

NATIONAL CITIZEN SERVICE TRUST

Annual Report 2019/2020

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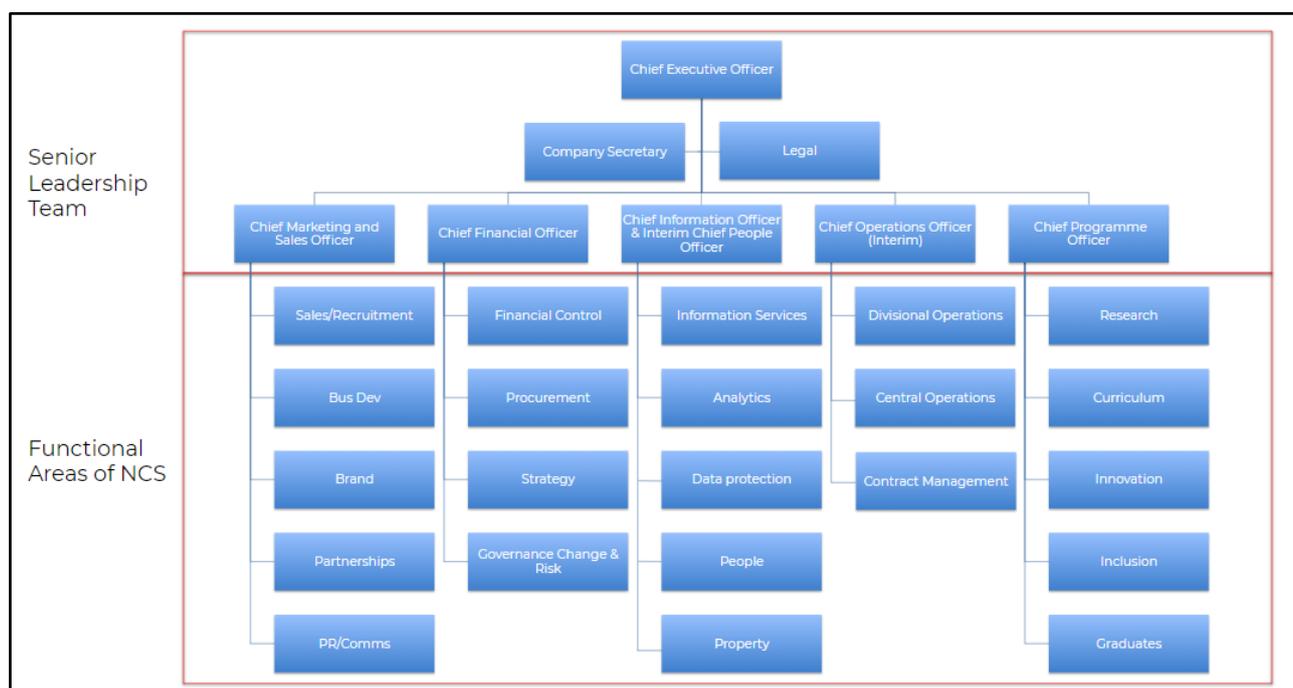
Performance Report

Overview

The National Citizen Service Trust is a youth programme that runs across England, focused on 16-17 year olds poised on the cusp of adulthood. They have both the maturity and open mindedness to reflect on their lives and the world around them whilst being open to change, new ideas and people. NCS is the only recognised and Government-funded programme offering an important intervention at this critical time in their lives, helping to develop the young national citizens of the future.

The Trust is incorporated by Royal Charter pursuant to the National Citizen Service Act (2017) and is governed by a diverse board of trustees. The NCS programme is almost entirely funded by HM Government, through the Department for Digital, Media, Culture and Sport (DCMS) and the responsibility for commissioning and overseeing the delivery of the NCS programme belongs to the Trust.

This diagram shows the structure of NCS Trust:



The Trust received a £158.6m grant-in-aid (GiA) from DCMS in 2019/20. Other income amounted to £3.54m and total expenditure for the year was £156.4m. Please see the financial statements and notes for more detailed information.

