

Annual report and financial statements

For the period ended 31 December 2020

Youth Futures Foundation Limited

A company limited by guarantee



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Company information

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Introduction from our Chair and CEO

When Youth Futures Foundation was set up in December 2019, we had a clear mission: to help young people facing discrimination and disadvantage to access and keep good quality jobs. By the start of 2020, we already expected a challenging year.

We were scaling up the organisation, taking on new staff and planning to open new offices. We anticipated that our work would support some of the country's 750,000 young people not in education, employment or training.

Then Covid-19 hit. In addition to causing a public health crisis, the pandemic wreaked havoc on the economy, exacerbated intergenerational inequalities and tested social cohesion.

Young people were hit particularly hard: they missed out on education, faced increased mental health challenges and were more likely to lose their jobs or be put on furlough. As always, the most vulnerable young people suffered disproportionately.

We responded by providing emergency Covid-19 resilience funding to support small organisations throughout the pandemic. Despite the challenges, we have achieved a huge amount this year. Our grants programmes have supported an extremely diverse range of organisations across England, providing a total of £15.3m in funding and evaluation commissioned and reaching over 6000 young people. We co-founded the Youth Employment Group and have successfully influenced government policy on Kickstart and Youth Hubs.

It's been exciting and energising to bring people together behind our mission from across the youth employment system.

Meanwhile, Youth Futures is growing fast. At the beginning of the year, we had seven staff, mainly on short-term contracts; now we have 27 staff, mainly on permanent contracts. Our teams in London, Birmingham and Leeds are working virtually, but it feels as though we've created a family.

From day one, strong youth participation has been a cornerstone of our work – on our Board, on our Grants Committee and in our Future Voices Group. Young people inspire us, act as role models and ensure that we reflect their lived experience. We will work in partnership with them as we tackle the challenges ahead, drawing on our combined strength.

Looking forward, we are determined to keep on identifying what works, investing in innovation and great practice, and igniting a movement to drive long-term systemic change. We will be relentless in our pursuit of a better future for all young people.

Joe Montgomery, Chair
Anna Smees, CEO



Strategic report

For the year ended 31 December 2020



Objectives and strategy

The directors present their report and the audited financial statements for the period ended 31 December 2020.

Legal status

Youth Futures Foundation is an independent, not-for-profit organisation established in December 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 of £90 million dormant assets funding from the Reclaim Fund Ltd, for use in England. 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 vision, mission and strategic priorities

Our vision is to create a society where all young people have equitable access to good quality jobs. This includes:

- equal employment outcomes for young people who face discrimination or disadvantage
- a reduced number of young people outside the labour market or in insecure work
- improved progression pathways for young people

Our mission is to narrow the employment gap by identifying what works and why, investing in evidence generation and innovation, and igniting new ideas that change behaviour and practice.

Our primary beneficiaries are young people aged 14-24 who face at least one personal or systemic barrier to progressing into meaningful work, including:

- ethnic minorities, particularly those most at risk of facing disparities in the labour market (e.g. Pakistani; Bangladeshi; Black; Mixed; Gypsy, Roma and Traveller)

And/or:

- young people legally defined as children in need
- young parents, or those who have a caring responsibility
- economic disadvantage (e.g. eligible for free school meals or living in an area of high deprivation)
- special educational needs or disabilities
- experience of offending
- school exclusion or alternative provision
- experience of homelessness
- a mental health or long-term health condition
- experience of problem substance use

Strategic report
For the year ended 31 December 2020

Our strategic priorities

We are an ambitious organisation that wants to tackle the root causes of youth unemployment for young people from marginalised backgrounds. To do that, we will focus on three priorities over the next three years:

- 1 Changing the youth employment system by working in partnership with organisations, policy makers and young people to address structural and systemic barriers.
- 2 Creating opportunities with employers to recruit and retain more young people from marginalised backgrounds.
- 3 Building capacity with practitioners to support and train more young people from marginalised backgrounds to be ready for work.

Our approach

We prioritise young people from marginalised backgrounds

The pandemic has had a disproportionate impact on the jobs market for the under-25s. We want all young people to be supported through this crisis and have fair access to good quality jobs. However, we will focus our efforts on young people who face discrimination or disadvantage in the labour market.

Discrimination comes in many forms, from racism and sexism to homophobia and ableism. Disadvantages are often multiple, and can include poverty, exclusion from school, homelessness, mental health problems and experience of the care system.

Youth Futures was set up with a particular focus on data emerging from the Race Disparity Audit in 2017. While our organisational scope is broader than this focus, addressing the employment disparities young people from ethnic minority backgrounds experience is a key lens through which we achieve our mission.

We focus on what works

Everything we do is guided by robust evidence of what works to support young people from marginalised backgrounds into good jobs. We learn from the projects we fund and scale up that learning to drive long-lasting systemic change. As a member of the national What Works Network, we work to the principle that good decision-making should be informed by the best quality evidence.

All the evaluations we commission will take a mixed methods approach. We will start with understanding the theory of change – drawing up an idea of how interventions and programmes are meant to work. This might involve analysing processes and looking at participant journeys through the programme. Where we can, we will test through controlled trials and impact studies to show if programmes are effective. Where we have robust knowledge of what works, we can then scale up good practice.

We put young people at the heart of our work

We believe that young people must play a critical role in influencing how we think and act. Youth participation is woven into every aspect of our work, shaping our strategy, our communications, our investments, our partnerships and how we gather and share evidence.

To support these efforts, we have set up our Future Voices Group: 13 diverse young people who will act as ambassadors to our strategy and work. Based on the principle of 'nothing about us, without us', the group, which range in age from 16-24 years, have been recruited from across England to reflect the diversity and breadth of young people's experiences as they move into work. Young people also sit on our Board, on our Grants Committee, play an advisory role on our Evaluation Panel and are part of our staff team.

