ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended **31 December 2023**

Youth Futures Foundation Limited
A company limited by guarantee
Registered number: 11814131

Contents

Company information

Directors

L H Aird (resigned 14 June 2023)
F Aldridge (appointed 1 October 2023)
R C M Busby
J C Cleverdon (resigned 20 July 2023)
C L Easterbrook
J E Evans
G W Goodwin (appointed 1 December 2023)
G Greaves
V M Harrison (appointed 1 December 2023)
B Kelly (appointed 1 December 2023)
M Montanari (appointed 1 December 2023)
N J Morrison (appointed 1 December 2023)
K Murali
J E North
O O Obakin
L-J Rawlings (resigned 20 July 2023)
S A Woolley

Company Secretary

L M Malcolm

Registered Number

11814131

Registered Office

Fivefields
8-10 Grosvenor Gardens
London SW1W 0DH

Independent Auditors

Price Bailey LLP
Chartered Accountants & Statutory Auditors
3rd Floor, 24 Old Bond St
Mayfair
London W1S 4AP

Bankers

Natwest
Islington Angel (A) Branch
11 Upper Street
London N1 0PQ

Introduction from our Chair

Seyi Obakin OBE
Chair, Youth Futures Foundation Board

At Youth Futures Foundation, we are working directly with young people to address the barriers and disparities that too many are facing when entering work.

I am proud to have had the opportunity to contribute my energy to this challenge. It has been deeply rewarding to see the fantastic work of the team at Youth Futures and our young ambassadors in the Future Voices Group during this past year.

Given the scale of the problems we are facing, I am encouraged by our achievements so far, particularly those that have been informed by working with so many talented and driven young people.

Where are we now?

Across the UK, 900,000 – 1 in 8 – of our young people are not in education, employment or training (NEET). The situation is especially acute in the North and the Midlands. Marginalised young people are experiencing significant systemic barriers when they seek employment, and intolerant attitudes from colleagues when they do find work. Young people leaving social care, or who have learning disabilities, face the greatest hurdles to getting into work.

The 2021 England census figures made it clear that a quarter of the country's workforce will soon come from an ethnic minority background. Yet we know from our research this year with 3,250 ethnically minoritised young people – the largest known study of its kind – that they face discrimination getting into jobs. They also experience unacceptable behaviour, including racist banter, in the workplace.

At a time when increasing numbers of young people are experiencing mental ill health, we need to think about the long-term effect of these factors on young people in the workplace.

How we're addressing the challenge

Youth Futures' work to date has been focused on developing our understanding of the scale and complexity of the youth unemployment challenge. As the What Works Centre for youth employment, we are focused on identifying and testing the promising interventions that lead to practical solutions.

Through our partnerships with charities and social enterprises, government and businesses we are sharing this evidence with decision-makers who have the power to scale up our learnings.

The Youth Employment Toolkit we developed in 2023 is the first of its kind in the world, containing powerful evidence and tools for action. This is making it easier than ever for key people in the sector to see what works and use this evidence in their decision making. To unlock the huge potential of young people in the UK, we need to be investing more in creating opportunities for them.

Realising our ambitions

Enhancing labour supply is crucial to economic growth and, especially with a tight fiscal outlook and an ageing population, young people must be part of the solution.

The Youth Employment Group calculated that if we could match the NEET rate of the Netherlands, where only 1 in 20 young people are not in employment or education, we would not only ensure young people themselves are able to achieve a better future but we could add £69 billion to the UK economy over the long term.

The complex economic and cultural nature of the employment barriers facing marginalised young people means that lasting solutions will need to be delivered through coordinated system change, and not just through one single approach.

Apprenticeships and entry-level positions offer practical and positive routes into work, but there has been a 36% drop in 19 to 24 year olds taking apprenticeships up – this number rising to 41% for under 19s. At a time in their lives when entering the workforce is crucial to their successful transition to adulthood, young people need a way to find that first good job in order to begin to build their future.

Youth Futures has listened to young people about their challenges in finding good quality jobs and there is no doubting that the scale of the challenge is great, and we have some distance still to travel. But their compelling and practical insights have given us the basis we need to work in partnership to ignite a new era of opportunity for them.

Seyi Obakin
Chair
Youth Futures Foundation

Strategic report

For the year ended **31 December 2023**

Objectives and strategy

The directors present their report and the audited financial statements for the period ended 31 December 2023.

Legal status

Youth Futures Foundation is an independent, not-for-profit organisation incorporated in February 2019 to improve employment outcomes for young people who face disadvantage or discrimination in the labour market. It is considered a Public Benefit Entity under FRS102. The Foundation launched with an initial allocation by DCMS of £90 million dormant assets funding (supplemented with additional awards of £20m in February 2022 and £15.35m in March 2024). Our sole member is The Oversight Trust, whose role is to ensure we are properly governed and remain true to our social mission. However, the Board has full strategic and operational independence.

Our strategy

Our vision

A society where all young people have equal access to good-quality jobs. This includes:

- Equal employment outcomes for young people who face discrimination or disadvantage
- Fewer young people outside the labour market or in insecure work
- Improved progression pathways for young people

Our mission

To narrow the employment gap by identifying what works and why, investing in evidence generation and innovation, and igniting a movement for change so all young people have fair access to good quality jobs.

Strategic report

For the year ended **31 December 2023**

Our strategic approach

We are an ambitious organisation that takes a systemic approach to supporting young people from marginalised backgrounds to move into good-quality jobs. From 2023 until the end of 2024, we are focusing on four strategic priorities:

1. **Building capacity** – Influence the commissioning and delivery of youth employment and training services to be routinely based on evidence of what works.

2. **Systems change** – Use evidence, learning and practice, driven by young people, to mend a fragmented system and influence place-based policy.

3. **Creating opportunities** – Develop evidence-based and practical business cases for employer behaviour change, based on best practice in recruiting and retaining young people from marginalised backgrounds, scaling up that learning to target places, expanded networks and key partnerships.

4. **Organisational health** – Deliver a strong foundation for Youth Futures, based on a well-resourced, positive and financially stable environment in which our people thrive, risk is effectively managed, and we deliver our mission.

2024 will mark the start of Youth Futures' fifth full operating year and the start of the final year of our current corporate strategy.

We achieved significant progress in 2023, including launching two landmark evidence resources for the system (Youth Employment Toolkit and Data Dashboard), securing a further £15.3m in dormant assets investment to design and test a new early NEET prevention programme (Building Futures), launching a unique first of its kind randomised control trial in Bristol, expanding government and policy engagement and securing key strategic partnerships.

2023 also saw us undergo our first Quadrennial Review from an independent panel commissioned by the Oversight Trust. The panel report acknowledged a range of achievements and impact to date; in particular, our accreditation as a What Works Centre, our successful grant programmes, growing body of research and embedding of youth voice. The review gave us useful constructive feedback on key areas which in 2024, we are focusing on further through our corporate strategy refresh project for the 2025 to 2028 period.

Companies Act 2006 Section 172 (1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this Section 172 requires directors to have regard to, amongst other matters, the:

- likely consequences of any decisions in the long-term
- interests of the Company's employees
- need to foster the Company's business relationships with suppliers, customers, and others
- impact of the Company's operations on the community and environment
- desirability of the Company maintaining a reputation for high standards of business conduct
- need to act fairly between members of the Company

Although we are not required to make a section 172 disclosure, as a Public Benefit Entity operating in a sector with a complex stakeholder map, we believe a section 172 statement is useful in explaining how we operate.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decisions being made. Those factors, for example, include the interests and views of young people, employers, practitioners and enablers in the youth employment sector and the Oversight Trust. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. In regard to our purpose, vision and values, together with our strategic priorities and a robust process for decision-making, we aim to ensure that our decisions are consistent and predictable.

