

REGISTERED COMPANY NUMBER: 00931547 (England and Wales)
REGISTERED CHARITY NUMBER: 258390

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

FOR

INSTITUTE FOR EMPLOYMENT STUDIES
(A COMPANY LIMITED BY GUARANTEE)

Chariot House Limited
Chartered Accountants and Statutory Auditor
44 Grand Parade
Brighton
BN2 9QA

INSTITUTE FOR EMPLOYMENT STUDIES

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FOR THE YEAR ENDED 31ST MARCH 2023

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INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2023**

The trustees who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31st March 2023. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The Trustees confirm that they have had due regard to the Charity Commission's general guidance on public benefit when reviewing the Institute's aims and objectives and in planning future activities.

The Institute for Employment Studies, established in 1969, is an independent, apolitical, international centre of research and advice in employment, labour market and human resource issues. The Institute's principal objective is to help bring about sustainable improvement in employment policy and human resource management.

The choice of topics and themes on which the Institute works is directly influenced by current and emerging needs of policy-makers and employing organisations. The Institute aims to disseminate the results of its work widely, in line with its charitable objectives.

The work of the Institute benefits the general public, and the wider economy and society, by helping a) to increase understanding and improve decision-making by public bodies on employment (and unemployment) issues, and b) to improve human resource management in employing organisations. The Institute is committed to ensuring that its work is both useful (and used), and accessible to a wide audience.

The Institute's medium-term strategy is reviewed every three to five years. The last review was completed in early 2020, and the key strategic priorities which influenced business planning during 2022-23 were to:

- Maintain IES's position as a leading provider of UK public policy research and evaluation on areas related to employment, education, skills and HR management and practice.
- Grow our impact in our five priority areas, which are covered in more detail later in this report.
- Advocate for evidence-based policy and practice, particularly through our new Trials Unit and by working in partnership with 'what works' centres and other stakeholders.
- Continue to improve how we work as a team, building on the priorities identified in our Investors in People plan.
- Realise the benefits of hybrid working and our ability to work in more flexible ways and across different locations.
- Continue to invest in and improve our use of technology.
- Work with the Involvement and Participation Association (IPA) to explore the scope for merger, subject to Board approvals and due diligence.
- Continue to be financial sustainable, with operating income higher than expenditure and with a forward order book at a value exceeding six months of operating costs.

OBJECTIVES AND ACTIVITIES

Achievements and Activities

The last year has been marked by continuing turbulence and instability in the world around us, with soaring inflation, the war in Ukraine and the ongoing impacts of our exit from the European Union all taking their toll on the economy and on living standards. These and other factors have impacted IES too, which the team have navigated exceptionally well - supporting each other, delivering excellent and impactful work, and continuing to keep the wheels on the road with our finances and future order book. We end the year as a stronger and more impactful organisation than we started, and able to report a financial surplus for our fourth successive year.

Our work this year was again guided by the five priority areas in the strategy that we agreed with the Board in March 2020:

- **Quality of Work** - Making work better by supporting greater job security and opportunity for those in work
- **Inclusive Work** - Promoting employment opportunity for all, and greater equality, diversity and inclusion in work
- **Healthy Work** - Ensuring good work supports good health, and those with health needs can access the right support
- **Education and Life Chances** - From the cradle to the grave, with our work spanning early years, careers support, further and higher education, vocational reform, and workplace and adult learning
- **Organisational Capability** - helping HR professionals, leaders and managers to deliver better people management policies and practices

On **quality of work**, we have taken forward a number of projects focused on influencing both public policy and HR management and practice. A key strategic partner has been the Timewise Foundation, where our collaboration on their #FairFlexFutures programme has helped to make the business case for more flexible and supportive workplace practice and seen us start to work with major employers on how to take this forward. We have also had a particular focus on the role of local partnerships and employers in supporting good work, most notably in collaborating with the Local Government Association (LGA) on developing a 'Good Work' guide and resources for local government.

Inclusive work has continued to be a key focus for us this year. We launched a major new Commission on the Future of Employment Support, in partnership with abrdn Financial Fairness Trust, running a Call for Evidence this year, which received around a hundred responses, and with plans in the coming year for extensive consultation and evidence gathering to then inform proposals for long-term reform. We have also led a range of important projects on raising participation in work and supporting more inclusive practices at work - including for young people through a programme of work funded by the Health Foundation and a number of projects with the Youth Futures Foundation; with DWP through the evaluation of the Plan for Jobs; on pension savings for women in partnership with the Phoenix Group; on the role of local government, working with the LGA on their 'Work Local' campaign; for social housing residents, in partnership with the National Housing Federation, National Association of ALMOS and Communities that Work; and more.

