

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

REPORT OF THE TRUSTEES AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2020

FOR

INSTITUTE FOR EMPLOYMENT STUDIES
(A COMPANY LIMITED BY GUARANTEE)

Chariot House Limited
Chartered Accountants
44 Grand Parade
Brighton
East Sussex
BN2 9QA

INSTITUTE FOR EMPLOYMENT STUDIES

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2020

	Page
Report of the Trustees	1 to 10
Report of the Independent Auditors	11 to 13
Statement of Financial Activities	14
Balance Sheet	15
Cash Flow Statement	16
Notes to the Cash Flow Statement	17
Notes to the Financial Statements	18 to 26
Detailed Statement of Financial Activities	27 to 28

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2020**

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 2020. 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 five years, and following its latest review, the key strategic priorities which influenced business planning during 2019-20 are:

- To maintain IES's position as a leading provider of UK public policy research and evaluation on employment and labour market policy topics.
- To continue to undertake European/international research and evaluation projects in our specialist public policy areas while UK institutions remain eligible for these, while monitoring the changing landscape in this area and preparing to take steps if appropriate to position the Institute to maintain eligibility in the post-Brexit environment.
- To further build the Institute's stream of work on HR management and related topics for employers and employer bodies, following the successful growth in this area in the recent years, and the building up of staff resources to support this.
- Reinforce the initial steps taken to build up a portfolio of proactive consortium-funded projects on key employment and HR issues of topical interest.
- Improve internal efficiency through improved project management and financial systems, as a response to the increasingly tight funding environment for research, especially publicly commissioned research.
- Explore the scope for strategic investment from the Institute reserves in diversifying into new streams of work.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2020**

A detailed business plan for the year ahead (2020/21) was prepared, building on these broad strategic objectives, and taking account of recent developments. The business plan was approved by the Board of trustees and included: We propose seven key objectives for the coming year. These build on the approach taken last year, and also reflect our new Three-Year Strategy agreed in December.

These are summarised below and then set out in more detail in the subsequent sections.

How we work

To achieve Investors in People accreditation, and to continuously improve in how we work

To realise the benefits of modernising our IT systems

To review our website and plan for its redevelopment

What we do

To grow our impact in our five strategic priority areas

To grow our influence as advocates for evidence-based policy and practice

Financial sustainability

To hit a net income target of £2.25 million - an increase of 5 per cent

To hit a net expenditure target of £2.25 million

Achievements and Activities

This has been a successful year for IES. We have grown our impact across a range of areas spanning public policy and employment practice, continued to diversify and broaden our areas of work, increased our income overall, made changes to improving how we work, and continued to build our capability and expertise.

Education, training and skills

IES has led a range of important and high-profile projects from the 'cradle to the grave' spanning early years, pre-16 education, careers services, vocational training, higher education and adult retraining. Within our education portfolio, we have worked on the experience of health and disability within higher education. On behalf of the Department for Education we are working with higher education institutions (HEIs) and student unions (SU) to gather information on measurement requirements for a potential future survey of mental health amongst students. We are also reviewing the support models set in place by HEIs for disabled students, in partnership with Lancaster University's Researching Equity, Access and Participation (REAP) unit, commissioned by the Office for Students (the successor to HEFCE). We have also secured the Student Income and Expenditure Survey in HE for the fifth time, which will enable us to further track the effects of and responses to the new HE funding system amongst students. Careers guidance is essential to transitions and has been a growing area of for local and combined authorities with the government's devolution of adult skills funding.

We have also continued to grow our work on further (FE) education, this includes evaluating the Education and Training Foundation's Outstanding Teaching and Learning Awards (grants to FE providers that seek to improve the quality of teaching in the run up to the implementation of the new T Levels); we also undertook an analysis of the supply and demand for higher level skills linked to local industrial strategies.

In early years, we started work on two major evaluation projects: a large-scale RCT of two interventions designed to improve language learning with phonics; and an evaluation for the OVO Foundation of its programme of funding to support the implementation of projects that seek to close the 'attainment gap' between advantaged and disadvantaged children. Within our early years work we began a large project with Esmee Fairbairn to explore and test three interventions focused on early language and communications and on closing the gap in outcomes between relatively advantaged and disadvantaged young children (which emerges from a very young age). We are partnered with the Sutton Trust and University of Oxford in this work.