Examples of our consideration for the matters set out in section 172 (1) (a) – (f) when making decisions are outlined in the following table.

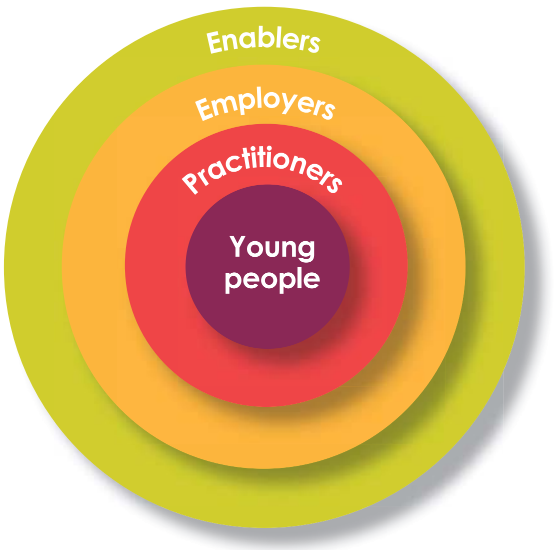
Strategic report

For the year ended **31 December 2023**

Board Activity	Board Consideration
Financial and operational performance	The Company has a financial plan approved by the Board as part of the ongoing cycle of strategic and annual business and financial planning to ensure the sufficiency of funds for its immediate and longer-term goals. The Board regularly reviews the operational capacity and long-term viability of the Company, ensuring that future liabilities could be met whilst also satisfying itself that funds are being deployed rapidly to support the youth employment sector.
Strategy	The Company has an agreed vision and mission statement and a strategy as set out in the Strategic Report. This strategy is subject to review in 2024. Having a mission and strategy explicitly focused on helping young people into training or employment, the directors ensure that all key decisions are geared towards the success of the Company. The Board regularly reviews progress against key milestones in the strategic plan and takes appropriate actions to ensure that the long- term objectives of the Company are achievable.
People	The Board receives regular updates from the People and Culture Committee on the work undertaken to ensure our people are properly supported and rewarded, with the Board approving the overall reward strategy.
Governance	Board members are appointed not just for their knowledge, professional skills and experience, but also considering their awareness of different relevant stakeholder groups. Appointments in 2023 took particular account of this requirement, with appointees including those with knowledge of both employers and enablers. The Board's committees have additional, external members appointed who bring additional specialist knowledge and broader experience to decision making. The Board ensures the voices of young people are considered in all key aspects of the organisation's activities by having at least two Board members who are young people and receiving regular reports on youth participation at Youth Futures. During the year, the Board also received reports on the regular meetings between the Oversight Trust and Youth Futures.

Our stakeholders

The youth employment landscape is complex but can be broadly divided into four key stakeholder groups:



1 Young People

2 Practitioners

Education providers, training providers, charities, social enterprises, Jobcentre Plus	• Direct support and opportunities for young people moving towards or into work

3 Employers

Corporates, small and medium-sized businesses, employer bodies, public sector, charities, social enterprises	• Training and employment opportunities • Standard setting • Professional development

4 Enablers

Government, funders, commissioners, local authorities, think tanks, research bodies, infrastructure organisations	• Capacity building • Grants and investment • Advice and information • Evaluation • Policy setting

Information about the key stakeholders in the youth employment sector and examples of our engagement activities are presented below. We value the importance of strong relationships with all our stakeholders, understanding their needs and reflecting these in how we deliver our activities.

Young people

Following the principle of "nothing about us without us", youth voice is woven throughout every element of our work. Young people from marginalised backgrounds with lived experience of facing barriers to employment help shape our strategy and lead our mission.

Highlights of how we have put young people at the heart of our work this year include:

- Extending the tenure of the two young Non-Executive Directors on our Board
- Working with an expanded cohort of the Future Voices Group (FVG), to act as strategic advisors across our work
- Sharing content from our Future Voices Group ambassadors across Youth Futures' channels, publicising young peoples' stories and perspectives on a range of complex topics relating to youth employment
- Enhancing the role of young people in our research activities, through consultation on our ethnic disparities survey
- Placing youth participation at the heart of our Connected Futures programme, with young people co-creating and attending a two-day conference for Connected Futures partnerships to share learnings from their first year

Employees

The young people we aim to serve – and the challenges they face – are all unique. We have recruited a team of individuals with a range of life experiences and views that reflect this diversity. Our commitment to inclusion across all protected characteristics, experiences and socioeconomic backgrounds is at the heart of everything we do.

We value the input of our employees in the development of our plans and consulted fully with our employees in developing our mission, objectives, and values in our early life. In addition, colleagues have been involved in developing our annual business plan, which cascades down to individual objectives and priorities.

We make full use of digital collaboration tools to ensure effective communication and team working in our hybrid and flexible working patterns. Regular face-to-face meetings (online and in-person) are held with the whole team to ensure effective communication with all employees.

In 2023, we conducted an employee survey, focus groups and consultations, followed by timely actions to address the findings from the activities. Progress against the action plan was monitored regularly and with full input from employees. Our employee-led Equity, Diversity & Inclusion (EDI) Committee continued to define and lead our work in this area.

Engagement with others

Throughout the year, we engaged regularly with all stakeholder groups. The breadth of engagement across our stakeholder groups informed our decisions on strategy, programmes and approach to government.

We will continue to develop our relationships with young people, employers, practitioners and enablers in the coming years to deepen our understanding of the youth employment landscape and track our progress. We will work collaboratively to co-create solutions to support young people who face discrimination or disadvantage.

In addition to our youth employment stakeholders and our employees, we maintain ongoing strong professional relationships with other stakeholders including trade suppliers and professional advisers, several of whom have worked with us since our inception.

Stakeholder Survey

Our annual Stakeholder Perception Survey is designed to track progress and benchmark perceptions with our stakeholders and to inform our business planning. The latest survey was undertaken between September and October 2023.

Key conclusions we have drawn from the findings:

We continue to be seen as a credible and trustworthy source of knowledge and insight as our awareness as a What Works organisation has grown.

Employers' knowledge and understanding of who we are and what we do (and its relevance to them), alongside the usefulness of our research and resources, are positively increasing over time – showing growing support and opportunity for us to build on our existing employer activity. Influencing employer practices around youth employment now stands out as the issue we are most likely to be associated with.

We see increased awareness from respondents of who we are, what we do and the young people we are focused on (those from marginalised backgrounds, and particularly those from minoritised ethnic backgrounds), suggesting that our various outputs (across evidence, research, engagement and youth participation) and clearer messaging seem to be landing well.

Compared to 2022, stakeholders are more likely to associate Youth Futures Foundation with place-based or regional disparities work suggesting our Connected Futures programme is continuing to build our positive perception with stakeholders.

Youth Futures is seen to successfully bring organisations together to share power to grow collective impact in the youth employment sector. Over two in five stakeholders report that Youth Futures' work has successfully influenced their understanding, behaviour, or practice around youth employment. While this positive influence is most evident for grantees, Youth Futures' impact is felt outside funding as well.

Youth Futures is one of the most trusted sources of research and evidence on youth employment; with most stakeholders accessing information either directly from us or through Government departments and bodies. Our accessible tools including the Youth Employment Toolkit and the Data Dashboard are likely driving this increased trust in Youth Futures as a source of high-quality evidence.

Performance

Our main achievements in 2023 are outlined below. More detail on these activities, including case studies, can be found in our Annual Review, available on our website.

