	Note	Organisation		Group	
		2024 £'000	2023 £'000	2024 £'000	2023 £'000
Fixed assets					
Tangible assets	10	2	7	2	7
Long term Investments	11	<u>4,678</u>	<u>6,014</u>	<u>4,800</u>	<u>6,127</u>
Total fixed assets		<u>4,680</u>	<u>6,021</u>	<u>4,802</u>	<u>6,134</u>
Current assets					
Debtors	12	5,620	878	5,620	878
Cash at bank and in hand		240	1,201	240	1,201
Short term Investments		<u>1,501</u>	<u>-</u>	<u>1,501</u>	<u>-</u>
Total current assets		<u>7,361</u>	<u>2,079</u>	<u>7,361</u>	<u>2,079</u>
Creditors falling due within one year	13	<u>1,251</u>	<u>987</u>	<u>1,251</u>	<u>987</u>
Net current assets		<u>6,110</u>	<u>1,092</u>	<u>6,110</u>	<u>1,092</u>
Total assets less current liabilities		10,790	7,113	10,912	7,226
Creditors falling due after more than one year	15	<u>43</u>	<u>26</u>	<u>43</u>	<u>26</u>
Net assets excluding pension liabilities		10,747	7,087	10,869	7,200
Defined benefit pension scheme liability	19	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets including pension liability		<u>10,747</u>	<u>7,087</u>	<u>10,869</u>	<u>7,200</u>
The funds of the charity					
Unrestricted funds excluding pension liabilit		10,390	6,011	10,390	6,011
Pension reserve		-	-	-	-
Restricted funds	16	357	1,076	357	1,076
Haldane Trust endowment	21	<u>-</u>	<u>-</u>	<u>122</u>	<u>113</u>
Total charity funds		<u>10,747</u>	<u>7,087</u>	<u>10,869</u>	<u>7,200</u>

The financial statements were approved and authorised for issue by the Board of Trustees on 4 July 2024

Jeremy Moore

Jeremy Moore
Trustee

Tim Render

Tim Render
Trustee

Consolidated cash flow statement

	Note	2024 £'000	2023 £'000
Cash used in operating activities	18	(1,670)	(1,086)
Cash flows from investing activities			
Interest and dividend income		117	94
Sales of investments		1,753	1,888
Purchase of investments		(1,161)	(1,504)
Cash provided by (used in) investing activities		709	478
Increase (decrease) in cash in the year		(961)	(608)
Cash at the beginning of the year		1,201	1,809
Total cash at the end of the year		240	1,201

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) (second edition 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 as of 31 March 2021 and remains material as of 31 March 2024, 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 and consider factors that may influence income such as a 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 15.

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 23 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 L&W 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 2024. 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, 2023 and 2024.

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 a defined contribution pension scheme with standard life as of 1st December 2023. Previously employees were 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). L&W has now fully exited from the LGPS. This was funded by contributions from employee and employer.

At the year ended 31 March 2024 all employees were in the defined contribution standard life scheme.

p) Employee benefits

Short term benefits including holiday pay are recognised as an expense in the period in which the service is received.

Termination benefits are accounted for on an accrual basis and in line with FRS 102.

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.

	2024	2023
	Total	Total
	£'000	£'000
Dividends	108	91
Interest on investments	3	2
Interest on Bank accounts	6	1
Total Investment Income	117	94

3. Income from charitable activities – core projects

	Contract & sales	Recurrent grant	Total
	2024	2024	2024
	£'000	£'000	£'000
L&W Wales	44	734	778
Research and development	1,261	378	1,639
Campaigns, promotions and advocacy	3		3
Total charitable activities income	1,308	1,112	2,420

	Contract & sales	Recurrent grant	Total
	2023	2023	2023
	£'000	£'000	£'000
L&W Wales	254	580	834
Research and development	2,040	-	2,040
Campaigns, promotions and advocacy	15	241	256
Total charitable activities income	2,309	821	3,130

Income analysed by funding source

	Total	Total
	2024	2023
	£'000	£'000
Departments for Education	8	274
Welsh Government	794	709
Department of Work and Pensions	237	592
Ministry of Defence	124	177
Other Government	-	-
European Funding	58	(30)
Public sector	435	281
Charitable trusts	630	707
Other project funding	134	420
	2,420	3,130

4. Income from other charitable activities

	2024 Total £'000	2023 Total £'000
Conference and events income	120	76
Other income	3	35
Total income from other charitable activities	123	111
Income from Pension Exit	4,850	-