OBJECTIVES AND ACTIVITIES

Health, work and wellbeing

IES has been evaluating a range of major government and employer-sponsored programmes and led important research into understanding the impacts and links between health, disability and employment. We have led a range of projects focused on employer and workplace practice, for government and employers (in both the public and private sectors). In conjunction with the Health Foundation we explored the quality of work that young people can access and the ramifications of this work on their health. The research combined bespoke quantitative analysis of Labour Force Survey data to explore 20-year trends in youth employment, with a literature review and qualitative consultations to understand labour market demand for young people, their perceptions of the quality of work, the ways in which they find work and how work interacts with long-term health. This exciting study extends our portfolio focused on youth transitions with a specific focus on good work and health. We also worked with Shell, exploring how they can use health and wellbeing data to help predict and avoid adverse incidents at sea, and how they can improve the health and wellbeing of their seafaring workforce.

We also began a major new project to evaluate the Work and Health Programme (the successor to the Work Programme) in Central London. This allows us to combine our expertise on researching support programmes for claimants with long-term health conditions and disabilities, with our growing expertise in devolved delivery (as the commissioner is Central London Forward, a consortium of 12 London boroughs). The research will identify the effect of integrating the core Work and Health programme with local employment and wider services and will run for the next three years.

On similar themes, we have led an evaluation of Disability Support Programmes for the Department for Communities in Northern Ireland. This has assessed the effectiveness of long-standing employment support programmes for people with disabilities and health conditions, ensuring they remain appropriate to the current context and optimise the support available to individuals.

Quality of work

Our research looking at quality of work includes reports published for Centrepoint (exploring the interaction between precarious employment and welfare for vulnerable young people) and for the Health Foundation (on the form and nature of work that young people access). The research has had significant impact and enabled us to further build our presence on the issues of precarious and atypical employment contracts. The Health Foundation wishes to continue work on the social determinants of good health, and to this end has agreed to fund a three-year Policy Research Fellowship at IES focused specifically on the impacts of employment on young people's health and wellbeing.

We continue to consolidate our presence on the inclusive and healthy work agendas and have secured additional lines of work as part of our Evaluation of the Health-led Employment Trial (for the government Work and Health Unit). We believe that this is the largest trial of the Individual Placement and Support employment programme, which is being tested with new groups and in new settings.

The social mobility agenda also grew in prominence this year. We have a large-scale study for the Social Mobility Commission on how migration within the borders of Great Britain interacts with prospects for upward social mobility, combining quantitative analysis of administrative and survey data with qualitative research to establish how outcomes compare between those who migrate from deprived communities and those who remain. We have also conducted research for the Construction Industry Training Board (CITB), looking into the ways in which this industry supports and achieves social mobility for individuals. Furthermore, we have undertaken an exploratory quantitative study for the Sussex Learning Network, focused on characterising working class young people in Sussex and establishing their rates of progression to HE, a key determinant of social mobility.

OBJECTIVES AND ACTIVITIES

The Progression in Employment programme (funded by the J P Morgan Chase Foundation) culminated in a London launch event for the Employee Toolkit and Case Studies. This included contributions from a range of speakers including Matthew Taylor from the RSA, and our trustee Emma Stewart. The toolkit is particularly useful for retail, hospitality and care sector organisations. We have also published an online version of the toolkit and will then be looking for opportunities to further this work with employers, sector bodies and government.

Labour market analysis

We have continued to provide regular commentary on the labour market, leading to consistent coverage in national and international print press, top tier trade publications and broadcast media, and a number of projects helping governments and others to better understand and respond to changes in jobs and employment.

Devolution

IES has delivered important projects for governments and local authorities in Northern Ireland, the West Midlands, West of England, Greater Brighton, London and elsewhere. Alongside this, we are evaluating the impact of the ESF Growth Boroughs' employment support programme, which has targeted economically inactive (not in work and not seeking work) London residents with support to help them consider employment options and move into sustainable work. We are also leading research to support Maximus, an organisation that delivers contracted employment support for disadvantaged groups, to develop an offer to address the needs of low-income self-employed people (in anticipation of future government contracting in this area). Finally, we are leading a major review for the government of the Republic of Ireland, analysing its current public employment services and providing consultancy support on the design and development of future services.

Finally, in addition to the above, we have provided consultancy services across a range of areas including:

- Pay and reward;
- Change-readiness - where we have continued to promote our change readiness tools and expertise, including in work with teams at the Home Office;
- Leadership and management - which has been an area of strong growth, with us now evaluating the government's National Leadership Centre and delivering a range of research, consulting and 'thought leadership' pieces related to line management; and
- The HR Network - where our new Network manager is taking forward improvements to account management, the membership 'offer' and our approach to growing the network.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2020**

STRATEGIC REPORT

Achievement and performance

Plans for future periods

The overall business strategy underlying the next year's business plan, and that of the medium-term, remains in place, having been set by the Board's recent strategic review. Within that strategy, the business plan itself is a relatively focused one, with the emphasis on continued measures to respond to the challenges in the external business environment.