2023 in numbers

£15m

additional Dormant Assets in funding awarded for our Building Futures programme

£29m

cumulative grant funding invested in 173 expert organisations to help test youth employment interventions, including 21 new grantees

25,301

cumulative total of young people engaged

£5.2m

cumulative total committed to the largest ever range of youth employment evaluations in England through our What Works programme

3,250

ethnically minoritised young people surveyed on their experiences of learning and employment

2

grant schemes designed and launched, taking our evidence and putting it into action

7

youth employment interventions featured in our Youth Employment Toolkit, bringing the best evidence to decision makers

811

employers representing SMEs*, public sector and large corporates engaged through our infrastructure partnerships with DFN Project Search, Workwhile, Re:Generate and Youth Employment UK

1

employer engagement strategy developed in consultation with Employer Advisory Board members, the Youth Futures Foundation Board and the Future Voices Group

20

new Future Voices Group ambassadors welcomed in the second cohort

2,149

views of our Data Dashboard

8,640

visits to our Youth Employment Toolkit

27

research and evaluation papers published

Unless otherwise stated, this report and these figures cover the period from January to December 2023.

*SMEs are small-to-medium-sized enterprises

Financial results

The Company generated a surplus of £nil (2022: £nil) which is also the total comprehensive income for the period. This is after accounting for £9.8m (2022: £9.9m) of grant income released from deferred dormant assets grant income to partly offset the total expenditure for the year.

Total operating expenditure of £11.5m was funded in part by £1.7m (2022: £587k) net interest received from short-term bank deposits.

The total operating expenditure in the year included grant expenditure of £6.8m (2022: £6.7m), being the funding commitment to grantees and other partners delivering on our Development & Impact, Connected Futures and Capacity Building programmes.

The £439k (2022: £410k) spent on other programme activities comprises: £24k (2022: £63k) on outsourced grant making operations, £22k (2022: £120k) on research and feasibility studies, and £393k (2022: £226k) on engagement and policy development.

The employee monthly average FTE increased from 40 to 51 as planned and total expenditure on employees in the year was £2.8m (2022: £2.4m). Office and other operating costs increased in line with the planned growth in business activity.

Corporation tax was £399k (2022: £112k), payable on the interest received on bank deposits which was a substantial increase on the previous year because of the rising interest rates in the period.

Cash flows and liquidity

Net cash outflow from operating activities was £13.5m (2022: £2.7m inflow). The total drawdown from dormant assets to date is £68.4 million of which £45.4 million has been spent. There is a further drawdown of £56.6m available from the £125 million allocation of dormant assets funding to date.

Reserves

The Company has accumulated reserves of £nil (2022: £nil) and cash balances of £32.8 million (2022: £44.7m). These cash balances can be drawn upon as needed to fund our programme and other operating costs commitments.

Future developments

Our plans for 2024

2024 marks the start of Youth Futures' fifth full operating year and the start of the final year of our current strategy. As we transition out of our 'start-up' phase to a more established entity, we are growing our capacity and building on our achievements to date.

2024 is an important year for engaging externally, with wider governmental and political change on the horizon and the second round of Dormant Assets funding commitments emerging; we will be continuing to strengthen our credibility, influencing efforts and communication of our impact. Alongside this we will finish implementing our current strategy and its component programmes through our three strategic pillars: Systems Change, Creating Opportunities and Building Capacity, enabled by the Organisational Health pillar. Each pillar is designed to deliver a core set of activities and associated performance indicators (or key results). Finally, we will also refresh our strategy in consultation with staff, our young ambassadors, and other key stakeholders, including making revisions to our vision and mission, theory of change and impact measures.

1. **Continue building on and sharing our growing systems change expertise by:**

Launching the Building Futures programme aimed at developing and testing targeted wraparound support for young people at risk of becoming Not in Education, Employment or Training (NEET). The programme is aiming to support 5,000 young people from 2024 to 2029. We will move into year two of learnings from our Connected Futures programme and invest in an expansion focusing on places with high proportions of young people from Pakistani and Bangladeshi backgrounds, who we know experience some of the highest barriers in getting and retaining good jobs. As part of our commitment to reducing ethnic disparities in employment opportunities, we will also be commissioning research on apprenticeships and ethnic minority young people.

2. **Building capacity by creating tools to change behaviour based on our growing set of evidence**

We aim to influence the commissioning and delivery of youth employment and training services so that they are based on evidence of what works.

In 2024, we will build on our Youth Employment Toolkit by adding a second suite of interventions and driving increased usage of the Toolkit. In addition, we will conduct new impact evaluations through our What Works Programmes. Alongside these, we are launching the Evidence into Action Programme aimed at encouraging organisations to deliver evidence-based programmes.

3. **Creating opportunities by building the business case for employers to change behaviour**

First, we will boost our contribution to employer practice and behaviour by building and maintaining additional impactful partnerships and engaging wider employer networks, through which we can share evidence of effective approaches to recruiting and retaining young people from marginalised backgrounds. Second, we will develop and deliver a series of large regional employer visits into places of interest to Youth Futures, bringing our evidence to life with authentic community storytelling and placing young people at the heart of our recommendations for employers. Third, we are aiming to launch impact trials to test employer practice and understand how organisations can recruit and retain marginalised young people.

4. **Ensure that Youth Futures has a strong and sustainable future**

Our team will continue to build on a values-led culture focused on high performance. We will continue to build on the foundations laid in establishing Youth Futures as an inclusive employer by completing the development of our EDI strategy and underpinning implementation plan in the first half of 2024.

Stewardship of financial resources

The Company draws down its dormant assets funding under the terms of the Funding Agreement described in more detail in notes 4 and 5 to the accounts.

The bulk of the Company's cash is invested in Legal and General Investment Management (LGIM) liquidity funds composed of short-term, sterling-based assets issued by governments, banks and companies. The remainder is held in the Company's bank accounts to meet ongoing operational needs. The Audit, Finance & Investment Committee of the Board receives periodic updates on the Company's investments and cash management. In 2023, the Audit, Finance & Investment Committee reviewed the Company's investment policy and strategy to ensure that a good balance of risk and return on investment is maintained.

Principal risks and uncertainties

The Board has overall responsibility for risk management. During the year, we continued to develop and embed the system of internal control, including financial, operational and risk management which is designed to safeguard our assets, reputation and financial stability.

The risk management process is overseen by the Audit, Finance & Investment (AFI) Committee and that committee, and the Board, reviews the risk register throughout the year.

Other committees regularly review those risks that fall within their remit, feeding their thinking back into the AFI Committee's overall review.

Activities in 2023 included risk deep dives and internal audit reviews.

Risk appetite

The Board has determined the Company's risk appetite, having carefully considered the aggregate level and types of risk it is willing to assume within its risk capacity to achieve its strategic objectives and business plan.

Risks	Appetite
A. Our programmes do not enhance the evidence base and deliver meaningful impact	Healthy
B. Ability to effectively influence Government policy	Balanced
C. Culture	Balanced
D. Talent	Balanced
E. Financial sustainability	Balanced
F. Misuse of funds	Cautious
G. Safeguarding	Cautious
H. Data Protection	Cautious

A **'healthy' risk appetite** means we have created an environment where we encourage healthy risk-taking regarding the activities we fund, partnerships we build, and evaluations we conduct.

We have a **cautious** appetite for risks relating to safeguarding, legal and regulatory compliance and probity. We seek to avoid taking risks in these areas of our business activities.

For other risks we will adopt a **balanced** appetite in the pursuit of our strategy. We are willing to consider all potential options when faced with such risks.

We choose the option that is most likely to result in the successful delivery of our strategy, whilst also ensuring appropriate use of our funding on a cost benefit basis and acting in a way that is in the public interest and consistent our objectives.