On **healthy work** our activities have again spanned both public policy and HR practice. This has been a particular focus of wider advocacy and influencing work, with colleagues speaking at events, roundtables and to networks throughout the year on how we can make work more supportive of good health, and better support people who have health conditions to stay in work or return to work. This has included at the national Health and Wellbeing at Work Conference, in small roundtables with government ministers and officials, and in events for employer bodies as well as representative groups like Business in the Community and the NHS Confederation. In our project work, our partnership with Novo Nordisk on obesity and employment has continued (with us also scoping new work with a FTSE 100 firm on workplace pilots of obesity support); and we have all-but completed our long-term evaluation of the Health Led Employment Trials, providing key evidence to support the 2023 Budget's focus on improving access to employment support.

OBJECTIVES AND ACTIVITIES

Our work on **education and life chances** has continued to span the entire life course. On early years, a number of projects have come to fruition, including our evaluation of the Coaching Early Conversation Interaction and Language (CECIL) intervention, which continues to expand into new areas; and the Tips By Text project, supporting parents in early learning. . On careers support, we published our first report from the evaluation of the Careers and Enterprise Company's innovation fund pilots and have also worked to influence proposals for future reform particularly through our involvement and support for the National Institute for Career Education and Counselling (NICEC). Our work on further and technical education has included our first project with the Institute for Apprenticeships and Technical Education (IfATE), testing employers' understanding of the skills system. In Higher Education, we have completed the latest survey in the series on student income and expenditure. On adult skills, we have been increasingly prominent in debates about the future of adult learning, contributing to essay collections and influencing through roundtables and engagement with the Department for Education. We have also worked to improve the evidence base that supports skills policy and planning, working in particular to support the development of the London Skills Improvement Plan, using methods that in future may be scalable to support other areas and wider stakeholders.

On **organisational capability**, the work across virtually all of our priority areas has directly supported organisations to be more capable in how they work - whether as policy makers, commissioners, delivery organisations or as employers. However in addition to this, we have had a particular focus on improving capability through two main programmes of work: first by working with NHS employers to support their #LookingAfterYouToo programmes, providing coaching and peer wellbeing support to primary care staff; and secondly through the ReAct Partnership which has been working with providers of the Restart Scheme to support research, action learning and continuous improvement in programme delivery. The ReAct Partnership has flourished this year, reaching hundreds of frontline practitioners in employment services and supporting them on areas as diverse as employer engagement, behavioural insights, flexible job design, support for older workers and referral processes. Finally, our HR Network has continued to deliver a range of well attended events on issues including diversity and inclusion, workforce strategy and planning, and tackling burnout, as well as dedicated resources and support for members on line manager wellbeing, workforce planning and inclusive work

In the last year we have also sought to do more to advocate for the benefits of evidence-based policy and practice. The ReAct Partnership has been a key platform for this with employment services; while alongside this we also successfully launched our new Trials Unit, which brings together our expertise across understanding 'what works', intervention design, applied research, evaluation and impact assessment. We have also continued to invest in developing new skills and expertise across a range of research methods - including for example making greater use of Qualitative Comparative Analysis (QCA) in delivering theory-informed evaluations; developing our skills in meta-analysis and systematic reviews; and consolidating our work with 'big data' to support labour market insight and planning (including through use of machine learning and AI).

More broadly, we have grown our profile and reputation as advocates for evidence-based policy and practice, through regular blogs and articles, our monthly labour market briefings and our work with the 'What Works Centres' network.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2023**

STRATEGIC REPORT

Financial position

The year ended 31st March 2023 recorded net income over expenditure of £31,092. Total reserves now stand at £1,466,120 (See reserves policy below). By comparison, the previous period ended 31st March 2022 recorded net expenditure over income of £46,082

Total income for the year ended 31st March 2023 amounted to £3,382,268 compared to £3,192,873 in the previous period.

Total expenditure for the year ended 31st March 2023 amounted to £3,351,176 compared to £3,146,791 in the previous period.