Specific priorities include:

- Re-establishing a position of sustainable financial surplus, through a focus on internal improvements to project management, line management and systems;
- Further growth of existing successful work programmes (including, in particular, those focusing on HR work for employers) and the maintenance of others (especially public policy work for UK public agencies, in IES's traditional areas of strength), and the development of new work programmes (in areas identified in the strategic review, including education and health at work), with a view to offsetting the inevitable decline in the Institute's European work programmes in the run-up to and following Brexit.
- Diversification of funding sources, with a particular emphasis on identifying and securing new sources of research funding (including from charitable trusts and foundations, corporate sources with a public/social focus, and consortia of organisations with common interests), and developing pro-active bids for funding from such sources.
- Refreshing the Institute's communications and dissemination activities, with a particular emphasis on securing greater and more cost-effective impact of the Institute's research through new media and channels of communications.
- Minimising the impact of the Covid19 pandemic. The pandemic has not impacted on the financial year 2019/20, however it will have an impact on 20/21 as both staff and clients have been affected by some work stalling and the need to furlough some staff to enable them to shield, homeschool, and deal with client delays to our work.

Financial review

Financial position

The year ended 31st March 2020 recorded net income over expenditure of £2,792. Total reserves now stand at £1,386,306 (See reserves policy below). By comparison, the previous period ended 31st March 2019 recorded net expenditure over income of £263,773 reducing total reserves to £1,383,514.

Total income for the year ended 31st March 2020 amounted to £3,825,198 compared to £2,647,524 in the previous period.

Total expenditure for the year ended 31st March 2020 amounted to £3,822,406 compared to £2,911,297 in the previous period.

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 2020 was 0.89% (2019, 0.775%)

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2020**

STRATEGIC REPORT

Financial review

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.

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 6 and 15 members, meets 3 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 3 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.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES **FOR THE YEAR ENDED 31ST MARCH 2020**

STRUCTURE, GOVERNANCE AND MANAGEMENT

Board members

The members of the Board are as listed under the Reference and Administrative details on page 8. All served on the Board throughout the period, with the exception of the following:

D Smith (resigned 17th November 2019).

S Barnett (resigned 10th October 2019).

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 purpose 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.

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. As in recent years, these include:

- Political uncertainties associated with Brexit
- Maintaining a flow of work from private and public sector employers in the face of intense competition at a time of increasing economic turbulence
- Retaining and attracting 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 are the subject of detailed planning and monitoring

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.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2020

STRUCTURE, GOVERNANCE AND MANAGEMENT

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.

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

S M Barnett (resigned 10/10/2019)
D Guest
Ms R K Kular
Ms S C Mercer
G J F Podger
D Smith (resigned 17/11/2019)
J R Greatrex
Ms K Poole
Ms S Cook
Dame C Black

Company Secretaries

Ms J Smith
Ms S L Anderson

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2020

REFERENCE AND ADMINISTRATIVE DETAILS

Auditors

John Thacker DChA
Institute of Chartered Accountants in England and Wales
Chariot House Limited
Chartered Accountants
44 Grand Parade
Brighton
East Sussex
BN2 9QA

Bankers

Barclays Bank PLC
The Old Bank
High Street
Lewes
BN3 1TL

Solicitors

Stone King
Boundary House
91 Charterhouse Street
London
EC1M 6HR

Institute director

Anthony Wilson

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.

INSTITUTE FOR EMPLOYMENT STUDIES

REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31ST MARCH 2020

STATEMENT OF TRUSTEES' RESPONSIBILITIES - continued

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 22 March 2021 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 2020 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Report of the Trustees 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.

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.

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.

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

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
East Sussex
BN2 9QA

Date: 23 March 2021

INSTITUTE FOR EMPLOYMENT STUDIES

STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31ST MARCH 2020

		2020 Unrestricted funds £	2019 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Charitable activities	3		
Projects		3,716,490	2,543,414
Corporate membership		103,570	99,889
Publications		881	517
Investment income	2	<u>4,257</u>	<u>3,704</u>
Total		3,825,198	2,647,524
EXPENDITURE ON			
Charitable activities	4		
Projects		3,275,782	2,262,712
Management & Administration		546,624	648,585
Total		<u>3,822,406</u>	<u>2,911,297</u>
NET INCOME/(EXPENDITURE)		2,792	(263,773)
RECONCILIATION OF FUNDS			
Total funds brought forward		<u>1,383,514</u>	<u>1,647,287</u>
TOTAL FUNDS CARRIED FORWARD		<u><u>1,386,306</u></u>	<u><u>1,383,514</u></u>