Key risks and mitigation

The register identifies the key risks, the likelihood of those risks occurring, their potential impact on our business and the actions we are taking to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

Our main risks are outlined below along with the actions we are taking to bring them within our risk appetite. Not all the factors are within our control. Other factors besides those listed below may also adversely affect us.

The risk of / that:	What we will do:
Our programmes do not enhance the evidence base and deliver meaningful impact	Regularly review our strategy and monitor impact
We are unable to effectively influence Government policy	Use evidence-based approach and knowledge to influence policy
Cultural misalignment across our teams	Embed our values in everything we do and undertake regular reviews of impact
We do not maintain the right talent pool	Maintain an effective Employee Value Proposition
We do not have sufficient funds to fully deliver our objectives	Expand and optimise our Dormant Asset funding, allowing us to continue to meet the needs of young people
Misapplication of funds	Ongoing monitoring and review of our contracts and financial processes
Reportable safeguarding issue	Monitor and regularly review our safeguarding arrangements
Inadequate management and security of data	Monitor and regularly review our data security and protection arrangements

Strategic report
For the year ended **31 December 2023**

Public benefit

While Youth Futures is not a registered charity, the Board has, in setting and reviewing the Company's strategic objectives, had due regard for the Charity Commission's guidance on public benefit. In delivering its mission, the Company provides identifiable public benefits through the provision of services, facilities, and opportunities to meet the needs of young people, particularly helping young people into employment.

Youth Futures provides grants to organisations serving the needs of young people to undertake suitable programmes to help young people into employment. Youth Futures adjusts its funding and research programmes to meet the needs of its stakeholders and is committed to providing information, advice and guidance to prospective grantees and all other stakeholders.

Post balance sheet events

There were no post balance sheet events.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- So far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware. The Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487 (2) of the Companies Act 2006, Price Bailey LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier, unless otherwise notified.

This report was approved by the Board on 6 June 2024 and signed on its behalf by:

Oluseyi Obakin Director
Date: 6 June 2024

Directors' report

For the year ended **31 December 2023**

Statement of corporate governance

The following statement is provided to enable readers of Youth Futures' annual report and accounts to understand its governance and legal structure. This statement covers the period from 1 January 2023 to 31 December 2023 and up to the date of approval of the annual report and financial statements.

The Board recognises that, as a body entrusted with funds drawn down from Dormant Assets, it has a duty to observe the highest standards of governance at all times.

In March 2023, the Board adopted the principles of good governance in the Charity Governance Code and has assessed Youth Futures' governance against that code.

The Board also undertakes annual reviews of its effectiveness, with every third of these being conducted externally – in line with best practice. The next external Board Effectiveness Review is planned for late 2024.

Directors

Youth Futures is governed by a Board of directors who are legally responsible for directing our affairs. The directors who served on the Board during the year and up to the date of signature of this report are as follows:

L H Aird (appointed 19 May 2022, resigned 14 June 2023)

F Aldridge (appointed 1 October 2023)

R C M Busby (appointed 30 September 2021)

J C Cleverdon (appointed 9 September 2019, resigned 20 July 2023)

C L Easterbrook (appointed 17 September 2020)

J E Evans (appointed 10 April 2022)

G Goodwin (appointed 1 December 2023)

G Greaves (appointed 12 May 2022)

V M Harrison (appointed 1 December 2023)

B Kelly (appointed 1 December 2023)

M Montanari (appointed 1 December 2023)

N J Morrison (appointed 1 December 2023)

K Murali (appointed 30 September 2021)

J E North (appointed 9 September 2019)

O O Obakin (appointed 9 September 2022)

L-J Rawlings (appointed 9 September 2019, resigned 20 July 2023)

S A Woolley (appointed 9 September 2019)

Appointments to the Board

The Board is committed to ensuring that it has the combination of skills, knowledge, and experience necessary to support the ongoing effective delivery of the Company's objectives. In particular, the Board has skills and expertise in the following areas: strategy and leadership, employers, government, finance, human resources, grant making, risk management, research and evaluation. As reported, the Board also includes two young Directors to ensure that youth voice is part of decision making.

Directors's report

For the year ended **31 December 2023**

While the People and Culture Committee leads the work on nominations and appointments, any new appointments to the Board are a matter for the consideration of the Board as a whole and are conducted in line with accepted best practice.

The Board recruits new members through an open and competitive process with rigorous interviews, usually supported by an external agency and involving young people. Appointments are made with the objective of ensuring not just that the Board includes the appropriate range of skills and knowledge, but also a variety of different perspectives and experiences to ensure diversity of thought and so robust decision making.

Appointment of the Chair is made by the Board, according to a process agreed with the Oversight Trust. All Board appointments are subject to the approval of the Oversight Trust, as our sole member.

The Board ensures that appropriate training and induction is provided too all those who join the Board.

Members of the Board are appointed for a term of office not exceeding four years. No member shall normally serve for more than nine years in total.

Structure and management reporting

Youth Futures is a private company limited by guarantee, with one legal member, The Oversight Trust – Assets for the Common Good ("Oversight Trust"). As the sole legal member, the Oversight Trust agrees to contribute £1 in the event of the Company winding up.

Oversight Trust

The Oversight Trust is our sole member. It is responsible for overseeing the operations of companies that distribute funding made available from the portion of funds allocated and made available to England under the Dormant Bank and Building Society Accounts Act 2008 as amended and expanded by the Dormant Assets Act 2022 and to keep these companies 'on mission'. More information about the Oversight Trust can be found at www.oversighttrust.org

The Oversight Trust exercises its oversight via a number of meetings and reviews:

- At their quarterly Board meetings, the Oversight Trust review submissions, and reports from Youth Futures, with the Youth Futures Chair and CEO attending three of these four annual meetings to report on progress against objectives
- Once a year, the update takes the form of a more detailed 'deep dive' into delivery, impact and plans for the forthcoming year
- In addition, a governance review meeting takes place annually, with focus on overall governance, remuneration, accounting and social impact
- Finally, at least once every four years, the Oversight Trust commissions an independent review of each operating company to examine its effectiveness in delivering against its respective missions as set out in its governing documents. Youth Futures' Quadrennial Review took place in 2023 with positive results. The report, our response and the response of the Oversight Trust can be found at www.oversighttrust.org

The Oversight Trust is also a party to the Funding Agreement, under which Youth Futures receives its dormant assets funding. The Funding Agreement is described in more detail in notes 4 and 5 to the accounts.

Youth Futures Board of Directors

It is the Board's responsibility to bring independent judgement to bear on issues of strategy, performance, resourcing and standards of conduct. The directors delegate the day-to-day management of the Company to the CEO and so to the executive team under a Scheme of Delegated Authority and with appropriate controls in place.

The Board receives regular and timely information on the overall financial performance of the Company together with other information such as performance against plans and grant making targets, proposed expenditure, risks and mitigations and personnel / safeguarding-related matters. The Board met six times in 2023, including an annual strategy away day and an additional meeting to receive the Quadrennial Review report.

The Board is entirely non-executive and no individual or group dominates its decision-making process. The Board considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The Company has clear conflict of interest policy in place and should a risk of conflict of interest arise when discussing a specific matter, the relevant Board member will recuse themselves from the discussion.

There is a clear division of responsibility in that the roles of the Chair and CEO are separate and delegations of authority to the CEO and the executive team are in place.

Committees

The Board has three specialist committees to support it in discharging its responsibilities. Each committee has a terms of reference, which have been approved by the Board, are kept under review, and which set out the matters delegated to them by the Board. These committees are the Grants and Evaluation Committee, the People and Culture Committee, and the Audit, Finance and Investment Committee.