It is a legal obligation of the Trust to publish an Annual Report in line with a series of regulations – including the Government’s Financial Reporting Manual (FReM)

The purpose of this overview is to give readers a brief insight into what the Annual Report contains with signposting to allow further detailed reading.

The financial year 2019/20 saw significant provider unit cost reductions. This was driven by the renegotiated 2019 contracts, which saw a circa 5% decrease in provider unit prices. Provider unit cost to the taxpayer for the calendar year 2019 was £1,379 per place against a target of £1,468. The Performance Analysis section gives a detailed breakdown.

In 2019/20, the programme consisted of either a three or four-week programme designed to bring young people together to bridge social divides, develop character and life skills. It included an

outward-bound residential week, a week of independent living and learning life skills, and then further weeks helping local communities through social action - all at a cost of up to £50 for the young person.

Staff remuneration is overseen by the Trust's Remuneration Committee and aligned to the Civil Service Pay Guidance.

The NCS Trust had 229 permanent staff and contractors in 2019/20 and its total salary bill was £14.4m. Detailed information about staff numbers and pay are included in the Remuneration and Staff Report.

The Trust has also strengthened risk management to improve operational resilience. The Governance Report gives more insight into actions taken to do so.

NCS Trust also created and launched a successful marketing campaign entitled 'No We Can', that has driven brand awareness, greatly increased brand love among teenagers and created deeper engagement by amplifying the voices of young people and getting those voices heard.

This Annual Report covers a year of intense change for the Trust that included NCS 2.0 recommissioning which was a major step forward in developing the programme for the next decade. Recommissioning of the supply chain had four key ambitions; a more diverse supply chain, improved impact, better value for money and engaging more young people. The refreshed supply chain was diversified, particularly in London with the move away from a single supplier. New commercial arrangements were designed to ensure less expenditure on unfilled places, whilst incentivising suppliers to overperform. For the first time, NCS Trust took on direct management of three out of the nine regions - North East, South West and London. Previous experience had been running half of the South West regions after the need to step-in. The intention was to remove a layer of management cost and establish and share best practice by working directly with local suppliers. The Trust TUPE-transferred in many of the staff who were already working in the regions to retain local knowledge and experience.

The Trust's first CEO, Michael Lynas, left in March 2020 with the new CEO, Mark Gifford, immediately taking the reins following a long and successful career at the John Lewis Partnership.

The 2019/20 Annual Report is, by definition, a backward-looking document. Much has and will continue to change at the Trust under the leadership of the new CEO. A leaner, more cost-efficient organisation is almost certainly part of future planning, with a focus on automating where possible and building digital capability to reduce running costs and maximise efficiency. The challenge and impact of COVID-19 will be enduring, but the Trust sees tremendous opportunity in reaching out to young people in innovative ways to help them on their journey to becoming true national citizens.

Performance Summary for 2019/20

[Chair's Report \(Brett Wigdortz\)](#)

This annual report for FY 19/20 covers a year of substantial change for the Trust. Supported by the Board, the CEO and Senior Leadership Team underwent the NCS 2.0 recommissioning of its flagship programme for young people across the country, bringing new partnerships into the sector like football clubs and private businesses (120 partners) and targeting disadvantaged or under-represented young people to make a real difference to their lives.

Focused on its vision of 'a country of connected, confident, caring citizens where everyone feels at home', the Trust has had almost 600,000 young people take part in the programme. The most

recent impact evaluation report showed how we deliver value for money, with the Trust giving back £3.49 in benefits to society for every £1 spent¹. For the 2018 summer programme, these benefits comprised £155.8 million in enhanced leadership skills, £302.4 million attributable to improved aspiration to pursue higher education and £96.5 million associated with additional volunteering hours.

The appointment of a diverse range of delivery partners on new contracts, with the Trust itself taking direct control of three geographically-spread delivery areas, has been key to this successful change. It has brought the Trust closer to front line delivery, increased diversity in our partner network, embedded NCS even more firmly into communities, and will drive consistent quality and cost efficiencies. Over time the Trust hopes to expand this model to other parts of the country.