Financial review

Investment policy and objectives

The overriding principle guiding the investment of surplus cash balances is the preservation of the capital value of the Institute's resources.

The objective for investment purposes is to achieve a good return whilst minimising risk. This has been achieved by investing cash in high interest deposit accounts. The average return on investments in the year ended 31 March 2023 was 0% (2022: 0%)

Reserves policy

The Institute maintains reserves, all of which are unrestricted funds (i.e. are expendable at the discretion of the Board Members and used in the furtherance of the Institute's objectives).

The Board have earmarked certain funds for the specific purpose of funding long term research and development. These are described as the designated element of the fund.

The Board consider the reserves sufficient to provide for the Institute's future requirements. It is the policy of the Institute to generate sufficient reserves to maintain six months' operating costs. The reserves as at the end of the year are considered adequate to meet current operating needs, in line with this policy.

Future plans

Looking ahead, we enter 2023/24 in good shape financially and with a strong and effective team. However, we are clear that the outlook for the UK economy and public policy remains uncertain - with continued risks of an economic downturn (if not a recession) as well as the likely instability that a general election will bring. Both of these could lead to disruption in the markets that fund our work, although they also reiterate the critical importance of the work that we do. Therefore we are vigilant to the potential impact of these risks on our work but committed to continuing to try to make a difference to public policy and HR practice through our work.

Entering the new financial year, our immediate priorities are to continue to grow our impact on public policy and employer practice and to continue to strengthen our financial position. This has also informed discussions with the Involvement and Participation Association (IPA) about the scope for merger. As organisations we are closely aligned in our purpose and objectives, and have complementary areas of expertise and markets. Our merger with the IPA from 1 May 2023 is therefore an important opportunity for us to diversify our income and to broaden our impact.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2023**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The Institute for Employment Studies (IES) is a registered Charity and company limited by guarantee governed by its Articles of Association dated October 2013.

The Articles of Association were amended in October 2013 to provide for a single tier of governance, the Board of Trustees. Members, each of whom agree to contribute £10 in the event of the Charity winding up, are the Trustees of the Institute and shall admit to membership in accordance with the provisions of the Articles.

A Trustee shall hold office for a period of three years but is eligible for re-election provided that no Trustee may serve for more than nine consecutive years of office.

Recruitment and appointment of new trustees

As set out in the Articles of Association, the Board of Trustees may from time to time and at any time appoint any person as a Trustee either to fill a casual vacancy or by way of addition to the Board.

On appointment each Trustee is provided with the Memorandum and Articles, and a copy of Charity Commission publication The Essential Trustee. New Trustees meet with the Chair and Director and are invited to the Institute's offices.

Organisation

The Board of Trustees manages the business of the Institute and may exercise all such powers of the Institute as are not, by the Act or by the Articles, required to be exercised by the members, subject nevertheless to the provisions of the Act or the Articles.

The Board, which can have between six and 15 members, meets four times a year. A Director is appointed by the Trustees to manage the day to day operations of the Charity. To facilitate operations the Director has delegated authority for operational matters.

The Board advises the Institute Director and management team, and approves the annual business plan, budget and key items of strategy. The detailed roles of the Members, Trustees, the Board and the Institute Director are set out in the Articles of Association. Written records are kept of all decisions made at Board and management meetings.

The Board of Trustees met four times during the year and supported the Institute's management team in developing its annual business plan and strategic priorities, as well as advising on ongoing operational issues.

Board members

The members of the Board are as listed under the Reference and Administrative details. All served on the Board throughout the period. Ms L C Gregory, G Steel and S Elliott were appointed after the year end.

For the purposes of Company Law, all the Members of the Board are deemed to be Directors of the Company.

Key management remuneration

The Board is responsible for setting the pay and remuneration of the Institute's key management personnel, the level of which is reviewed annually. In coming to its decisions the Board may seek advice from external independent experts and will arrive at its decisions after taking into account the aims and values of the Institute, the strategic plan and the ability to pay, individual competencies and performance, remuneration levels at similar charities, and retention. These factors are not exclusive and any decision will inevitably include an element of discretion by the Board.