We build coalitions and partnerships

Given the complexity of the challenge, our default will also be to collaborate with others to drive lasting change. Beyond the organisations we fund, we will work with a range of groups and organisations from a variety of sectors. The development of our strategic partnerships will be transparent, evidence-led and linked to key areas of focus. We will also use our position to convene and connect networks of organisations, with the aim of sharing learning, collective problem solving, and identifying opportunities for innovation.

We take a trust-based approach to grant-making

Our investment programme is designed to find, fund, support and evaluate promising practice. We have adopted five key principles that underpin our trust-based approach to grant-making: simplifying and minimising the application process; being open, transparent, and honest about who we fund and why; providing unrestricted multi-year funding; listening and acting on feedback to our approach; and providing practical support alongside funding, with the aim of helping to build leadership and capacity. We will continuously improve our processes and systems to embed our trust-based principles.

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 as 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 to help explain how Youth Futures operates.

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 decision 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. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we aim to make sure that our decisions are consistent and predictable.

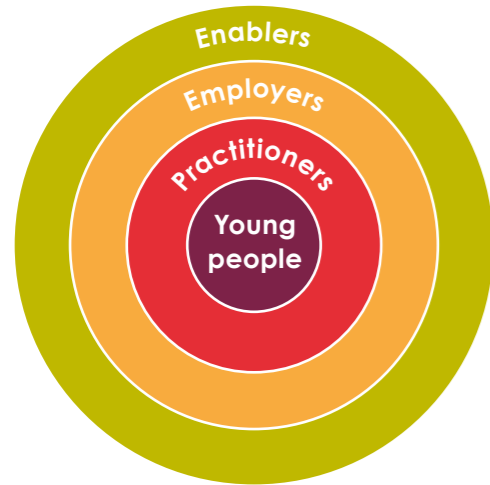
Examples of how we have had regard to the matters set out in section 172(1)(a) - (f) when discharging our section 172 duty and the effect of that on decisions taken by us are set out in the table below.

More information on the stakeholders in the youth employment sector, together with examples of how we have engaged with them and had consideration for them can be found on page 6 (Stakeholders).

Board Activity	Board Consideration
Financial and operational performance	<p>A revised financial plan was approved as part of the Company's Covid response plan, which accelerated the deployment of grant funding in light of the emergency funding situation many youth employment practitioners found themselves in. At the same time we ensured sufficient funds were preserved for the longer-term funding and evaluation of promising activities in line with our mission.</p> <p>The Board regularly reviewed the financial and operational position of the company to consider the strategic direction and long-term viability of the Company, ensure that future liabilities could be met whilst also satisfying itself that funds were being deployed rapidly to support the youth employment sector.</p>
Strategy	<p>In the Company's first full year of operation, the vision, mission and strategy were discussed and agreed. The strategy is set out elsewhere in the Strategic Report. Having a mission and strategy explicitly focussed on helping young people into training or employment, the directors ensure that all key decisions regarding the successful delivery of the strategy are promoting the success of the Company.</p>
People	<p>The Board established a remuneration policy, including addressing low pay and payment to young people for their time (see Remuneration Report on page 17 for more details). The Board received regular updates on the progress of the Company's recruitment activities and also the support given to employees to support them in adapting to working from home during Covid lockdowns.</p>
Governance	<p>The Board established three committees in 2020, in order to provide more focussed Board input on key areas of the Company's operations (including finance, people and grant making). Two of these committees have additional members appointed who are not directors and bring specialist knowledge and broader experience to important company decisions.</p> <p>The Board also discussed and received reports on the regular meetings between the Oversight Trust and the Chair.</p> <p>During the year, two young directors were appointed to the Board. This ensures the voices of young people are taken into account in all key aspects of the Company's activities. The Board now comprises people with significant professional experience across all our stakeholder groups (young people, practitioners, employers and enablers).</p>

Stakeholders

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



The company recognises the importance of good relationships with, and understanding of, all these stakeholder groups in delivering its mission. Throughout the year, it engaged regularly with all stakeholder groups. For example:

- We held a series of round tables and one to one meetings with delivery organisations, employers, employer and practitioner representative groups, research bodies and policy makers to seek input into our strategy and priority areas.
- We established our Future Voices Group, a group of 13 young people who feed into our vision and strategy and act as our ambassadors and advocates for young people across England on the issue of employment.
- We thoroughly reviewed and assessed applications to our various grants' programmes to gain a deep understanding of the practical issues faced by many of our stakeholders across the country. The ongoing evaluation of the successful applicants will help us to grow our knowledge base over time.
- We are a founder member and a co-chair of the Youth Employment Group, a coalition of over 200 delivery organisations, employers and think tanks founded in the response to the Covid-19 crisis.

1 Young people

2 Practitioners

Education providers, training providers, charities, social enterprises, Job Centre Plus

- **Direct support and opportunities for young people moving towards or into work**

3 Employers

Corporates, small and medium sized businesses, public sector, charities, social enterprises

- **Training and employment opportunities**
- **Standard setting**
- **Professional development**

4 Enablers

Government, funders, commissioners, think tanks, research bodies, infrastructure organisations

- **Capacity building**
- **Grants and investment**
- **Advice and information**
- **Evaluation**
- **Policy setting**

- We established constructive relationships across government to shape employment schemes that support young people who face barriers to employment.

This breadth of engagement with our diverse stakeholder group has also enabled the Board to ensure their views are considered when making its decisions, such as defining our strategy, informing our response to the pandemic and approving our approach to government.

We will continue to develop and build our relationships with young people, employers, practitioners and enablers over the next three years to develop a detailed understanding of the youth employment ecosystem in a post-Covid world. We will work collaboratively to co-create solutions to rising levels of unemployment among young people who face discrimination or disadvantage

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

Engagement with employees

The young people we aim to serve – and the challenges they face - are all unique. We are building a team of individuals with a range of life experiences and views that reflect this diversity. Our commitment to inclusion across race, gender, age, class, religion, identity, and experience is at the heart of everything we do.

We value the input of our staff in the development of our plans. We have consulted fully with staff in developing our mission, objectives and values. In addition, they have been involved in developing our strategic plan, which cascades down to individual objectives and priorities.