All three committees are chaired by a director and include external, non-Board committee members. These external member of our three governance committees play a vital role for us and compliment the skills and experience of our directors. The current external committee members are:

Claire Camara (P&C Committee)

Robert Welch (AFI Committee)

Sufina Ahmad (G&E Committee)

Adeyemi Adeola (G&E Committee)

Joel Davis (G&E Committee)

Sarah Lanchin (G&E Committee)

Ray Plummer (G&E Committee)

Shwetal Shah (G&E Committee)

Steph Taylor (G&E Committee)

Peter Wells (G&E Committee)

Grants and Evaluation (G&E) Committee

The Grants and Evaluation Committee comprises at least three Directors (one of which is the Board Chair), the CEO and up to eight external, non-Board committee members including young people. The committee meets four times a year. Its role is to oversee the Company's grant making and evaluation approach and operations including making funding decisions on grants recommended for funding by the executive team. The committee also ensures that grant making criteria are fit for purpose and considers relevant areas of risk.

People and Culture (P&C) Committee

The Company's People and Culture Committee comprises at least two directors (currently four) and an external, non-Board committee member. The Committee met four times in 2023. It oversees people matters, remuneration, governance appointments and governance more generally.

In doing so, the committee will cover responsibilities sometimes handled by a remuneration committee and an appointments or nominations committee, including making recommendations to the Board on the remuneration and benefits of the CEO. Details of remuneration for the year ended 31 December 2023 are set out in note 10 to the financial statements.

Audit, Finance and Investment (AFI) Committee

The Audit, Finance and Investment Committee comprises at least two directors (currently four) and an external, non-Board committee member. This committee has responsibility for monitoring the company's financial position, overseeing the effective and efficient use of resources and to make recommendations to the Board accordingly.

They receive, from management, reports on progress made in implementing such recommendations and internal / external audit actions and has oversight of risk on behalf of the Board.

The committee also advises the Board on the appointment of the internal and external auditors, and their remuneration for audit and non-audit work as well as reporting annually to the Board.

The committee met four times in 2023 and provides a forum for reporting by the Company's external auditors as well as the internal auditors, who have access to the committee for independent discussion, without the presence of company management.

Remuneration report

The Company's Remuneration Policy governs executive and non-executive remuneration and incorporates its obligations under the Governance Agreement for setting and reporting remuneration.

The People and Culture Committee is responsible for reviewing:

- the Remuneration Policy and recommending any changes to the Board
- the Company's executive Pay Bands, benefits package and non-executive remuneration guidelines at least once annually in relation to the market, retention, engagement, budgets and performance and recommending any changes to the Board
- the CEO's remuneration package annually and recommending changes to the Board
- approving the CEO's recommendations for annual changes to the executive team pay, in aggregate

Our principles for remuneration are as follows:

- Pay is competitive, to attract and retain appropriately qualified staff to lead, manage, support and deliver our not-for-profit objectives, whilst remaining affordable
- Pay is fair at the higher and lower ends of the pay scales
- Performance related bonuses are not paid
- Non-executive Director remuneration is compatible with our position as a social sector organisation, distributing funds derived from the general public
- Transparent remuneration reporting

In order to live up to these principles, our management practices include:

- Paying colleagues at least the Living Wage, being an accredited Living Wage Employer
- The use of pay bands, approved by the Board, with upper and lower limits for each grade of role. Any salaries paid outside the respective bands require prior approval from the Chair
- When we work with young people for specific pieces of work, for example on youth voice initiatives, we pay for their time (to a level of at least the Living Wage hourly rate and which does not underpay compared to others doing the same work), unless the engagement is very short and there is significant developmental benefit to the young person from participating. In all cases we pay their reasonable travel expenses
- Paying external Grants and Evaluation Committee members (i.e. those who are not employees or directors of Youth Futures) a fee to compensate for their time commitment and to ensure a broader diversity of experience on the committee
- Publishing a good-practice remuneration report, reflecting our position as a social sector organisation

The remuneration for non-executive Directors and higher paid staff are detailed in notes 10 and 24.

Equality, diversity and inclusion

Our young people and the challenges they face are all unique. Therefore, we need to maintain a team that reflects this diversity, is committed and highly skilled. Our commitment to inclusion across all protected characteristics, experiences and socioeconomic background forms the cornerstone of our work.

We work hard to ensure we have a diverse and inclusive workforce. We use identity-blind software for all our permanent recruitment campaigns to reduce unconscious bias during recruitment. We have flexible working policies which are kept under review and many of the more flexible working practices we adopted during lockdown have been retained.

Recruitment of staff to our three hubs in Birmingham, Leeds and London has enabled us to attract a greater diversity of talent than simply focusing recruitment in one city.

In building the Board, the Future Voices Group, and making external appointments to our subcommittees, we have ensured that our governance and advisory structures capture a broad diversity of background and experience.

Our Equality, Diversity and Inclusion (EDI) group within the staff team has senior management sponsorship and leads the development of a broad-based EDI strategy.

Directors's report

For the year ended **31 December 2023**

Pay gap reporting

All organisations over 250 employees are required to publish details of their pay gaps. Although Youth Futures does not meet this threshold, we are committed to good employment practice, reducing inequality in the workplace and open reporting. We have therefore chosen to publish data on pay gaps.

Gender pay reporting

The gender pay gap is how we measure whether there is a disadvantage (a gap) between what, on average, our male employees earn and what our female employees earn (gender pay). It is impacted by how much people are paid at different levels of the organisation. This is different to equal pay, which is an individual contractual right to make sure men and women are paid the same for similar work. We continuously review our pay and reward decisions to make sure we comply with equal pay legislation. A positive number indicates the average male salary is higher than the average female salary and a negative number indicates the average female salary is higher than the average male salary.

On 31 December 2023, we had 55 (2022: 43) permanent staff: 40 (2022: 29) females and 15 (2022: 14) males. The gender pay gap was as follows (2022 data in brackets):

	Median	Mean
Senior Leadership Team	7% (8%)	16% (-6%)
All other employees	-2% (-12%)	5% (-2%)
All employees	7% (-1%)	28% (9%)

For all employees, men have a higher median and mean salaries because of the high proportion of men in higher paid roles. The gap is reduced noticeably when the senior management salaries are excluded, with a higher median salary for female employees. Outside the senior team, the salaries of female employees are comparable to those of male employees.

Ethnicity pay reporting

The ethnicity pay gap is a measure of the difference between how much, on average, white staff employees are paid compared to those from ethnic minority backgrounds. It is impacted by how much people are paid at each level of the organisation and the relative number of employees from white and ethnic minority backgrounds at different levels of the organisation. A positive number indicates the average salary for a white employee is higher than the average salary of an employee from an ethic minority background and vice versa.

The data is based on the total number of employees included in the gender pay gap report and the ethnicity disclosed by them. Of those 55 (2022: 43) employees, 16 (2022: 13) are from ethnic minority backgrounds and 39 (2022: 30) are white, therefore 30% are from ethnic minority backgrounds. The ethnicity pay gap was:

	Median	Mean
Senior Leadership Team	0% (-28%)	7%(-29%)
All other employees	2% (9%)	3% (6%)
All employees	-1% (0%)	-4% (-8%)

For all employees, ethnically minoritised employees have a higher median and mean salaries because of the relatively higher proportion of employees from this group in higher paid roles. The higher averages have reduced due to the increase in white employees in higher paid roles during the year, as pronounced in the senior team. The pay gap for employees outside the senior team has improved over the year.

We are committed to genuine representation at all levels of the organisation. We will continue to review our pay and rewards practices to make sure we maintain pay equity. We will also continue our wider programme of work to ensure our employment practices support the recruitment and retention of a diverse and inclusive team.

Streamlined Energy and Carbon Reporting (SECR)

UK Greenhouse gas emissions and energy use data for the period 1 January 2023 to 31 December 2023.