STRUCTURE, GOVERNANCE AND MANAGEMENT

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Risk management

The Members of the Board have identified the major risks to which the Institute is exposed and which might impact on the Institute's ability to achieve its objectives. These include:

- Maintaining a flow of work from private and public sector employers in the face of intense competition at a time of increasing economic turbulence
- Attracting and retaining key staff
- The need for effective systems for business continuity planning and data security
- The need to ensure that the consequences of the Covid 19 pandemic, Brexit and the war in Ukraine are the subject of detailed planning and monitoring
- 2024 General Election
- AI

These risks are monitored on an ongoing basis by the management team and reviewed by the Board at its regular meetings.

The Board has established policies, procedures and systems to mitigate those risks. These internal controls are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. The Institute has established an on-going process for identifying, evaluating and managing the Institute's key risks. In particular there are clear procedures for:

- financial reporting, within a comprehensive financial planning and accounting framework; and
- monitoring of business risks, with key risks identified and reported to the Members of the Board.

Financial risk management

The charitable company uses financial instruments, other than derivatives, comprising cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the charitable company's operations. The main risks arising from the charitable company's financial instruments are interest rate risk, liquidity risk and currency risk. The Trustees review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The charitable company finances its operations through a mixture of retained reserves and retained cash surpluses. The charitable company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

Liquidity risk

The charitable company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest any cash assets safely and profitably. The charitable company's policy throughout the year has been to ensure continuity of funding through retained cash surpluses.

Currency risk

The charitable company is exposed to transaction and translation foreign exchange risk. The charitable company's exposure to these risks is managed through the use of bank accounts in the same currency.

Members of the Board monitor on a regular basis the risks and the effectiveness of the system of internal control operated by the Institute.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

00931547 (England and Wales)

Registered Charity number

258390

Registered office

3rd Floor

City Gate

185 Dyke Road

Brighton

East Sussex

BN3 1TL

Trustees

D Guest

Ms R K Kular

G J F Podger

J R Greatrex

Ms K Poole

Ms S Cook

Dame C Black

Ms E Stewart

Ms L C Gregory (appointed 7/6/2023)

G Steel (appointed 21/6/2023)

S Elliott (appointed 21/6/2023)

Company Secretary

Ms S L Anderson

Auditors

Chariot House Limited

Chartered Accountants and Statutory Auditor

44 Grand Parade

Brighton

BN2 9QA

Bankers

Barclays Bank PLC

The Old Bank

High Street

Lewes

BN7 2JP

Solicitors

Stone King

Boundary House

91 Charterhouse Street

London

EC1M 6HR

Institute director

Anthony Wilson

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2023

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees (who are also the directors of Institute for Employment Studies for the purposes of company law) are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charity SORP;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

AUDITORS

The auditors, Chariot House Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the trustees, incorporating a strategic report, approved by order of the board of trustees, as the company directors, on 6th September 2023 and signed on the board's behalf by:

Ms K Poole - Trustee

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
INSTITUTE FOR EMPLOYMENT STUDIES**

Opinion

We have audited the financial statements of Institute for Employment Studies (the 'charitable company') for the year ended 31st March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Report of the Independent Auditors thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Trustees has been prepared in accordance with applicable legal requirements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
INSTITUTE FOR EMPLOYMENT STUDIES**

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Trustees.

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

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

Responsibilities of trustees

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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
INSTITUTE FOR EMPLOYMENT STUDIES**

Our 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 a Report of the Independent Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charity and its activities, and through discussion with the trustees and management, we identified the principal risks of material misstatement both at the financial statement level and at the assertion level.

We considered these risks in the light of various factors including the level of complexity, subjectivity, uncertainty, potential management bias, fraud, materiality and any other relevant factors. We considered the extent to which these would have a material impact on the financial statements and designed our audit work accordingly.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud, and reviewed significant or unusual transactions to identify their underlying supporting rationale
- We inspected the minutes of meetings of those charged with governance, and made direct enquiries of management and the board of trustees concerning the charity's policies and procedures relating to:
 - o Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
 - o The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates were indicative of a potential bias and tested significant transactions that were unusual or those outside the normal course of business.

We also

- discussed and reviewed the charity's business model and forward planning to assess going concern
- communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- Carried out substantive testing on income and expenditure
- Re-performed reconciliations of control accounts, and recalculated items such as depreciation

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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
INSTITUTE FOR EMPLOYMENT STUDIES**

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 Report of the Independent Auditors.

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 auditors' 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.