We make full use of digital collaboration tools to ensure effective communication and team working while supporting flexible working patterns. Regular face to face meetings (via videoconference, if necessary) are held with the whole team to ensure appropriate communication across all employees. Regular surveys and consultations were conducted with employees to understand how they were being impacted by Covid-19 homeworking restrictions. The results informed what we put in place to support people through this challenging time.

Performance

Programme Objectives

Our main achievements in 2020 are set out below. More detail on these activities, including case studies, can be found in our Impact Report here.

Investing in potential

- Allocating double the amount of grant funding we planned at the start of 2020 (grants representing £11.7 million value, versus a target of £5.3 million), reaching 6,257 young people through our grants programme, with a significant proportion going to Black, Asian and ethnic minority led organisations and/or those supporting ethnic minority young people
- Awarding £6.5 million to 21 organisations through our Development and Impact Grants programme, a key way through which we will identify what does and doesn't work to help marginalised young people into secure jobs
- Rapidly responding to the challenges caused by the pandemic by delivering grants through our Inspiring Futures Fund in partnership with BBC Children in Need (CiN), providing £7 million to 107 frontline charities and social enterprises (£3.5 million from Youth Futures, £3.5 million match from CiN)

Igniting change

- Co-founding the Youth Employment Group bringing together over 200 organisations in response to the escalating youth employment crisis caused by the pandemic
- Meeting regularly with government departments including DWP, DCMS, Number 10, Cabinet Office, the Treasury and DfE
- Developing a series of thought leadership papers that have influenced government policy including: Five reasons to extend Kickstart; Youth hubs – what works?; An unequal crisis: The impact of the pandemic on the youth labour market and a rapid evidence review into supporting disadvantaged young people into meaningful employment.

Identifying what works

- Delivering 10 research, evaluation and policy papers
- Funding the largest range of youth employment interventions for evaluation in England
- Authoring and commissioning research and analysis on what works to support marginalised young people into work
- Collaborating with the What Works network to embed evidence-led practice

Building a highly skilled, diverse team committed to achieving our mission

- Growing the staff team from seven to 27, completing Board, Grants Committee and Future Voices Group recruitment, recruiting and onboarding everyone remotely
- Around a third of our Board are from ethnic minority backgrounds, as are around half of our staff
- Over 40% of our Board are female, as are over 50% of our staff
- Recruiting two young Board members, two young Grants Committee members, two young apprentices on staff, and a team of young bloggers

Developing good governance

- Establishing an effective Board, with three sub-committees
- Forging strong working relationships with the Oversight Trust, The National Lottery Community Fund (TNLCF), DCMS and Reclaim Fund
- Setting up Future Voices Group, an advisory group of young people to feed into our vision and strategy, funding and research decisions, communications strategy and partnerships

Setting up the organisation

- Setting up and improving key operational systems and processes, including robust financial controls
- Creating an investment policy, appointing an investment manager and investing the Company's funds in line with the policy
- Moving into a new office, transforming ways of working
- Successfully transitioning all staff to working from home by rapidly changing our ways of working and providing personalised kit and support

Key performance indicators

The Company measures its performance under the main headings comprising core programme operations, finance and governance. The majority of performance targets were achieved in an operationally challenging environment precipitated by the Covid pandemic. The main performance highlights are as follows:

- Vision, mission and strategy: established and approved
- Launch one grants programme: three launched versus one planned
- Our grants and evaluations programmes committed £15.3 million of funding versus a plan of £5.6 million
- Other operating costs actual £2.2 million vs budgeted £4.5 million

- People hired: 27 permanent and interim staff vs 28 planned
- Three Board committees established as planned, two with independent, co-opted members bringing relevant, specialist knowledge
- Three new Directors, including two young people, successfully recruited
- Future Voices Group of 13 young people to shape our strategy and communications: successfully recruited and established

Other qualitative performance highlights are discussed in the Performance section on page 7 above.

Financial results

The company generated a surplus of £NIL (2019: £NIL) which is also the total comprehensive income for the period. This is after accounting for £13.8m (2019: £628k) of grant income released from deferred grant income to partly offset the total expenditure for the year, reflecting the drawdown of grants from dormant assets. Operating expenditure was funded in part by the £151k (2019: £11k) interest received from short-term bank deposits.

Total grant expenditure in the year was £11.7m (2019: £1.5m) reflecting our funding commitments to our grantees and other partners delivering on our Development & Impact and Capacity Building programmes. The £672k (2019: £74k) spent on activities directly related to the grant programmes comprises: £428k (2019: £45k) on outsourced grant making operations, £222k (2019: £29k) on research and grant evaluations, and £22k (2019: Nil) on programme development.

The employee monthly average FTE increased from 1 to 8 and total expenditure in the year was £613k (2019: £37k). Office and other running costs are relatively low due to the delay in increasing office space as staff numbers grew, caused by the Covid-19 home working restrictions.

Corporation tax was £29k (2019: £2k), payable on the interest received on bank deposits.

Cash flows and liquidity

Net cash inflow from operating activities was £6.3m (2019: £45.2m). The net cashflow includes receipt of £10m dormant asset grant funding as part of the £90m allocated to Youth Futures.

Reserves

The Company has accumulated reserves of £Nil and cash balances of £51.8 million (2019: £45.4 million). These cash balances can be drawn upon as activities take place and relevant expenditure is incurred.

Future developments

In January 2021, Youth Futures adopted a strategic plan for 2021 to 2023 including the core programme strategy and associated financial plan. The Board will monitor the delivery of the strategic plan against measurable performance indicators and will periodically review and update them. The plan sets out our key priorities and the long-term impact we want to make to the lives of marginalised young people in our country.