Whilst collating this report on last year and reflecting on our many achievements, inevitably the board's attention is on looking to the future. We and the Trust leadership have learnt much from our first year of commissioning and the unprecedented arrival and impact of COVID-19. We see opportunities ahead to reach more young people at lower cost, offering them a greater choice of how to experience NCS; new strategic partnerships to help us deliver our vision and closer connections with schools and local communities.

The NCS Trust board also warmly welcomes our new CEO, Mark Gifford, and is already working with him and his Senior Leadership Team on our joint ambition to give young people a sense of life-long purpose and the confidence to succeed. I feel certain that we now have in place the building blocks for an even more successful second decade.

Finally, I would like to thank the former CEO, Michael Lynas, for his work over the last ten years. The board and I wish him the very best for the future.

CEO's Report (Mark Gifford)

Starting as CEO in March 2020 I did not expect my priorities to be dominated by the impact of COVID-19. I joined the Trust because I had a belief in the positive difference NCS can make on the lives of young people. The impact of COVID-19 on society and young people has confirmed my view that the Trust not only has a positive impact but we can play a significant role in a renewed focus on our country's values and togetherness and the establishment of what we will come to recognise as a 'new normal'.

This annual report sets out what we have achieved, but it also recognises that the context in which we operate and the needs of society and young people have changed.² The Trust needs to change but what is still relevant and timeless is our vision of '**a country of connected, confident, caring citizens where everyone feels at home**'. In a world full of change, one thing remains constant and at the very heart of why we exist: Our passionate commitment to making a positive and meaningful impact on the lives of the young people of England. We know we can provide an opportunity for every teenager to grow and flourish, to be more confident and resilient and to feel part of our society with a lifelong commitment to being an active member of it - to be truly a national citizen.

This report along with our Evaluation reports demonstrate our impact.

¹ Cost benefit analysis, combining the cost of programme delivery with net programme benefits of leadership, aspirations to higher education and volunteering. *Source: National Citizen Service 2018 evaluation, DCMS. Note that the evaluation report was dated 2020*

² It should be noted that the Annual Report and Accounts is primarily concerned with the period 1 April 2019 - 31 March 2020

Our Impact

Having had almost 600,000 young people take part we can demonstrate;

- We deliver value for money. £3.49 of benefits to society for every £1 spent³.
- Young people have given 14.5 million hours of volunteering.
- 70% of participants felt more confident about getting a job in the future following the programme, and confidence in leading a team increased by 18% points compared to a comparison group⁴.
- 78% of participants felt more positive about people from different backgrounds after attending NCS⁵.
- Two years after doing the programme, participants still were ahead of peers on key work skills like teamwork, communication and leadership⁶.
- We have a greater positive impact on certain groups on a number of key outcomes - especially female participants, those from more economically disadvantaged backgrounds, those who are disabled and those who come from BAME backgrounds⁷.
- Entry rates to university are, on average, 12% higher for NCS participants. The value of participating in NCS is significantly higher for those living in areas with traditionally lower entry into higher education⁸.
- Young people who have completed NCS spend more time volunteering compared to their peers - an additional 8 hours on average⁹.

To have had this impact demonstrates the Trust's competence and professionalism as an organisation focused on doing the right things in the right way, as well as being a positive disruptor in the youth sector. I have been impressed by the Trust's exemplary Safeguarding management which is externally recognised as being best in class.

We have brought new partnerships into the sector like football clubs and private business (120 partners), ensuring that our delivery is rooted in local communities across the country and broadening our reach to make sure we are relevant to all young people, particularly those most disadvantaged in society. The coalition of local infrastructure supported by national leadership is key to our success.

We have used technology to drive consistency and impact. We are focused on contract management and commissioning.

Our 'No We Can' advertising campaign has given clear vision and ambition to what we offer young people, their parents and other stakeholders. We have moved to become an important youth brand and we continue to be the lead choice of young people in looking to be engaged, inspired and support them in building confidence, resilience and a variety of skills.