Breakdown of energy consumption used to calculate emissions (kWh)

	2023
Energy consumption used: (kWh)	
-Electricity	12,268
-Gas	6,219
-Transport fuel	12,758
Total energy consumption	**31,245**

Breakdown of emissions associated with the reported energy use (tCO2e):

Emission source	**2023**
Scope 1[(1)]	1.14
Scope 2[(2)]	2.54
Scope 3[(3)]	4.92
Total emissions for mandatory reporting - location based	**8.60**
Intensity ratios	
Intensity ratio: tCO2e/£m revenue - location based (from Scopes 1, 2 and 3, excluding voluntary disclosed emissions)	0.86
Optional 2nd Intensity (tCO2e/FTE)	
Annual full-time equivalent employees (FTE)	55
Intensity ratio: tCO2e/(FTE) - location based (from Scopes 1,2 and 3, excluding voluntary disclosed emissions)	0.16

(1) Scope 1: we did not have any emissions from combustion of fuel for transport purposes
(2) Location based electricity (Scope 2) emissions use the average grid fuel mix in the region or country where the electricity was purchased and consumed. For SECR, location based is mandatory.
(3) Scope 3: Emissions figure includes business travel in employee-owned vehicles where they are responsible for purchasing the fuel and Upstream emissions from excavation, transport, and distribution losses of fuels not already included in Scope 1 & 2 for purchased electricity and fuels.

Quantification and reporting methodology

Greenhouse gas emissions have been calculated using the Greenhouse Gas Protocol Corporate Greenhouse Gas Accounting and Reporting Standard, which is internationally accepted as best practice. The figures were calculated using UK Government 2023 Carbon Factors, expressed as tonnes of carbon dioxide equivalent (tCO_2e).

We are reporting for the first time in 2023 and voluntarily. We will include benchmarks in future years' reports.

Scope

The report includes sources of environmental impacts under our operational control. This includes three offices which are located in London, Birmingham and Leeds. All offices are in managed office buildings with space shared amid other businesses.

Measures taken to improve energy efficiency

Our offices are located in coworking spaces to help reduce energy consumption. Also, we operate a hybrid working pattern and increased video conferencing technology for staff meetings to reduce the need for travel between offices.

Internal control

Scope of responsibility

The Board is ultimately responsible for the Company's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board has delegated the day-to-day responsibility to the CEO for maintaining a sound system of internal control that supports the achievement of the Company's policies, aims and objectives, while safeguarding its assets and the funds received from dormant assets. The CEO is also responsible for reporting to the Board any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to an acceptable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of company policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Company for the year ended 31 December 2023 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Board has reviewed the key risks to which the Company is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board is satisfied that there is a formal ongoing process for identifying, evaluating and managing the Company's significant risks that has been in place for the period ending 31 December 2023 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Audit, Finance and Investment Committee on behalf of the Board, and by the Board.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. It includes:

- Comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Board
- Regular reviews by the Board of periodic and annual financial reports which indicate financial performance against forecasts
- Setting targets to measure financial and other performance
- Clearly defined grant investment control guidelines
- The adoption of formal project management disciplines, where appropriate

The Company engages an internal audit service to provide assurance in relation to certain risks, controls and processes in line with the principle of three lines of defence. An internal audit plan is agreed with the AFI Committee.

Review of effectiveness

The Board has responsibility for reviewing the effectiveness of the system of internal control. Their review of the effectiveness of the system of internal control is informed by:

- The work of the executive managers within the Company who have responsibility for the development and maintenance of the internal control framework
- Comments made by the Company's external auditors in their management letter
- The Audit, Finance & Investment (AFI) Committee, which reviews the internal control framework, oversees the programme of assurance and plans to address weaknesses, ensures continuous improvement of the system is in place and reports on its activities periodically to the Board
- Assurance from the Internal audit reviews conducted during the year

The senior management team and the AFI Committee are reliant on several sources of assurance, which include recommendations for improvement. The AFI Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Board periodically considers risk and control and receives reports thereon from the senior management team and the AFI Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the AFI Committee, the Board is of the opinion that the Company has an adequate and effective framework for governance, risk management and control.

Going concern

After making appropriate enquiries, the Board considers that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company has cash and short-term investment balances of £32.8m plus a further drawdown of £56.6m available from the £125 million allocation of dormant assets funding to date. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently
- make judgments and accounting estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report was approved by the Board on 6 June 2024 and signed on its behalf by:

Oluseyi Obakin Director
Date: 6 June 2024

Independent auditors' report

To the member of **Youth Futures**

Opinion

We have audited the financial statements of Youth Futures Foundation Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Analysis of net debt and the related notes, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of its profit 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors' 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 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 directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' report thereon.

The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion 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 Strategic report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 29, the directors 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 directors 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 directors are responsible for assessing the 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

We gained an understanding of the legal and regulatory framework applicable to the Company and the sector in which it operates and considered the risk of the Company not complying with the applicable laws and regulations including fraud; in particular, those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting which could have a material impact on the financial statements. In relation to the operations of the Company this included compliance with the Companies Act 2006.

The risks were discussed with the audit team and we remained alert to any indications of non- compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

- Reviewing minutes of Board meetings, agreeing the financial statement disclosures to underlying supporting documentation, enquiries of management and officers of the Company and a review of the risk management processes and procedures
- Management override: To address the risk of management override of controls, we reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries andother adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://www.frc.org.uk/library/standards-codes-policy/audit-assurance-and-ethics/auditors-responsibilities-for-the-audit/. This description forms part of our Auditors' report.

Use of our report

This report is made solely to the Company's member 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 Company's member 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 Company and the Company's member for our audit work, for this report, or for the opinions we have formed.

S. Jordan

Shaun Jordan ACA
(Senior statutory auditor) for and on behalf of

Price Bailey LLP
Chartered Accountants Statutory Auditors 24 Old Bond Street, London W1S 4AP

Date: 21 June 2024

Financial statements

For the year ended **31 December 2023**

Statement of comprehensive income

For the period ended 31 December 2023

	Note	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Income	4	9,780,481	9,946,577
Programme costs	6	(6,805,322)	(6,704,922)
Gross surplus		2,975,159	3,241,655
Administrative expenses	7	(4,273,267)	(3,717,347)
Operating deficit		(1,297,108)	(475,69)
Interest receivable and similar income	8	1,697,330	587,274
Surplus before tax		399,222	111,582
Tax on surplus	12	(399,222)	(111,582)
Total comprehensive income for the year		-	-

There were no recognised gains and losses for 2023 or 2022 other than those included in the statement of income and retained earnings.

The notes on pages 38 to 51 form part of these financial statements.

Statement of financial position

For the period ended 31 December 2023

	Note		At 31 December 2023 £		At 31 December 2022 £
Fixed assets					
Intangible assets	13		**130,962**		79,000
Tangible assets	14		**44,184**		51,309
			175,146		130,309
Current assets					
Debtors:					
amounts falling due within one year	15	**329,199**		220,065	
Cash and cash equivalents	16	**32,773,204**		44,682,388	
		33,102,403		44,902,453	
Creditors:					
amounts falling due within one year	17	**(30,823,992)**		(42,562,035)	
Net current assets			**2,278,411**		2,340,418
Total assets less current liabilities			**2,453,557**		2,470,727
Creditors:					
amounts falling due after one year	19		**(2,453,557)**		(2,470,727)
Net assets			**-**		-
Capital and reserves			**-**		-

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 6 June 2024 by:

Oluseyi Obakin Director

The notes on pages 38 to 51 form part of these financial statements.