Our long-term impact

By collaborating with others, we aim to reduce employment disparities, and improve the quality of jobs and pay. Our focus is to:

- 1 Reduce the employment gap (or risk of NEET) between young people:
 - from ethnic minority groups and White British
 - who are disabled and non-disabled
 - from disadvantaged backgrounds and better off young people
 - in different regions of England.
- 2 Reduce the pay gap between certain ethnic minority groups and the average.
- 3 Reduce the % of young workers in temporary jobs or on zero-hours contracts when they want permanent jobs or fixed hours.
- 4 Increase the % of young people moving out of low-paid work.

Our strategic priorities

Priority 1: Changing the youth unemployment system

The youth unemployment ecosystem is fragmented and involves many different types of organisations, from local and national government to public and private sector, as well as not-for-profit organisations. To address key barriers within this system and bring about far-reaching, long-lasting transformation, we will unite a range of stakeholders to champion what works, shape policy and campaign for change.

Identifying evidence and opportunities to improve the youth employment ecosystem

We will map the youth employment ecosystem, document young people's journeys and experiences, and create a body of evidence that supports future systems change. Having gathered an understanding of opportunities and successful initiatives, we will engage with stakeholders locally and nationally to understand where there is potential for collaboration. By co-chairing and co-ordinating the Youth Employment Group, a cross-sector coalition of over 200 organisations committed to tackling youth unemployment, we will further gather support and drive change.

Investing in interventions that address barriers within the system

We will launch a Systems Change Innovation Fund that will invest in new ideas to tackle systemic barriers to employment for young people from marginalised backgrounds. This will include place-based pilots that facilitate collaboration at a local level, target gaps in evidence and test new ways of working.

Igniting changes to culture and behaviour through collaboration and policy influencing

We will engage with policymakers from across the political spectrum, acting as a critical friend to enable evidence-based decision-making. We will also build relationships with infrastructure organisations to empower them to spread good practice through the networks. Our Future Voices Group will amplify young people's views and play a key role in shaping our strategy and communications. We will reach out to facilitate learning communities and share evidence of what works.

Priority 2: Creating more opportunities with employers

Employers have a critical role to play in tackling the youth employment crisis. We will work closely with them to create the kind of opportunities that will help recruit and retain young people from marginalised backgrounds. Currently there are pockets of best practice scattered across the country. We will support employers by identifying what works, evaluating the most promising approaches, and sharing that knowledge with a wide range of organisations.

Identify effective employer recruitment and retention practice

We will carry out primary research to understand how employers are currently recruiting and retaining young people, and what kind of evidence they need. We will also investigate the youth labour market to identify the sectors and areas that offer new employment opportunities for young people. The result will be a body of evidence plus tools and resources to support effective employer practice.

Invest in evaluating, scaling and replicating promising employer practice

We are launching a new Employer Practice Programme that will test and evaluate ideas and approaches that show potential. To do this, we will engage with key employers in high-potential sectors to target gaps in evidence or provision. This programme will enable us to test pilot interventions that, if successful, we can work with others to scale-up and replicate more widely.

Ignite collaboration between employers to test and learn

We will generate a spirit of support and collaboration by setting up new employer networks. This will include an Employer Advisory Board, that will play a key role in shaping Youth Futures' strategy and activity. We will also co-chair and coordinate a wider network of employers who are dedicated to sharing and utilising practical evidence and resources.

Priority 3: Building capacity with practitioners

Frontline charities and social enterprises have a long-standing role in supporting young people from marginalised backgrounds into employment. We are equipping practitioners with additional evidence and skills to help them in this vital work. We are identifying best practice, investing in promising interventions, and sparking a shift in culture and practice.

Identify effective practitioner-led interventions

We will work with practitioners to understand what kind of evidence they need to support young people into work. We will highlight examples of excellent practice, identify gaps in evidence or provision, and create a body of tools and resources that will support practitioners in their work.

Invest in evaluating and scaling promising practitioner practice

We will reopen our Development and Impact Fund, which is our principal route to identify and test what works in supporting young people into employment. This will target topics and areas where there are gaps in evidence or provision and will have a particular focus on supporting practitioner organisations that are led by ethnic minorities.

Ignite shifts in culture and practice through practitioner networks

We will build our networks with practitioners to share what works and ignite a movement for change. We will set up a new Practitioner Advisory Board to shape our strategy and activity and will continue to draw on our leadership role in the Youth Employment Group. To inspire changes in practice, we will share tools and resources for practitioners through our communication channels.

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 on page 33).

During the year, the Board defined the Company's initial Investment Management policy with support from a professional investment adviser. The process of defining the Investment Management policy (and selecting an investment manager) took place in the immediate aftermath of the Covid-19 pandemic, when there was considerable uncertainty regarding the extent to which the Company would need to change its plans (and consequently the timing of its cash outflows) to respond to the pandemic. The outlook for financial markets were also highly uncertain. The Board therefore adopted a cautious approach to its investment policy, prioritising preservation of capital and flexibility in accessing funds over short-term gains. It was noted that the policy should be reviewed once the Company's long term cash outflows were more certain.

The process to select an investment manager was overseen the AFI Committee of the Board with support from the investment adviser. Following a tender process, Legal & General Investment Management (LGIM) was appointed by the Board as the Company's Investment Manager. LGIM was selected as being best suited to deliver against the investment policy and because of its corporate alignment to our social mission.

We intend to review our investment policy and investments during 2021, in line with the Board's initial investment policy decision, to ensure the investments remain consistent with the updated policy.

The bulk of the Company's assets are invested in LGIM funds, with the remainder held in the Company's bank accounts to fulfil operational needs. The AF&I Committee receives periodic updates on the Company's investments and cash management.

Principal risks and uncertainties

Risk management

The board of directors has overall responsibility for risk management. During the year, the Company built on the work done in the previous year to establish an effective risk management process designed to protect its assets, reputation and financial stability. The key enhancements in 2020 are:

- adoption of a risk management policy statement
- development of a risk evaluation framework
- comprehensive review, identification and evaluation of strategic risks
- compilation of a corporate risk register including a risk mitigation plan

The risk management framework and risk register have been reviewed and approved by the Board. This risk management process is overseen by the Audit, Finance and Investment committee of the Board, and the risk register reviewed annually by the Board and more frequently where necessary. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the Company and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The main risks factors affecting the Company are outlined below along with the actions taken to bring them within risk appetite. Not all the factors are within the Company's control. Other factors besides those listed below may also adversely affect the company.