³ Cost benefit analysis, combining the cost of programme delivery with net programme benefits of leadership, aspirations to higher education and volunteering. *Source: National Citizen Service 2018 evaluation, DCMS.* Note that the evaluation report was dated 2020

⁴ *Source: National Citizen Service 2018 evaluation, DCMS*

⁵ *ibid*

⁶ *Source: National Citizen Service 2013 Evaluation - Two Years On, Ipsos MORI, 2017*

⁷ *Source: In the Mix with NCS, Jump Projects Limited and MIME Consulting Limited, 2019*

⁸ *Source: Exploring the wellbeing impact of NCS, Jump Projects Limited and Simetrica, 2017*

⁹ In a typical four-week period after the programme, summer 2018 NCS participants spent an additional 8 hours volunteering on average compared to a comparison group. *Source: National Citizen Service 2018 evaluation, DCMS*

We have a wide-reaching role in the youth sector where internal research indicates that our engagement of 16-17 year olds is the largest in the country and is particularly successful at targeting those from diverse backgrounds. As a Royal Charter organisation we can use our relationship with the Government to support young people and help Government both achieve its goals, such as levelling up, but also understand the needs of young people as we recently did in collating a youth sector wide report on the impact of COVID-19. We have the capability to continue to make a difference and this is something we wish to build up and use our expertise by building a coalition of supporting Young people.

Summer 2020

2020 was an extraordinary summer and we rose to the challenge of using our infrastructure and expertise to support young people and make a difference to the communities where they live. The way we have established partnerships and networks enabled us to pivot and repurpose them for the benefit of the country. This agility and ability to respond quickly to the needs is something we will continue to develop so we can be of service to society and young people.

For Summer 2020 we focused on:

1. 'Staying Connected', our digital offer, launched on 20th April to 'inspire, inform and entertain' young people, so that their voice can be heard whilst we can't run physical programmes. We have created new and original content and we have had over 1.49 million unique engagements with that content so far.
2. 'Keep Doing Good' - this is about serving the community and the country. In May 2020 we launched our 'One Million Hours of Doing Good' initiative, inviting young people to register volunteering hours to help rebuild their local communities. Working with our national network of partners we are bringing together young volunteers and matching them to their communities' needs. Our national focus is on enabling young people to volunteer to work in charity shops to help reinvigorate our high streets as part of our partnership with the Charity Retail Association. This activity gives young people, who are new to the labour market, the chance to learn about what it is like to be part of an active workforce and starts to equip them with skills to help them find future employment.
3. We have also launched our campaign for 'My First Pint'. Through this initiative, we have invited young people to register on their 17th birthday to give their first pint of blood. We have done this in partnership with the NHS Blood Donation and Transfusion Unit. We see this as the first of many initiatives we can pioneer to enable young national citizens to support the NHS and other public services.
4. Supporting schools and colleges with our 'Moving Forward' initiative. Working closely with the Department for Education as one of their strategic partners we have offered a variety of interventions to help years 11 & 12 return to education after lockdown, especially focusing on opportunity or disadvantaged areas. We are supporting rebuilding relationships, offering employability skills and life skills like resilience and confidence. We are providing summer schools and a strong Autumn offering.

The year ahead

Our focus in the year ahead can be summed up in the following headings;

Reimagine - This is about getting to the heart of why we exist and what our role is and how this applies in a new 'normal'. Continuing being a disruptor; a colleague, collaborator and catalyst for the sector; a thought leader for decision makers.

Refocus - New challenging times require new innovative thinking. We need to give young people choices and we need to target where we can have maximum impact. We need to build new strategic partnerships across the youth sector.

Reform - We have done much to reduce costs, but there is more we can do and we need to ensure the voice and needs of young people is at the forefront of our minds and actions.

Summary

Our vision remains relevant and this annual report evidences the positive impact we have had on young people especially those from BAME or disadvantaged backgrounds. Our repurposed summer shows our ability to be agile and flexible, supporting both the needs of young people and of society.

NCS exists and is proven to bring people together, cross divides, build confidence and equip young people for adulthood. This annual report demonstrates our ability to deliver against this and our readiness to move forward with agility and the determination to make our ambitious vision a reality. The future will not be without its challenges, but I believe it can be a bright one for the young people who benefit from the NCS experience and are the future national citizens of our country.

Financial Performance

Grant in Aid (GiA) of £158.6m was received by NCS Trust in the year to 31 March 2020. There was also £3.54m of other operating income.