Financial statements

To the member of **31 December 2023**

Statement of cash flows

For the period ended 31 December 2023

	2023 £	2022 £
Result for the year		
Surplus/(deficit)	**-**	-
Adjustments for:		
Amortisation of intangible assets	**41,648**	14,728
Depreciation of tangible assets	**34,542**	27,799
Loss on disposal of tangible assets	**201**	-
Interest received	**(1,697,330)**	(587,274)
Taxation charge	**399,222**	111,582
(Increase) in debtors	**(109,134)**	(145,289)
(Decrease) / increase in creditors	**(12,042,802)**	3,313,799
Corporation tax paid	**(111,633)**	-
Net cash generated from operating activities	**(13,485,286)**	2,735,346
Cash flows from investing activities		
Purchase of intangible fixed assets	**(93,610)**	(26,998)
Purchase of tangible fixed assets	**(27,618)**	(58,275)
Interest received	**1,697,330**	587,274
Net cash from investing activities	**1,576,102**	502,001
Net increase / (decrease) in cash and cash equivalents	**(11,909,184)**	3,237,347
Cash and cash equivalents at beginning of year	**44,682,388**	41,445,041
Cash and cash equivalents at the end of year	**32,773,204**	44,682,388
Cash and cash equivalents at the end of year comprise:		
Cash and cash equivalents	**32,773,204**	44,682,388
	32,773,204	44,682,388

The notes on pages 38 to 51 form part of these financial statements.

Analysis of net debt

For the year ended 31 December 2023

	At 1 January 2023 £	Cash flows £	At 31 December 2023 £
Cash and cash equivalents	44,682,388	(11,909,184)	**32,773,204**
	44,682,388	(11,909,184)	**32,773,204**

The notes on pages 38 to 51 form part of these financial statements.

Notes to the financial statements

For the year ended **31 December 2023**

1. General information

Youth Futures Foundation (the 'Company') is a private company limited by guarantee incorporated under the number 11814131 in England and Wales, United Kingdom.

The address of the registered office and place of business is 8-10 Grosvenor Gardens, London, SW1W 0DH. The nature of the Company's operations and principal activities are that of the provision of other social work activities. The Company is considered a Public Benefit Entity under FRS102.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The Company's functional and presentational currency is Pounds Sterling (GBP).

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The directors consider that the resources available, including significant cash reserves and availability of further grant funding, mean that the Company will be able to continue as a going concern for at least 12 months from the date of signature.

2.3 Grant income

In accordance with FRS102 accruals model for government grants, grants relating to revenue are recognised in profit and loss on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate.

Restricted funds represent grants received for specific purposes as imposed by the defined term funding agreement. Details of restricted funds are set out in Notes 4 and 5.

2.4 Expenditure

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

All expenditure is accounted for on an accruals basis.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Notes to the financial statements

For the year ended **31 December 2023**

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Pensions

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

2.7 Taxation

Tax is recognised in the Statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is recognised in other comprehensive income or directly in equity, as appropriate.

2.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following basis:

- Computer equipment – three years

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

- Computer equipment – three years
- Office equipment – two years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

2.10 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.12 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans and deferred income, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.13 Financial instruments

Basic financial assets and liabilities

Basic financial assets and liabilities, which include trade and other receivables, cash and bank balances, trade & other creditors, are initially measured at their transaction price including transaction costs and are subsequently carried at their amortised cost using the effective interest method, less any provision for impairment, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables due with the operating cycle fall into this category of financial instruments.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In preparing these financial statements, management have made the following judgements:

Tangible / intangible fixed assets are depreciated / amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account.

Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Management determine whether there are indicators of impairment of the Company's assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

The decision to recognise the commitment to grant is made when the recipient is made aware of the obligation that the Company has to fund their intended operations, either via grant agreement or via an intention to

Notes to the financial statements

For the year ended 31 December 2023

fund letter. This represents the point at which future economic outflow is considered probable and thus recognition is then met. Commitments that span over 1 year are considered for discounting where this is material to the financial statements.

4. Income

An analysis of income by class of business is as follows:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Dormant assets grant income	**9,280,481**	9,946,077
Other grant income	**500,000**	500
	9,780,481	9,946,577

All income arose within the United Kingdom.

Dormant assets grant income relates to dormant assets funding received by the Company from The National Lottery Community Fund (TNLCF) under a tripartite funding agreement entered into between the Company, TNLCF and the Oversight Trust in 2019, under which TNLCF will distribute £125 million (2022: £90m) of dormant assets money to the Company (the "Funding Agreement"). The original 2019 agreement for £90m increased to £125m with additional awards under subsequent funding agreements.

The funds are restricted and conditions for use are explained in note 5 below.

5. Restricted expenditure

Grant income is used in line with the terms and conditions of the Funding Agreement. During the year, no income (2022 – £12,573,000) was received from TNLCF under the Funding Agreement. The purpose of the grant is to meet expenditure which has a social or environmental purpose; and is to be made for meeting expenditure on or connected with the provision of services, facilities or opportunities to meet the needs of young people. Money received under the Funding Agreement is primarily for use in England. All of the expenditure incurred under this grant is restricted to these purposes. During the year, £9,780,481 (2022 – £9,946,077) was spent and the remaining amount of funds to be deferred as at 31 December 2022 is £23,053,997 (31 December 2022 – £32,834,478).

In addition to the above, in the prior year separate funding of £500,000 was secured from the Charities Aid Foundation which was also provided to support expenditure related to meeting the needs of young people. All expenditure incurred is restricted to these purposes. The full amount of £500,000 was spent in the current year.

Notes to the financial statements

For the year ended 31 December 2023

In the prior year, an additional £10,000 separate funding was secured from the Westminster Foundation which was provided to support expenditure for young people. As above, all expenditure is restricted to these purposes. During the year, none was spent, leaving the full balance deferred as at 31 December 2023.

6. Programme costs

An analysis of programme costs is as follows:

	Year ended 31 December 2023 **£**	Year ended 31 December 2022 £
Delivery grants	**3,953,161**	4,867,530
Evaluation grants	**1,149,905**	1,089,708
Research grants	**1,263,570**	338,090
Total grants payable	**6,366,636**	6,295,328
Grants operations	**23,553**	63,440
Research and feasibility studies	**22,496**	120,469
Other programme costs	**392,637**	225,685
	6,805,322	6,704,922

7. Administrative expenditure

An analysis of administrative costs is as follows:

	Year ended 31 December 2023 **£**	Year ended 31 December 2022 £
Staff costs (including contractors)	**2,925,718**	2,479,493
Directors' remuneration	**66,139**	67,960
Recruitment expenses	**161,205**	137,944
Travel, training and development	**256,678**	175,855
Office rent	**267,258**	217,402
Marketing and communications	**19,773**	4,735
IT, telephone and office costs	**376,883**	214,098
Professional fees	**121,525**	376,122
Bank charges	**1,734**	1,210
Depreciation / amortisation	**76,354**	42,528
	4,273,267	3,717,347

Notes to the financial statements

For the year ended 31 December 2023

8. Operating deficit

The operating deficit is stated after charging:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Depreciation	**76,354**	42,528
Operating lease rentals of land and buildings	**267,258**	217,402
Directors' remuneration	**66,139**	67,960

9. Auditors' remuneration

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	**19,500**	16,800
Fees payable to the Company's auditor and its associates in respect of:		
Accountancy services	**1,950**	1,800
Taxation compliance services	**925**	936
Component audit work	**3,600**	3,000
	6,475	5,736

10. Employees

Staff costs, including directors' remuneration, were as follows:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Wages and salaries	**2,404,670**	2,044,677
Social security costs	**265,062**	220,117
Cost of defined contribution pension scheme	**150,560**	108,179
	2,820,292	2,372,973

10. Employees (continued)

All employees are entitled to participate in a stakeholder pension scheme, with a standard 5% employee contribution and 6% employer contribution. Also, employees have the option of making a higher contribution, matched by up to 2% additional employer contribution.