1. Our approach and strategy does not enable us to achieve our organisational aims

The process for developing the Company's strategy was robust and iterative, drawing on credible data, existing knowledge and review by the Board, DCMS, TNLCF, youth sector organisations and other key stakeholders with experience in youth employment. The Board is taking timely reviews of the strategy and adjusting plans where necessary, and the Company has adopted an open approach to its activities by sharing outcomes and seeking input and contributions from a wide range of interested stakeholders.

2. Capability-ambition mismatch (Start-up Risk)

The Company has a challenging and broad brief. It manages multiple stakeholder expectations and a need for rapid delivery, while building an organisation from scratch. These factors increase the risk that the Company is unable to scale its capability and capacity at the pace required to create a strong, sustainable organisation and at the same time successfully leverage opportunities and deliver the strategy. An experienced Board and senior team with relevant experience has been established, with frequent Board and committee meetings and interactions between Board and the senior team. Strategic plans are underpinned by detailed operational plans. External support has been engaged for key specialisms, such as grant making.

3. Culture

Failure to create and live by an overarching set of beliefs, values and behaviours that everyone feels a strong sense of ownership for will result in poor delivery, insufficient accountability and responsibility for doing the right thing. It would affect our ability to attract and retain high performing talent and key partners. We have a clear focus on ethics, compliance and controls and a corporate governance structure that allows effective Board oversight of activities. An agreed set of values has been established and these are now being integrated into the Company's operations and individual performance reviews.

4. External landscape: Public health, economic and political

The evolving Covid-19 crisis has highlighted the interconnectedness of risks and the speed of change in the external risk landscape. This volatility has increased the risk that Youth Futures does not fully understand the changing economic and political landscape and so the current strategy will not address all the new and emerging risks and opportunities. This could result in a loss of focus on key deliverables, a failure to stay relevant and shape future policy and practice and ultimately inhibit our ability to access future funding. Our plans have been adapted quickly to reflect the economic impact of Covid-19 and effective working relationships have been established with key youth employment stakeholders.

5. Stakeholder management

There is a risk that the Company does not fully engage with the people and organisations that will have the most impact on the successful delivery of the strategy, thus inhibiting its ability to deliver against the mission. Equally, there is a risk that extended engagement with all stakeholders takes up excessive resources and / or inhibits the Company from taking actions with some stakeholders. The Company has established a comprehensive stakeholder map with clear responsibilities established for relationships with different stakeholder groups. Where appropriate, for certain stakeholder groups dedicated advisory panels are being created, such as with young people and employers.

6. Long term financial sustainability

With its current funding arrangements, there is the risk that the Company may reach a point where additional funding is not available when needed, which could result in significant reduction or even cessation of operations. A detailed long-term financial plan linked to the strategy has been established, incorporating a clear view on long term commitments.

7. Misuse of funds

There is a risk that funds are misused internally or by a grantee or grantees. Whether the misuse is committed intentionally, or via a mistake, the results could include reputational damage and/ or loss of funding. A multi-stage grant application review and approval process has been established, including detailed due diligence and several approval stages before any grant decision is taken. An experienced team has been created, with input from high quality external partners. A clear internal control environment has been established with segregation of duties and delegated authorities.

8. Safeguarding

In the course of its activities, Company employees and representatives come into contact with young people and vulnerable adults. The Company's grants programme will fund other organisations who work directly with young people and vulnerable adults regularly. Ensuring the health and safety of all young people and vulnerable adults is of critical importance to us. The Company has developed a safeguarding policy that applies to its employees and relevant partner organisations including grantees. Designated leads on safeguarding are in place in the management team and ensuring effective safeguarding processes is an explicit responsibility of the Board's Organisational Development committee. Safeguarding risks are being mitigated by:

- safeguarding checks and training for all staff, with periodic awareness raising
- ensuring grantees have robust and effective safeguarding arrangements in place through initial and ongoing due diligence checks and robust contractual obligations
- ongoing monitoring of safeguarding issues, including regular Organisational Development committee review
- a risk-based approach to situations that might involve close contact with young people and vulnerable adults

9. Data

Inadequate management and security of data, in particular evaluation data, increases the risk of non-compliance with UK GDPR and could lead to an actual data breach resulting in a fine and / or enforcement notice and a loss of reputation with key partners (evaluators, grantees). The Company has well controlled systems for the day-to-day processing of data with periodic staff training. Additional storage and access safeguards are placed around sensitive data.

For each risk, mitigating controls are in place and the Company's annual business plan contains actions both to improve the effectiveness of existing controls and, where necessary, to implement additional controls. These actions have been reviewed and approved by the AF&I committee and progress against the actions is tracked and reported regularly.

Public benefit

Youth Futures is a private company limited by guarantee. The directors are disclosed on page 15. The Company is not a registered charity but in setting and reviewing the Company's strategic objectives, the Board has 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:

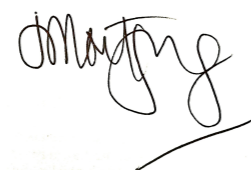
- So far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware

- 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 20 May 2021 and signed on its behalf by:



J Montgomery
Director
Date: 20 May 2021

Directors' report

For the year ended 31 December 2020



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 2020 to 31 December 2020 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 corporate governance always. It is committed to ensuring that it has the combination of skills necessary to support the effective delivery of the company's objectives. In particular, the Board has skills and expertise in the following areas: grants and investment, evaluation, diversity and inclusion, business, corporate governance, and financial and risk management.