The notes form part of these financial statements

INSTITUTE FOR EMPLOYMENT STUDIES (REGISTERED NUMBER: 00931547)

BALANCE SHEET
31ST MARCH 2020

		2020 Unrestricted funds £	2019 Total funds £
FIXED ASSETS	Notes		
Tangible assets	9	10,556	13,657
CURRENT ASSETS			
Debtors	10	1,480,348	1,820,229
Cash at bank		<u>983,674</u>	<u>919,041</u>
		2,464,022	2,739,270
CREDITORS			
Amounts falling due within one year	11	(1,078,272)	(1,307,913)
		<u> </u>	<u> </u>
NET CURRENT ASSETS		<u>1,385,750</u>	<u>1,431,357</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,396,306	1,445,014
PROVISIONS FOR LIABILITIES	13	(10,000)	(61,500)
		<u> </u>	<u> </u>
NET ASSETS/(LIABILITIES)		<u><u>1,386,306</u></u>	<u><u>1,383,514</u></u>
FUNDS	14		
Unrestricted funds:			
General fund		<u>1,386,306</u>	<u>1,383,514</u>
TOTAL FUNDS		<u><u>1,386,306</u></u>	<u><u>1,383,514</u></u>

The financial statements were approved by the Board of Trustees and authorised for issue on 22 March 2021 and were signed on its behalf by:

.....
K Poole - Trustee

The notes form part of these financial statements

INSTITUTE FOR EMPLOYMENT STUDIES

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2020

	Notes	2020 £	2019 £
Cash flows from operating activities			
Cash generated from operations	1	<u>65,189</u>	<u>(811,566)</u>
Net cash provided by/(used in) operating activities		<u>65,189</u>	<u>(811,566)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(4,813)	(5,312)
Interest received		<u>4,257</u>	<u>3,704</u>
Net cash used in investing activities		<u>(556)</u>	<u>(1,608)</u>
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		64,633	(813,174)
Cash and cash equivalents at the beginning of the reporting period		<u>919,041</u>	<u>1,732,215</u>
Cash and cash equivalents at the end of the reporting period		<u><u>983,674</u></u>	<u><u>919,041</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 2020

1. RECONCILIATION OF NET INCOME/(EXPENDITURE) TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2020 £	2019 £
Net income/(expenditure) for the reporting period (as per the Statement of Financial Activities)	2,792	(263,773)
Adjustments for:		
Depreciation charges	7,914	6,681
Interest received	(4,257)	(3,704)
Decrease/(increase) in debtors	339,881	(996,683)
(Decrease)/increase in creditors	<u>(281,141)</u>	<u>445,913</u>
Net cash provided by/(used in) operations	<u>65,189</u>	<u>(811,566)</u>

2. ANALYSIS OF CHANGES IN NET FUNDS

	At 1/4/19 £	Cash flow £	At 31/3/20 £
Net cash			
Cash at bank	<u>919,041</u>	<u>64,633</u>	<u>983,674</u>
	<u>919,041</u>	<u>64,633</u>	<u>983,674</u>
Total	<u>919,041</u>	<u>64,633</u>	<u>983,674</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, which includes taking into account any potential impact of the COVID-19 pandemic, 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.

Tangible fixed assets

Recognition and measurement

1. ACCOUNTING POLICIES - continued

Tangible fixed assets

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 2020

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.

2. INVESTMENT INCOME

	2020 Unrestricted funds £	2019 Total funds £
Deposit account interest	<u>4,257</u>	<u>3,704</u>

3. INCOME FROM CHARITABLE ACTIVITIES

	Activity	2020 £	2019 £
Projects	Projects	3,716,490	2,543,414
Corporate membership	Corporate membership	103,570	99,889
Publications	Publications	<u>881</u>	<u>517</u>
		<u>3,820,941</u>	<u>2,643,820</u>

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2020

4. CHARITABLE ACTIVITIES COSTS

	Direct Costs £	Support costs (see note 5) £	Totals £
Projects	3,275,782	-	3,275,782
Management & Administration	-	546,624	546,624
	<u>3,275,782</u>	<u>546,624</u>	<u>3,822,406</u>

5. SUPPORT COSTS

	Management £
Management & Administration	546,624

6. NET INCOME/(EXPENDITURE)

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

	2020 £	2019 £
Depreciation - owned assets	7,914	6,681
Auditors' remuneration - Audit services	4,600	4,500
Auditors' remuneration - non audit services	<u>2,250</u>	<u>2,181</u>

7. TRUSTEES' REMUNERATION AND BENEFITS

No Trustee received any remuneration during the year to 31 March 2020 nor 31 March 2019. Except for reimbursement of expenses shown below, there were no other related party transactions with Trustees.