5. Analysis of total expenditure

	Unrestricted 2024 £'000	Restricted 2024 £'000	Total 2024 £'000
Direct project costs	659	383	1,042
Direct salary costs associated with projects	1,170	579	1,749
Allocation of support costs	744		744
Allocation of governance costs	95	0	95
Total costs of core charitable activities	2,668	962	3,630
Other charitable activity direct costs	39		39
Other charitable activity direct salary costs	63		63
Total costs of other charitable activities	102	0	102
Cost of raising investment funds/ Investment Management Fees	36		36
Cost of pension exit	471		471
	Unrestricted 2023 £'000	Restricted 2023 £'000	Total 2023 £'000
Direct project costs	741	692	1,433
Direct salary costs associated with projects	1,345	706	2,051
Allocation of support costs	417	87	504
Allocation of governance costs	111	23	134
Total costs of core charitable activities	2,614	1,508	4,122
Other charitable activity direct costs			64
Other charitable activity direct salary costs			87
Allocation of support costs			10
Allocation of governance costs			3
Total costs of other charitable activities			164
Cost of raising investment funds/ Investment Management Fees			38

6. Analysis of support and governance costs

	2024	2023
	Total	Total
	£'000	£'000
Support costs		
FRS 102 Cost of Defined Benefit Pension Scheme	0	130
Support Staff Salaries	350	371
Additional Defined Benefit Pension contribution	0	13
Office costs	167	199
Computer	104	94
Depreciation	5	12
HR Costs	53	55
Travel	27	26
Policy and publicity	0	3
Telephone	11	14
Printing and stationery	6	16
Finance, VAT recovery and Other	21	-
Total support costs	744	933
Governance costs		
Salaries and FRS102 Cost of Defined Benefit Pension Scheme	0	137
Audit services	31	25
Board and Committee Costs	4	-
Legal and insurances	60	25
Total governance costs	95	187
Cost of raising investment funds/ Investment Management Fees	36	38

Notes on basis of allocation

Support and governance cost are the total L&W overheads plus specified support staff. 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:	2024	2023
	£'000	£'000
Operating leases		
Land and buildings	114	121
Others	-	3
Depreciation	5	12
Auditors remuneration		
External audit fees	31	25
Other accountancy services	-	-
Trustee's indemnity insurance	6	6

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

	2024 £'000	2023 £'000
Salaries and wages	1,616	1,700
Social security costs	171	184
Pension costs		
Employer contributions paid	372	316
Addition Defined Benefit Pension Scheme Charges	<u>0</u>	<u>76</u>
	2,159	2,276

Not included in the above are termination costs of £2,745 (2023: £17,078).

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

	2024 Number	2023 Number
£ 60,001 - £ 70,000	2	1
£ 70,001 - £ 80,000	2	-
£ 80,001 - £ 90,000	-	1
£ 90,001 - £ 100,000	1	-
£100,001 and above	<u>1</u>	<u>1</u>
	6	3

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. The total employment benefits for the Senior Management Team, including the CEO, was £756,178 (2023: £668,152).

9. Staff numbers

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

	2024	2023
Employees	<u>39</u>	<u>45</u>

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

	2024	2023
Employees – full time equivalents	<u>37</u>	<u>42</u>

10. Tangible fixed assets

	Computer equipment	Office equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2023	136	8	144
Disposals	(6)		(6)
At 31 March 2024	130	8	138
Depreciation			
At 1 April 2023	133	4	137
Elimination on Disposal	(6)		(6)
Charge for the year	3	2	5
At 31 March 2024	130	6	136
Net book value At 31 March 2024	0	2	2
At 31 March 2023	3	4	7

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

	Long term £'000	Short term £'000
At 1 April 2023 - L&W	6,014	-
Additions at cost	1,131	-
Disposal at proceeds	(2,014)	-
Realised and unrealised gains	(93)	-
Movement in cash	(360)	1,501
At 31 March 2024	<u>4,678</u>	<u>1,501</u>

The long term fixed asset investments were held as follows

	2024 £'000	2023 £'000
Listed stocks and shares	4,504	5,747
Cash	174	267
Market value at 31 March 2024	<u>4,678</u>	<u>6,014</u>

The short term current asset investments were held as follows

	2024 £'000	2023 £'000
Listed stocks and shares	746	-
Cash	755	-
Market value at 31 March 2024	<u>1,501</u>	<u>-</u>

The L&W book cost of listed stock and shares was £4,927,541 (2023 £5,993,513).

On the Balance sheet, the consolidated investments include the Haldane Trust portfolio valued at £122,000 as of 31 March 2024 and £113,000 as of 31 March 2023.