Directors

The directors who served on the Board during the year and up to the date of signature of this report are as follows:

- J C Cleverdon** (appointed 9 September 2019)
- J Davis** (appointed 8 March 2020)
- C L Easterbrook** (appointed 17 September 2020)
- A G Hawkhead** (appointed 9 September 2019)
- J Montgomery** (appointed 11 March 2019)
- A Morawski** (appointed 8 March 2020)
- J E North** (appointed 9 September 2019)
- L-J Rawlings** (appointed 9 September 2019)
- S A Woolley** (appointed 9 September 2019)

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 Societies Act 2008 and to keep these companies 'on mission'. More information about the Oversight Trust can be found at www.oversighttrust.org

The Oversight Trust does not intervene in the day-to-day operations of the Company but exercises its responsibilities via a number of meetings and reviews:

- The Chair and the CEO meet with the Oversight Trust quarterly to give updates on progress against objectives
- Once a year, the update takes the form of a more detailed 'deep dive' into delivery and plans for the forthcoming year
- In addition, four meetings take place annually, each with a specific focus on the following topics: 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. This review, and the operating company's response, will be published

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, resources and standards of conduct. The directors delegate the day-to-day management of the Company to the executive team.

The Board is provided with regular and timely information on the overall financial performance of the Company together with other information such as performance against grant making targets, proposed expenditure, standards and personnel-related matters such as health and safety and environmental issues. The Board meets six times a year, including on an annual strategic away day. It met more frequently during 2020 in light of the Company's strategy and structure still being established and to support the Company's rapid response to the Covid-19 pandemic.

The Board is supported by three committees. Each committee has terms of reference, which have been approved by the Board. These committees are Grant Making, Organisational Development and Audit, Finance and Investment.

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 processes 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 are in place.

Appointments to the Board

Any new appointments to the Board are a matter for the consideration of the Board as a whole. New directors are also subject to approval by the Chair of the Oversight Trust. The Board recruits new members through an open and competitive process, usually supported by an external agency. The Board is responsible for ensuring that appropriate training is provided as required.

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.

Grant Making Committee

The Grant Making Committee comprises four directors, the CEO and up to eight external members including young people. The Committee meets at least four times a year. Its role is to oversee the Company's grant making approach and operations including making funding decisions on grant applications recommended for funding by the executive team. The Committee also ensures grant making criteria is fit for purpose, including adequate risk assessment, and advise and guide the implementation and development of the Company's grant making approach and strategy.

Organisational Development Committee

Throughout the year ending 31 December 2020 the Company's Organisational Development Committee comprised three directors. The Committee oversees matters that have an impact on the Company's ability to meet its objectives relating to HR and remuneration, safeguarding and governance.

In doing so, the Committee will cover responsibilities sometimes handled by a remuneration committee and an appointments committee, including making recommendations to the Board on the remuneration and benefits of the CEO and other staff. Details of remuneration for the year ended 31 December 2020 are set out in note 10 to the financial statements.

Audit, Finance and Investment Committee

The AF&I Committee comprises three directors and a co-opted external corporate governance specialist. The Committee operates in accordance with written terms of reference approved by the Board, including responsibility for monitoring the Company's financial position, oversee the effective and efficient use of resources and to make recommendations to the Board accordingly.

The committee meets on a bimonthly basis and provides a forum for reporting by the Company's external auditors, who have access to the committee for independent discussion, without the presence of Company management. Management is responsible for the implementation of agreed audit recommendations and reports to the AF&I Committee on progress made in implementing such recommendations. The AF&I Committee also advises the Board on the appointment of internal, reporting accountants and financial statements auditors and their remuneration for audit and non-audit work as well as reporting annually to the Board.

Future Voices Group

Following the principle of 'nothing about us without us' youth voice is woven throughout every element of our work. Towards the end of 2020 we set up our Future Voices Group of 13 young people, including a Board Director. Collectively these young people will feed into our vision and strategy and act as our ambassadors and advocates for young people across England on the issue of employment.

Remuneration report

The Company has a Remuneration Policy, owned by the Board, that governs executive and non-executive remuneration and which incorporates its obligations under the Governance Agreement for setting and reporting remuneration.

In relation to remuneration, the Organisational Development 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 per year in light of the market, retention, engagement, budget and plans and performance and recommending any changes to the Board
- the CEO's remuneration package annually and recommending changes to the Board
- and 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 keep 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 payscales
- 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 key management practices include:

- Ensuring we pay staff at least the Living Wage (as defined by the Living Wage Foundation)
- Pay bands, approved by the Board, with upper and lower limits for each grade of role. Any salaries to be paid outside the respective band need prior approval from the Chair
- When we work with young people for specific pieces of work, for example a youth voice initiative, we pay for their time (to a level 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 Committee members (i.e. those who are not employees or directors of Youth Futures) a fee to compensate for the 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 21.

Equality, diversity and inclusion

In order to achieve our mission, it is vital that we build a highly skilled, diverse team committed to achieving our mission. The young people we aim to serve – and the challenges they face - are all unique. We therefore need to build a team that reflects this diversity. Our commitment to inclusion across race, gender, age, class, religion, identity, and experience 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 we have continued to adapt during lockdown and will review again when lockdown is eased in order to assess whether the flexible working practices we have been forced to adopt during lockdown should usefully be retained after lockdown. The recruitment of our team around our three hubs of Birmingham, Leeds and London has enabled us to attract a greater diversity of talent than simply focussing recruitment in one city.

In building the Board, the Future Voices Group, and making external appointments to the Grants Committee, we have also ensured our governance and advisory structures contain a broad diversity of background and experience.

During 2020, we also established an Equality, Diversity and Inclusion (EDI) group within the staff team in order to lead the creation of a more broad-based EDI strategy.

Gender pay reporting

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

The gender pay gap is a measure of the difference between how much, on average, men earn and how much, on average, women earn. It is impacted by both how much people are paid at each level of the organisation and the relative number of men and women at different levels of the organisation. 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.

At 31 December 2020, we employed 17 permanent staff: nine female and eight male. The gender pay gap was as follows:

	Median	Mean
Senior Leadership Team	-30%	-28%
All other employees	-17%	-12%
All employees	39%	17%

The all employee gender pay gap is caused by four out of five members of the senior leadership team being male. This high proportion of male, senior (higher paid) staff more than offsets the fact that our highest paid employee is female and, outside the senior team, the average salary of female employees is higher than that of male employees. We will continue to monitor the gender pay gap and ensure women are given the opportunity to progress into senior roles.