John Thacker FCA DChA (Senior Statutory Auditor)
for and on behalf of Chariot House Limited
Chartered Accountants and Statutory Auditor
44 Grand Parade
Brighton
BN2 9QA

Date: 6th September 2023

INSTITUTE FOR EMPLOYMENT STUDIES

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2023

		2023	2022
		Unrestricted	Unrestricted
		funds	funds
		£	£
INCOME AND ENDOWMENTS FROM	Notes		
Charitable activities	3		
Projects		3,292,452	3,100,385
Corporate membership		68,341	91,871
Publications		232	157
Investment income	2	4,176	160
Other income		<u>17,067</u>	<u>300</u>
Total		<u>3,382,268</u>	<u>3,192,873</u>
EXPENDITURE ON			
Charitable activities	4		
Projects		2,704,114	2,588,656
Management & Administration		<u>647,062</u>	<u>558,135</u>
Total		<u>3,351,176</u>	<u>3,146,791</u>
NET INCOME		31,092	46,082
RECONCILIATION OF FUNDS			
Total funds brought forward		<u>1,435,028</u>	<u>1,388,946</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>1,466,120</u></u>	<u><u>1,435,028</u></u>

The notes form part of these financial statements

INSTITUTE FOR EMPLOYMENT STUDIES

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated from operations	1	<u>(175,453)</u>	<u>252,522</u>
Net cash (used in)/provided by operating activities		<u>(175,453)</u>	<u>252,522</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(14,986)
Interest received		<u>4,176</u>	<u>160</u>
Net cash provided by/(used in) investing activities		<u>4,176</u>	<u>(14,826)</u>
<hr/>			
Change in cash and cash equivalents in the reporting period		(171,277)	237,696
Cash and cash equivalents at the beginning of the reporting period		<u>1,950,166</u>	<u>1,712,470</u>
Cash and cash equivalents at the end of the reporting period		<u><u>1,778,889</u></u>	<u><u>1,950,166</u></u>

The notes form part of these financial statements

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2023

1. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2023	2022
	£	£
Net income for the reporting period (as per the Statement of Financial Activities)	31,092	46,082
Adjustments for:		
Depreciation charges	23,453	21,665
Interest received	(4,176)	(160)
Decrease/(increase) in debtors	345,941	(366,530)
(Decrease)/increase in creditors	<u>(571,763)</u>	<u>551,465</u>
Net cash (used in)/provided by operations	<u>(175,453)</u>	<u>252,522</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/22	Cash flow	At 31/3/23
	£	£	£
Net cash			
Cash at bank and in hand	<u>1,950,166</u>	<u>(171,277)</u>	<u>1,778,889</u>
	<u>1,950,166</u>	<u>(171,277)</u>	<u>1,778,889</u>
Total	<u>1,950,166</u>	<u>(171,277)</u>	<u>1,778,889</u>

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future, and on that basis the charity is considered to be a going concern.

Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Project income, which represents amounts receivable by the company in the ordinary course of operations for services provided, is accounted for in the year to which it relates. Any income that relates to work to be carried out in future periods is therefore deferred. Contract losses are fully recognised in the period in which they are foreseen.

For transactions where the Institute is deemed to act as an agent, both the income and expenditure have been excluded from the Institute's results, other than where they relate to the Institute's role as an agent.

Corporate membership

Contributions are received by the company to be used on a programme of work agreed with participants.

This income is accounted for in the period to which it relates in the same way as other income received in the ordinary course of operations for services provided.

Conferences and events

Surpluses or deficits on conferences and events are accounted for in the year in which they are held.

Expenditure

Expenditure, which is charged on the accruals basis, is allocated between:

- expenditure incurred directly to the fulfilment of the Charity's objectives including that incurred in providing and maintaining premises and equipment required to carry out the Charity's work;
- expenditure incurred in the management and administration of the Charity; and
- governance costs.

Direct charitable expenditure on research and commissioned studies comprises expenditure attributable directly to those activities.

Depreciation and rent payable have been apportioned based on the area of the rooms used for the Institute's activities and staff costs are allocated according to the employees' work. All other costs are apportioned on a consistent basis appropriate to the Institute's circumstances.

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

Recognition and measurement

Fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Assets with a cost in excess of £500 intended to be of ongoing use are capitalised as fixed assets.