12. Debtors

	2024	2023
	£'000	£'000
Trade debtors	390	626
Prepayments and accrued income	379	252
Other debtors	4,851	-
	<u>5,620</u>	<u>878</u>

13. Creditors: amounts falling due within one year

	2024	2023
	£'000	£'000
Trade creditors	109	303
Other creditors	471	46
Tax and social security	114	185
Accruals	162	55
Deferred income (see note 14)	259	245
Provision for costs of relocation on new premises	136	153
	<u>1,251</u>	<u>987</u>

14. Deferred income

	Balance at 31-Mar-23	Movement In year	Balance at 31-Mar-24
	£'000	£'000	£'000
Restricted funds charitable activities	120	(23)	97
Unrestricted funds charitable activities	125	4	129
Unrestricted funds other trading activities	0	33	33
	<u>245</u>	<u>14</u>	<u>259</u>

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

	2024	2023
	£'000	£'000
Provision for costs of relocation on leased premises	<u>43</u>	<u>26</u>

16. Analysis of charitable funds

Analysis of movement in restricted fund

	2024	2023
	£'000	£'000
Opening balance	1,076	2,052
Income	243	413
Expenditure	(962)	(1,389)
Closing balance	357	1,076

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

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer from/(to) unrestricted funds
	2024	2024	2024	2024
	£'000	£'000	£'000	£'000
DFE				
core funding for agreed projects	-	-	-	-
DFE				
Festival of Learning England			-	-
DFE – specific projects agreed, incremental to core funding	-	-	-	-
Charitable Trusts	239	(239)	-	-
Charities Aid Foundation		(889)	(889)	-
Ministry of Defence			0	-
Other consultancy/research				
Various	4	166	170	-
	243	(962)	(719)	-

Funder and project details	Income	Expenditure	Surplus/ (deficit)	Transfer
	2023	2023	2023	2023
	£'000	£'000	£'000	£'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	0	(82)	(82)	-
Ministry of Defence	90	(90)	-	-
Other consultancy/research				
Various	-	-	-	-
	1,379	(1,532)	(153)	-

17. Analysis of net assets between funds

	Balance at 01-Apr-23 £'000	Movement In year £'000	Balance at 31-Mar-24 £'000
Restricted funds	1,076	(719)	357
Unrestricted funds	6,011	4,379	10,390
Endowment funds	113	9	122
	<u>7,200</u>	<u>3,669</u>	<u>10,869</u>

	Restricted funds 2024 £'000	Unrestricted funds 2024 £'000	Endowment funds 2024 £'000	Total funds 2024 £'000
Fund balances at 31 March 2024 are represented				
Tangible fixed assets	-	2	-	2
Long term Investments	-	4,678	122	4,800
Short term Investments	-	1,501	-	1,501
Cash at bank	331	(91)	-	240
Current assets	123	5,497	-	5,620
Current liabilities	(97)	(1,154)	-	(1,251)
Creditors of more than one year	-	(43)	-	(43)
Total net assets	<u>357</u>	<u>10,390</u>	<u>122</u>	<u>10,869</u>

	Restricted funds 2023 £'000	Unrestricted funds 2023 £'000	Endowment funds 2023 £'000	Total funds 2023 £'000
Fund balances at 31 March 2023 are represented				
Tangible fixed assets	-	7	-	7
Investments	-	6,014	113	6,127
Cash at bank	1,079	122	-	1,201
Current assets	143	735	-	878
Current liabilities	(146)	(841)	-	(987)
Creditors of more than one year	-	(26)	-	(26)
Total net assets	<u>1,076</u>	<u>6,011</u>	<u>113</u>	<u>7,200</u>

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

	2024 £'000	2023 £'000
Net movement in funds	3,669	10,380
FRS 102 Non cash adjustment	0	(11,863)
Add back depreciation charge	5	12
Deduct interest income shown in investing activities	(117)	(94)
Decrease (increase) in debtors	(4,742)	244
Increase (decrease) in creditors	264	(395)
Increase (decrease) in creditor long term	-	-
Investments (gains) / losses	(389)	485
Movement in investment cash	(360)	145
Net cash used in operating activities	(1,670)	(1,086)

19. Pension costs

The organisation contributed to a defined benefit pension schemes being the Local Government Pension Scheme (LGPS) administered by the Local Pensions until 30 November 2023. The assets of this scheme were held in independently administered funds. Contributions were paid based on the recommendations of the qualified actuaries.