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 2020 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 of the view 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 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed 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 has not used an internal audit service for the period ended 31 December 2020. For that period, the Company management and directors have assessed the internal controls drawing on the work of the external auditors and focused internal reviews.

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 financial statements auditors in their management letter
- AF&I 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

The senior management team and the AF&I Committee are reliant on several sources of assurance, which include recommendations for improvement. The AF&I 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 AF&I Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

Based on the advice of the AF&I 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 £51.8m plus a further drawdown of £34.1m available from

the initial allocation of £90 million dormant assets funding to implement the strategic plan adopted in January 2021. 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.

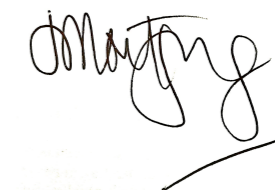
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), 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 20 May 2021 and signed on its behalf by:



J Montgomery
Director

Date: 20 May 2021

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 2020, which comprise the Statement of comprehensive income and retained earnings, 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 2020 and of its profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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.

Independent auditors' report
To the member of Youth Futures Foundation Limited

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

- the Directors' Report has 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 21, 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:

Management override: To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We reviewed systems and procedures to identify potential areas of management override risk. In particular, we carried out testing of journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions to identify large or unusual transactions. We reviewed key authorisation procedures and decision making processes for any unusual or one-off transactions. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

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 in place including a review of the risk register maintained by the company. We have also reviewed the procedures in place for the reporting of any incidents to the Board including serious incident reporting of these matters as necessary.

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

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



Helena Wilkinson
(Senior statutory auditor) for and on behalf of

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

Date: 2 July 2021

Financial statements

For the year ended 31 December 2020



Statement of comprehensive income

For the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Income	4	13,830,321	627,963
Programme costs	6	(12,333,038)	(73,902)
Gross surplus		1,497,283	554,061
Administrative expenses	7	(1,619,738)	(562,866)
Operating deficit		(122,455)	(8,805)
Interest receivable and similar income		151,179	10,870
Surplus before tax		28,724	2,065
Tax on surplus	11	(28,724)	(2,065)
Total comprehensive income for the year		-	-

Retained earnings at the end of the year

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of income and retained earnings.

The notes on pages 30 to 40 form part of these financial statements.

Balance sheet

As at 31 December 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	12	30,361	849
		30,361	849
Current assets			
Debtors: amounts falling due within one year	13	29,079	3,609
Cash at bank and in hand	14	51,806,240	45,440,748
		51,835,319	45,440,748
Creditors: amounts falling due within one year	15	(51,865,680)	(45,441,597)
Net current liabilities		(30,361)	(849)
Total assets less current liabilities		-	-
Net assets		-	-
Capital and reserves		-	-

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 20 May 2021 by:

J Montgomery
Director

The notes on pages 30 to 40 form part of these financial statements.

Statement of cash flows

For the year ended 31 December 2020

	2020 £	2019 £
Result for the year		
Surplus/(deficit)	-	-
Adjustments for:		
Depreciation of tangible assets	3,620	-
Interest received	(151,179)	(10,870)
Taxation charge	28,724	2,065
(Increase) in debtors	(25,470)	(3,609)
Increase in creditors	6,426,148	45,439,532
Corporation tax (paid)/received	(30,789)	-
Net cash generated from operating activities	6,251,054	45,427,118
Cash flows from investing activities		
Purchase of tangible fixed assets	(33,132)	(849)
Interest received	151,179	10,870
Net cash from investing activities	118,047	10,021
Increase in cash and cash equivalents	6,369,101	45,437,139
Cash and cash equivalents at beginning of year	45,437,139	-
Cash and cash equivalents at the end of year	51,806,240	45,437,139
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	51,806,240	45,437,139
	51,806,240	45,437,139

The notes on pages 30 to 40 form part of these financial statements.

Analysis of net debt

For the year ended 31 December 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at bank and in hand	45,437,139	6,369,101	51,806,240
	45,437,139	6,369,101	51,806,240

The notes on pages 30 to 40 form part of these financial statements.

Notes to the financial statements

For the year ended 31 December 2020



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 Tintagel House, 92 Albert Embankment, London, SE1 7TY. 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 GBP.

The preparation of financial statements in compliance with FRS 102 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 have discussed the potential impact of Covid-19 on the company in the Directors Report. They 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.

Notes to the financial statements
For the year ended 31 December 2020

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.

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

Defined contribution pension plan

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 Balance sheet. 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 also recognised in other comprehensive income or directly in equity, respectively.

2.8 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

2.8 Tangible fixed assets (continued)

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 profit or loss.

2.9 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.

2.10 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.

2.11 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.

2.12 Financial instruments

The Company only holds financial assets and liabilities that qualify as basic financial instruments: trade and other debtors and creditors, and cash held at the bank.

3. Judgments 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 balance sheet date 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 fixed assets are depreciated 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.

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

4. Income

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

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Dormant assets grant income	13,830,321	627,963
	13,830,321	627,963

All income arose within the United Kingdom.

Dormant assets grant income relates to dormant assets funding received by the Company from TNLCF under a tripartite funding agreement entered into between the Company, TNLCF and the Oversight Trust in 2019, under which TNLCF will distribute £90 million of dormant assets money to the Company (the "Funding Agreement"). 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, £10 million (2019 - £45.9 million) was received from the TNLCF under the Funding Agreement with the purpose of the grant being 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 restricted for use in England. All of the expenditure incurred under this grant is restricted to these purposes. During the year, £13,830,321 (2019 - £627,963) was charged to the Statement of Comprehensive Income and the remaining amount of funds deferred at 31 December 2020 was £41,401,716 (31 December 2019 - £45,232,035).