Depreciation is calculated to write down the cost of furniture, fittings and equipment by equal annual instalments over their expected useful lives. These are 3 years for computer hardware, software and office equipment; 5 years for office furniture and the telephone system; and 10 years for office fit-out costs, or over the period of the lease where this is shorter.

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK Corporation Tax purposes. Accordingly the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Fund accounting

Unrestricted funds are incoming resources received for expenditure on the general objectives of the Charity.

Designated funds are unrestricted funds which have been designated for the specific purpose of funding long term research, programme development and the development of services and dissemination. Expenditure against these funds is agreed and authorised only by the Institute director and costs are recorded to a distinct project code. Plans for such investment are included in the annual business plan which is approved by the Board. In recent years investment plans have been put on hold due to the uncertain economic environment and the fund has not been called upon, but it is considered important to retain this facility for the future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating lease payments

Total payments under operating leases are charged to the statement of financial activities on a straight line basis over the lease term.

Contributions to pension funds

The company participates in two types of pension scheme:

The IES Stakeholder Retirement Benefits Scheme

This is a defined contributions scheme and contributions are charged to the statement of financial activities in the year in which they fall due.

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2023

1. ACCOUNTING POLICIES - continued

The Universities Superannuation Scheme

This is a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The Fund is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the Trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. Pension costs are assessed in accordance with the advice of the actuary based on the latest actuarial valuation of the scheme and are accounted for on the basis of charging the cost of providing pensions over the year during which the company benefits from the employees' services.

The Institute is unable to identify its share of the underlying assets and liabilities of the Universities Superannuation Scheme. Consequently, the disclosures relating to this scheme follow the guidance set out in the transitional provisions allowed under FRS17 Retirement Benefits, for multi-employer schemes. The Institute has accounted for the contributions as if they were defined contribution schemes. Further details are provided in note 17.

Going Concern

The directors consider that there are no material uncertainties about the company's ability to continue as a going concern.

2. INVESTMENT INCOME

	2023 Unrestricted funds £	2022 Unrestricted funds £
Deposit account interest	<u>4,176</u>	<u>160</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	2023 £	2022 £
Projects	3,292,452	3,100,385
Corporate membership	68,341	91,871
Publications	<u>232</u>	<u>157</u>
	<u>3,361,025</u>	<u>3,192,413</u>

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2023

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 5) £	Totals £
Projects	2,704,114	-	2,704,114
Management & Administration		647,062	647,062
	-		
	2,704,114	647,062	3,351,176

5. SUPPORT COSTS

	£
Management & Administration	647,062

6. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2023 £	2022 £
Depreciation - owned assets	23,453	21,665
Auditors' remuneration - Audit services	6,200	5,100
Auditors' remuneration - non audit services	5,057	2,550

7. TRUSTEES' REMUNERATION AND BENEFITS

During the year one trustee was paid £3,000 for subcontract work (2022: £NIL)

Trustees' expenses

There were no trustees' expenses paid for the year ended 31st March 2023 nor for the year ended 31st March 2022.

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2023

8. STAFF COSTS

	2023	2022
	£	£
Wages and Salaries	1,810,956	1,566,904
Social Security costs	173,841	122,057
Pension costs	<u>357,367</u>	<u>323,371</u>
	<u>2,342,164</u>	<u>2,012,332</u>

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

	2023	2022
Total	<u>49</u>	<u>48</u>

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

	2023	2022
£60,001 - £70,000	-	1
£70,001 - £80,000	1	-
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>
	<u>2</u>	<u>2</u>

Pension contributions of £34,683 (2022: £32,652) were made by the company during the year on behalf of higher paid employees.

During the year 2 (2022: 52 higher paid staff were accruing benefits under the defined benefits scheme, and no employees (2022: none) were accruing benefits under the company's defined contribution schemes.

Key Management Personnel remuneration amounted to £431,753 (2022: £310,399).