(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-Mar 2024	31-Mar 2023
Actuarial assumptions:		
Rate of increase in pensions and CPI rate of inflation	-	2.90%
Rate of increase in salaries	-	3.90%
Rate used to discount scheme liabilities	-	4.80%

To assess the value of the Employer's liabilities at 31 March 2023, the actuaries have rolled forward the value of the liabilities calculated for the funding valuation as at 31 March 2022, 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 2022 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 2022. The assumed life expectancies, based on assumptions, are set out in the table below:

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2024

Life expectancy from age 65 (years)		2024	2023
Retiring today	Males	-	21.7
	Females	-	24.3
Retiring in 20 years	Males	-	21.9
	Females	-	25.3

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

	31-Mar 2024 £'000	31-Mar 2023 £'000
The Estimated asset allocation for the Employer:		
Equities	-	20,007
Target return Portfolio	-	6,326
Infrastructure	-	4,305
Property	-	3,341
Cash	-	781
Total	-	34,760
Present value of funded liabilities	-	(30,093)
Net pension asset / (liability)	-	4,667
<i>Pension Liability per Balance Sheet</i>	-	-

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

	2024 £'000	2023 £'000
Reconciliation of opening and closing balances of the present value of the defined obligation:		
Opening defined benefit obligation	-	46,080
Current service cost	-	775
Interest cost	-	1,185
Contributions paid by members	-	118
Changes in financial assumptions	-	(19,028)
Changes in demographic assumption	-	(1,107)
Estimated benefits paid net of transfers in	-	(1,296)
Experience loss / (gain) on defined benefit obligation	-	3,300
Past service costs including curtailments	-	66
Closing defined benefit obligation	-	30,093

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

National Learning and Work Institute Company No:02603322
Trustees' report and financial statements for the year ended 31 March 2024

	2024	2023
	£'000	£'000
Reconciliation of opening and closing balances of the fair values of the Fund assets:		
Opening fair value of employer assets	-	34,217
Interest on assets	-	880
Return on assets less interest	-	468
Other actuarial gains/(losses)	-	(24)
Administration expenses	-	(10)
Contributions paid by members	-	118
Contributions paid by the employer	-	407
Estimated benefits paid	-	(1,296)
Closing fair value of employer assets	-	34,760

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

	2024	2023
	£'000	£'000
The amounts recognised in the profit and loss statement:		
Administration expenses	-	10
Current service cost	-	841
Net interest on the defined liability (asset)	-	305
	-	1,156

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

	2024	2023
	£'000	£'000
Fair value of employer assets	-	34,760
Present value of defined benefit obligation	-	(30,093)
Surplus/(deficit)	-	4,667
Return on fund assets in excess of interest	-	468
Change in financial assumptions	-	(19,028)
Remeasurement of the net assets/(defined liability)	-	17,279

20. Commitments

Operating lease payments amounted to £113,699 during 2023/24. The leases to which these amounts relate expire as follows:

	2024		2023	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire in:				
Less than one year	45	-	10	-
One to five years	60	-	135	-
Total	105	-	145	0

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 as of 31 March 2024 (£113,000 as of 31 March 2023). 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.

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. One trustee provided consultancy services to a project during the year ended 31 March 2023 for the value of £3,600. There were no other connected charities and related parties during the year to 31 March 2024 or the year to 31 March 2023.

One trustee provided consultancy services to a project during the year ended 31 March 2023 for the value of £3,600. Trustee expenses of £603 were reimbursed for the year to 31 March 2024 (£876 for the year to 31 March 2023).

23. **Financial derivatives**

There were no financial derivatives as of 31 March 2024 or 31 March 2023.

Legal and administrative details

Company registration number: 02603322

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: Margaret Galliers (President)
Jeremy Moore (Chair)
Timothy Render (Treasurer)
Jeffrey Greenidge
Lauren Harris
Haf Merrifield
Ruth Spellman
Chris Banks
Belinda Vernon (appointed Mar 2024)
Harriet Ayles (appointed Mar 2024)
Nichola Ivory-Chapman (appointed Mar 2024)
Ayokunle Salam (appointed Nov 2023)
Charlotte Bosworth (resigned Sep 2023)
Tony Lawlor (resigned Nov 2023)

Committees

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

Audit Committee

Vacancy (Chair)
Jeffrey Greenidge
Ruth Spellman
Ayokunle Salam (appointed Jun 2023)
Kathryn Mackenzie (appointed Jun 2023)
Paul Greening
Jamie Hutchinson

Tony Lawlor (Chair resigned Nov 2023)

Learning and Work Institute Wales Strategy Group

Jeffrey Greenidge (Chair)	Sian Cartwright (resigned Feb 2024)
Michelle Matheron	Alan Felstead
Sarah Quibell	Katy Stevenson
Rachel Cable	Amanda Wilkinson
Michelle Kerswell	Jamie Insole
Catherine Jenkins	Llyr ap Gareth
Richard Spear	Linsey Imms (appointed Feb 2024)

Remuneration Committee

Margaret Galliers
Timothy Render
Jeremy Moore

Senior Management:

Stephen Evans	Chief Executive
Naomi Phillips	Deputy Chief Executive
Paul Cleminson	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
London
EC2V 7QR

Haldane Trust Trustees: Margaret Galliers (Chair)
Haf Merrifield