6. Programme costs

An analysis of programme costs is as follows:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Grants payable	11,651,490	-
Grants operations	427,542	-
Research and evaluation	231,506	28,902
Other programme costs	22,500	45,000
	12,333,038	73,902

7. Administrative expenditure

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

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Staff costs (including contractors)	1,096,676	323,180
Directors remuneration	50,943	73,792
Recruitment expenses	151,474	56,007
Travel, training and development	26,677	16,460
Office rent	86,935	-
Marketing and communications	19,543	12,904
IT, telephone and office costs	49,546	17,189
Professional fees	133,695	63,098
Bank charges	629	236
Depreciation	3,620	-
	1,619,738	562,866

8. Operating loss

The operating loss is stated after charging:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Depreciation	3,620	-
Operating lease rentals of land and buildings	80,520	-
Auditors' remuneration	11,500	6,650
Directors' remuneration	50,943	73,792

9. Auditors' remuneration

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	11,500	6,650
Fees payable to the company's auditor and its associates in respect of:		
Accountancy services	1,500	2,500
Taxation compliance services	10,350	750
	11,850	3,250

10. Employees

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

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Wages and salaries	531,957	31,885
Social security costs	53,561	3,669
Cost of defined contribution pension scheme	26,794	986
	612,312	36,540

All employees are entitled to participate in a stakeholder pension scheme, with 5% employee contribution and 6% employer contribution.

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

	Year ended 31 December 2020 Number	Period ended 31 December 2019 Number
Employees	8	1

During the course of the year, the Company significantly increased its staff team and had 17 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 and secondees from other organisations.

Directors are not employees and are engaged via service agreements. The fees for such agreements are disclosed in note 21.

10. Employees (continued)

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:

	2020 Number	2019 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	3	-
£80,001 - £90,000	-	-
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	1	1
	6	1

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 21.

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 leadership team which comprises the CEO, COO, Director of Strategy & Innovation, Director of Grants & Investment and Director of Impact & Evaluation. With the exception of the CEO, all other management personnel started at various points during the year.

Key management personnel remuneration is made up as follows:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Salaries	245,222	16,429
Employer's national insurance	30,361	2,069
	275,583	18,498
Pension contributions	14,443	986
	290,026	19,484

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

	2020 £	2019 £
Salary	115,000	16,429

10. Employees (continued)

The remuneration package of key management staff, including the CEO, was unchanged from the last financial year. The CEO reports to the Chair, who undertook periodic reviews of her performance against the Company's overall objectives using both qualitative and quantitative measures of performance.

The CEO's basic salary as a multiple of the median full-time equivalent remuneration of the company's employees was 2.3 (2019: 1). The change from last year is because the CEO was the only member of staff in the previous year.

11. Taxation

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Corporation tax		
Current tax for the year	28,724	2,065
Taxation on profit on ordinary activities	28,724	2,065

Factors affecting tax charge for the period

The tax assessed for the period is the same as (2019 - the same as) the standard rate of corporation tax in the UK of 19% (2019 - 19%) as set out below:

	Year ended 31 December 2020 £	Period ended 31 December 2019 £
Taxable surplus	151,179	10,870
Taxable surplus multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	28,724	2,065
Total tax charge for the year	28,724	2,065

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Tangible fixed assets

	Office Equipment £	Computer Equipment £	Total £
Cost or valuation			
At 1 January 2020	849	-	849
Additions	-	33,132	33,132
At 31 December 2020	849	33,132	33,981
Depreciation			
Charge for the period	407	3,213	3,620
At 31 December 2020	407	3,213	3,620
Net book value			
At 31 December 2020	442	29,919	30,361
At 31 December 2019	849	-	849

13. Debtors

	2020 £	2019 £
Prepayments and accrued income	16,879	3,609
Other debtors	12,200	-
	29,079	3,609

14. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	51,806,240	45,437,139
	51,806,240	45,437,139

15. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	135,638	74,135
Corporation tax	28,724	2,065
Other taxation and social security	33,049	5,402
Other creditors	8,473	2,234
Deferred dormant assets grants	41,401,716	45,232,035
Accrued grant commitments	10,052,901	-
Accruals and deferred income	205,179	125,726
	51,865,680	45,441,597

16. Reconciliation on deferred dormant assets creditor

	2020 £	2019 £
At 1 January	45,232,035	-
Expenditure in the period	(13,830,321)	(627,963)
Dormant asset drawdown in the period	10,000,002	45,859,998
At 31 December	41,401,716	45,232,035

Over the lifetime of the Company, a total of £55.9 million of our £90 million dormant assets commitment has been drawn down, of which £14.4 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.

17. Financial instruments

	2020 £	2019 £
Financial assets		
Financial assets measured at fair value through profit or loss	51,806,240	45,437,139

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

18. 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 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.

19. 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 £26,794 (2019: £986). Contributions totalling £8,473 (2019: £767) were payable to the fund at the balance sheet date and are included in creditors.

20. Commitments under operating leases

At 31 December 2020, the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than one year	43,920	80,520
Later than one year and not later than five years	-	7,320
	43,920	87,840

The operating lease commitment relates to land and buildings. The amount of lease payments recognised as an expense during 2020 was £80,520 (2019 - £Nil).

21. Related party transactions

In 2020, non-executive directors were paid £5,500 per annum each for the service of acting as a non-executive director, except for the chair who was paid £12,000 per annum. Total non-executive directors' fees in 2020 were £50,943 (2019 - £73,792). The previous period includes amounts for the additional work done by the Directors during the start-up phase of the Company before the arrival of the Chief Executive.

At the year end, the amount of unpaid service fees was £Nil (2019 - £1,467). Two directors received a total of £162 (2019: £144) in travel costs reimbursement during the year.

22. Controlling party

The sole member and ultimate controlling party is the Oversight Trust. 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:

E: partnerships@youthfuturesfoundation.org
www.youthfuturesfoundation.org



Get in touch:

www.youthfuturesfoundation.org

 **@YF_Foundation**

 **company/youthfuturesfoundation**