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted funds
	£
INCOME AND ENDOWMENTS FROM	
Charitable activities	
Projects	3,100,385
Corporate membership	91,871
Publications	157
Investment income	160
Other income	<u>300</u>
Total	<u>3,192,873</u>

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2023

9. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES - continued

Unrestricted
funds
£

EXPENDITURE ON

Charitable activities

Projects

2,588,656

Management & Administration

558,135

Total

3,146,791

NET INCOME

46,082

RECONCILIATION OF FUNDS

Total funds brought forward

1,388,946

TOTAL FUNDS CARRIED FORWARD

1,435,028

10. TANGIBLE FIXED ASSETS

Fixtures
and
fittings
£

COST

At 1st April 2022 and 31st March 2023

154,753

DEPRECIATION

At 1st April 2022

119,623

Charge for year

23,453

At 31st March 2023

143,076

NET BOOK VALUE

At 31st March 2023

11,677

At 31st March 2022

35,130

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2023

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade debtors	635,709	1,210,968
Prepayments and accrued income	<u>431,969</u>	<u>202,651</u>
	<u>1,067,678</u>	<u>1,413,619</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	67,758	81,927
Social security and other taxes	39,951	37,540
VAT	169,058	304,586
Other creditors	10,514	47,318
Payments received in advance	935,897	1,343,386
Accruals and deferred income	107,898	103,976
Accrued expenses	<u>51,048</u>	<u>35,154</u>
	<u>1,382,124</u>	<u>1,953,887</u>

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2023	2022
	£	£
Within one year	97,781	98,787
Between one and five years	<u>24,266</u>	<u>122,047</u>
	<u>122,047</u>	<u>220,834</u>

14. PROVISIONS FOR LIABILITIES

	2023	2022
	£	£
Provisions	<u>10,000</u>	<u>10,000</u>
Repairs and Restatement Provision	£	
Balance at 1 April 2022 and 31 March 2023	<u>10,000</u>	

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2023

15. MOVEMENT IN FUNDS

	At 1/4/22 £	Net movement in funds £	At 31/3/23 £
Unrestricted funds			
General fund	1,435,028	31,092	1,466,120
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,435,028</u>	<u>31,092</u>	<u>1,466,120</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,382,268	(3,351,176)	31,092
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>3,382,268</u>	<u>(3,351,176)</u>	<u>31,092</u>

Comparatives for movement in funds

	At 1/4/21 £	Net movement in funds £	At 31/3/22 £
Unrestricted funds			
General fund	1,388,946	46,082	1,435,028
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>1,388,946</u>	<u>46,082</u>	<u>1,435,028</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,192,873	(3,146,791)	46,082
	<hr/>	<hr/>	<hr/>
TOTAL FUNDS	<u>3,192,873</u>	<u>(3,146,791)</u>	<u>46,082</u>

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2023

16. RELATED PARTY DISCLOSURES

Except for the disclosures in Note 7, there were no related party transactions in the year ended 31 March 2023. In 2022, an organisation with a common director was paid £2,760 for services.

17. LIABILITY OF MEMBERS

During the year 8 members (2022:8) have each undertaken to contribute an amount not exceeding £10 in the event of the company being wound up.

18. PENSION SCHEMES

The Institute participated in two pension schemes during the year.

The first scheme is a stakeholder defined contribution direct benefit schemes. The total pension cost to the company for this scheme for the year ended 31 March 2023 was £4164 (2022: £6,564).

The second scheme provides benefits based on a Career Average Salary. The contribution rates from October 2021 are 21.4% of pensionable salaries for the employer and 9.8% for the employee. The total pension cost for the company for this Career Average scheme for the year ended 31 March 2023 was £353204 (2022 £316,807). The Institute has 40 (2022:49) employees in Universities Superannuation Schemes (USS).

Historically there was also a final pensionable salary scheme but this was closed entirely on 31st March 2016. The members have transferred to the Career Average scheme above.

The Institute participates in the Universities Superannuation Schemes (final salary and career average), both are defined benefit schemes which are contracted out of the State Second Pension (S2P). The assets of the schemes are held in a separate Trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the schemes and hence contributions to the schemes are accounted for as if they were defined contribution schemes. The amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

The latest triennial valuation took place as at 31 March 2020, calculating that the scheme deficit was now £14.1 billion. This represents an increase of £1.5 billion over the three years since the previous valuation.

The Occupational Pensions Schemes (Employer Debt) Regulations 2005 and the Occupational Pensions Schemes (Employer Debt etc) (Amendment) Regulations 2005 (the "Employer Debt Regs") creates a debt (known as a "Section 75 debt") upon an "employment-cessation event (when an employer ceases to employ at least one person who is an active member of a pension scheme and at least one other employer continues to employ active members). A section 75 debt is based on the cost of securing members' benefits by purchasing an annuity policy from an insurance company and may be significant.