Trustees' expenses

There were reimbursements to 3 trustees (2019: 1 trustee) for travel expenses during the year of £552 (2019: £785).

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2020

8. STAFF COSTS

	2020	2019
	£	£
Wages and Salaries	1,497,787	1,456,212
Social Security costs	138,265	139,660
Pension costs	<u>280,391</u>	<u>229,083</u>
	<u>1,916,443</u>	<u>1,824,955</u>

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

	2020	2019
Total	<u>42</u>	<u>41</u>

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

	2020	2019
£60,001 - £70,000	2	2
£70,001 - £80,000	2	-
£80,001 - £90,000	<u>1</u>	<u>2</u>
	<u>5</u>	<u>4</u>

Pension contributions of £77,008 (2019: £52,367) were made by the company during the year on behalf of higher paid employees.

During the year 4 (2019:4) higher paid staff were accruing benefits under the defined benefits scheme, and no employees (2019: none) were accruing benefits under the company's defined contribution schemes.

Key Management Personnel remuneration amounted to £385,970 (2019: £345,940).

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2020

9. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1st April 2019	237,506
Additions	<u>4,813</u>
At 31st March 2020	<u>242,319</u>
DEPRECIATION	
At 1st April 2019	223,849
Charge for year	<u>7,914</u>
At 31st March 2020	<u>231,763</u>
NET BOOK VALUE	
At 31st March 2020	<u>10,556</u>
At 31st March 2019	<u>13,657</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade debtors	1,242,584	1,505,875
Other debtors	43,824	32,258
Prepayments and accrued income	<u>193,940</u>	<u>282,096</u>
	<u>1,480,348</u>	<u>1,820,229</u>

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2020

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	249,228	151,109
Social security and other taxes	295,394	208,694
Payments received in advance	394,208	795,969
Pension contributions	33,716	32,059
Accruals and deferred income	36,208	70,579
Accrued expenses	69,518	49,503
	<u>1,078,272</u>	<u>1,307,913</u>

12. LEASING AGREEMENTS

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

	2020	2019
	£	£
Within one year	98,717	1,725
Between one and five years	<u>319,620</u>	<u>5,893</u>
	<u>418,337</u>	<u>7,618</u>

13. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Provisions	<u>10,000</u>	<u>61,500</u>
Repairs and Restatement Provision	£	
Balance at 1 April 2019	61,500	
Released during year	<u>(51,500)</u>	
Balance at 31 March 2020	<u>10,000</u>	

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2020

14. MOVEMENT IN FUNDS

	At 1/4/19 £	Net movement in funds £	At 31/3/20 £
Unrestricted funds			
General fund	1,383,514	2,792	1,386,306
TOTAL FUNDS	<u>1,383,514</u>	<u>2,792</u>	<u>1,386,306</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	3,825,198	(3,822,406)	2,792
TOTAL FUNDS	<u>3,825,198</u>	<u>(3,822,406)</u>	<u>2,792</u>

Comparatives for movement in funds

	At 1/4/18 £	Net movement in funds £	Transfers between funds £	At 31/3/19 £
Unrestricted funds				
General fund	1,497,287	(263,773)	150,000	1,383,514
Designated fund	<u>150,000</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>
	<u>1,647,287</u>	<u>(263,773)</u>	<u>-</u>	<u>1,383,514</u>
TOTAL FUNDS	<u>1,647,287</u>	<u>(263,773)</u>	<u>-</u>	<u>1,383,514</u>

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

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	2,647,524	(2,911,297)	(263,773)
TOTAL FUNDS	<u>2,647,524</u>	<u>(2,911,297)</u>	<u>(263,773)</u>

INSTITUTE FOR EMPLOYMENT STUDIES

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31ST MARCH 2020

15. RELATED PARTY DISCLOSURES

Except for the disclosures in Note 7, there were no related party transactions.

16. LIABILITY OF MEMBERS

During the year 8 members (2019:10) have each undertaken to contribute an amount not exceeding £10 in the event of the company being wound up.

17. 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 2020 was £10,484 (2019: £13,447).

The second scheme provides benefits based on a Career Average Salary. The contribution rates from April 2018 are 18% of pensionable salaries for the employer and 8% for the employee. The total pension cost for the company for this Career Average scheme for the year ended 31 March 2020 was £269,907 (2019 £215,636). The Institute has 33 (2019:33) 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 2017, calculating that the scheme deficit was now £12.6 billion. This represents a deficit increase of £0.9 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.