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

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Employees	**51**	40

During the course of the year, the Company significantly increased its staff team and had 55 permanent employees at the end of the year. In addition, in order to deliver its objectives for the year whilst permanent recruitment was ongoing, the Company engaged several temporary or interim staff.

Higher paid employees

The number of employees earning more than £60,000 (including taxable benefits but excluding pension contributions) on an annualised basis are as follows:

	2023 Number	2022 Number
£60,001 – £70,000	**3**	3
£70,001 – £80,000	**-**	1
£80,001 – £90,000	**5**	2
£90,001 – £100,000	**1**	1
£100,001 – £110,000	**-**	-
£110,001 – £120,000	**1**	-
£120,001 – £130,000	**-**	1
£130,001 – £140,000	**-**	-
£140,001 – £150,000	**-**	1
	10	9

Directors and key management personnel

The Company directors are not employees and are engaged via service agreements. The fees for such agreements are disclosed in note 24.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company and are represented by the senior

Notes to the financial statements

For the year ended 31 December 2023

10. Employees (continued)

leadership team which comprises the Chief Executive Officer, Director of Finance and Resources, Director of Programmes and Grants, Director of Impact and Evidence, Director of Policy and Communications, Director of Employer Engagement and Partnerships and Director of Legal & Governance.

Key management personnel remuneration is made up as follows:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Salaries	**518,490**	499,822
Employer's national insurance	**63,378**	58,247
	581,868	558,069
Pension contributions	**36,781**	24,182

There were no amounts due to key management personnel that were waived in the year, nor any salary sacrifice arrangements in place.

The following amounts were paid to the CEO (who is also the highest paid officer):

	2023 £	2022 £
Salary	**114,583**	240,688

The CEO reports to the Chair, who undertook periodic reviews of their performance against the Company's overall objectives using both qualitative and quantitative measures of performance.

11. Interest receivable

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Interest receivable	**1,697,330**	587,274

12. Taxation

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Corporation tax		
Current tax for the year	**399,222**	111,582
Taxation on profit on ordinary activities	**399,222**	111,582

Factors affecting tax charge for the period

The tax assessed for the period is the same as the standard rate of corporation tax in the UK of 23.5% (2022 – 19%) as set out below:

	Year ended 31 December 2023 £	Year ended 31 December 2022 £
Taxable surplus	**399,222**	587,274
Taxable surplus multiplied by standard rate of corporation tax in the UK of 23.5% (2022 - 19%)	**399,222**	111,582
Effects of: Total tax charge for the year	**399,222**	111,582

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

Notes to the financial statements

For the year ended 31 December 2023

13. Intangible fixed assets

	Computer software £
Cost at 1 January 2023	**94,205**
Additions	93,610
At 31 December 2023	**187,815**
Amortisation	
At 1 January 2023	15,205
Charge for the year	41,648
At 31 December 2023	**56,853**
Net book value	
At 31 December 2023	**130,962**
At 31 December 2022	79,000

14. Tangible fixed assets

	Office equipment £	Computer equipment £	Total £
Cost or valuation			
At 1 January 2023	2,638	95,769	**98,407**
Additions	-	27,618	**27,618**
Disposals	-	(201)	**(201)**
At 31 December 2023	**2,638**	**123,186**	**125,824**
Depreciation	1,536	45,562	**47,098**
At 1 January 2023	894	33,648	**34,542**
Charge for the year on owned assets			
At 31 December 2023	**2,430**	**79,210**	**81,640**
Net book value			
At 31 December 2023	**208**	**43,976**	**44,184**
At 31 December 2022	1,102	50,207	51,309

Notes to the financial statements

For the year ended 31 December 2023

15. Debtors

	At 31 December 2023 £	2022 £
Prepayments and accrued income	**261,539**	181,522
Other debtors	**67,660**	38,543
	329,199	220,065

16. Cash and cash equivalents

	At 31 December 2023 £	2022 £
Cash at bank and in hand	**1,664,534**	3,205,756
Short term deposits	**31,108,672**	41,476,632
	32,773,204	44,682,388

17. Creditors: Amounts falling due within one year

	At 31 December 2023 £	2022 £
Trade creditors	**100,449**	360,976
Corporation tax	**399,222**	111,633
Other taxation and social security	**86,688**	85,998
Other creditors	**27,722**	19,220
Accrued grant commitments	**6,387,178**	8,959,940
Deferred dormant assets grants	**23,053,997**	32,334,478
Accruals and deferred income	**768,736**	689,790
	30,823,992	42,562,035

Notes to the financial statements

For the year ended 31 December 2023

18. Reconciliation of deferred dormant assets creditor

	2023 £	2022 £
At 1 January	**32,334,478**	29,707,555
Expenditure in the period	(9,280,481)	(9,946,077)
Dormant asset drawdown in the period	-	12,573,000
At 31 December	**23,053,997**	32,334,478

During the year it was confirmed that the Company will be entitled to an additional £15m from the National Lottery Community Fund, bringing the total funding entitlement to £125m.

Over the lifetime of the Company, a total of £68.4 million of our £125 million dormant assets endowment has been drawn down, of which £45.9 million has been spent.

Income is released to the Statement of Comprehensive Income to match programme and related costs in the year less interest received.

19. Creditors: Amounts falling due after more than one year

	At 31 December 2023 £	Year ended 31 December 2022 £
Accruals and deferred income	**2,453,557**	2,470,727
	2,453,557	2,470,727

20. Financial instruments

	At 31 December 2023 £	Year ended 31 December 2022 £
Financial assets		
Financial assets measured at fair value through profit or loss	**32,773,204**	44,682,388

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents.

21. Company status

The Company is a private company limited by guarantee and consequently does not have share capital.

The sole member is The Oversight Trust – Assets For The Common Good and the results of the Company are consolidated into the Group accounts of that entity. Copies of group accounts can be obtained at New Fetter Place, 8-10 New Fetter Lane, London, England, EC4A 1AZ.

The Company has taken advantage of the Companies Act exemptions in disclosing intercompany transactions between the group.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £150,560 (2022 – £108,179). Contributions totalling £26,670 (2022 – £19,220) were payable to the fund at the date of the Statement of financial position and are included in creditors.

23. Commitments under operating leases

At 31 December 2023, the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2023 **£**	2022 £
Not later than one year	**214,070**	107,800
Later than one year and not later than five years	**329,803**	-
	543,873	107,800

The operating lease commitment relates to land and buildings. The amount of lease payments recognised as an expense during 2023 was £267,258 (2022 – £217,402).

Notes to the financial statements

For the year ended 31 December 2023

24. Related party transactions

In 2023, non-executive directors were paid £5,811 (2022 – £5,596) per annum each for the service of acting as a non-executive director, except for the chair who was paid £12,675 (2022 – £12,000) per annum. Total non-executive directors' fees in 2023 were £66,139 (2022 – £67,960).

The total expenses paid to or on behalf of the non-executive directors during the year was £270 (2022 – £1,939). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending board meetings and other Youth Futures events in their official capacity.

At the year end, the amount of unpaid service fees was £nil (2022 – £nil).

25. Controlling party

The sole member and ultimate controlling party is The Oversight Trust – Assets For The Common Good (Company number 07611016). Day-to-day operations and management decisions are undertaken by the board of directors.

Working together

If you would like to work with Youth Futures Foundation to transform employment outcomes for young people from marginalised backgrounds, please get in touch with us.

Get in touch:

www.youthfuturesfoundation.org

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company/youthfuturesfoundation