Total expenditure was £156.4m and is made up of the following:

- Programme costs - £119.2m
- Staff costs - £14.4m
- Other costs - £22.8m

The Statement of Financial Position at 31 March 2019 shows positive overall Taxpayer's Equity of £7.5m

Performance Analysis

During the year covered by this report, the Trust was working to an Interim Management Agreement.¹⁰ The final management agreement is expected to be agreed in 2021.

The following objectives were set out for the 2019/20 year:

- NCS Trust to increase demand to fill places and ensure delivery of high quality programmes
- NCS Trust to ensure the programme is impacting participants positively
- NCS Trust to increase Value for Money for taxpayers
- NCS trust to move programme variation forwards

¹⁰ The Management Agreement is the main governing document between NCS Trust and DCMS. It sets out key priorities, accountabilities, governance and reporting requirements. It does not supersede NCS' legal obligations as set out in the NCS Act and Royal Charter and other legislation.

Objective 1: Increase demand to fill places and ensure delivery of high quality programmes			
Assessment metric	2019/20 target performance	2019/20 performance	Notes
1) Total number of core participants in financial year 2019/20 (i.e. Summer 2019, Autumn 2019)	>100,000	91,489	Summer: 80,774; Autumn: 10,715
2) Net Promoter Score (NPS) [Combined score of participants and parents/guardians from the Summer Programme]	55	59	n/a

- The target for the 2019 calendar year was to exceed 100,000 participants.
- 91.5k participants took part in an NCS programme in 2019. 80,774 young people took part in the summer programme, with the remainder taking part in the autumn programme.
- The procurement process to agree new delivery contracts with the Trust took up a significant amount of provider capacity, and as a result the majority of providers experienced a small decrease in participation. In addition there was a legal dispute with one of the Trust's providers around unfilled places on the summer programme.¹¹
- NPS is a measure of likelihood to recommend. Once participants have completed NCS they, and their parents and guardians, are sent an SMS asking them to say on a scale of 0-10 how likely they are to recommend NCS based on their experience. A score of 0 indicates extremely unlikely to recommend and 10 indicates extremely likely to recommend. In order to work out the overall NPS result the percentage of detractors, which is those who score 0-6 and are likely to speak about NCS negatively, is subtracted from the percentage of promoters (those who score us 9 or 10). Customers who declare a score of 7 or 8 are labelled passives and are unlikely to speak positively or negatively about NCS. The higher the NPS, the more likely people are to recommend NCS to others.
- The Trust believes that the NCS 2.0 network creates a strong foundation for high levels of participation, supported by the introduction of a single IT system, improved analytical reporting, and a more flexible recruitment structure.
- Combined NPS score was 59, exceeding the annual target of 55. This was driven by improved scores across both Parent / Guardians and Young People.

¹¹<https://wearencs.com/agreement-reached-resolve-all-outstanding-matters-between-challenge-network-tcn-and-national>

Objective 2: Programme impact (summer programme 2019)			
Assessment metric¹²	2018/19 target performance	2019/20 target performance	2019/20 actual performance
Social cohesion: A self-reported experience measure showing the proportion of participants who felt more positive towards people of different backgrounds to themselves	80%	80%	76%
Social mobility: An impact measure showing the proportion of participants who felt positive about their chances of getting a job in the future	74%	80%	76% - an impact estimate of +3ppts
Leadership: An impact measure showing the proportion of participants who felt confident being the leader of a team	63%	63%	60% - an impact estimate of +7ppts*
Civic engagement: A self-reported experience measure showing the proportion of participants more likely to help out in their local area	63%	68%	65%

**Statistically significant percentage point impact estimate relative to a control group of non-NCS participants*

- The programme impact KPIs are based on provisional data from the 2019 NCS impact evaluation carried out by independent researchers Kantar, on behalf of DCMS. While these figures are not yet published as part of the 2019 impact evaluation report (and thus technically may be subject to change), they have been quality assured by Kantar at the time of writing.
- The evaluation reports on two types of measures: i) Impact measures, which compare the change in outcomes for NCS participants between a baseline and follow-up survey to the change between baseline and follow-up observed for non-participants (a control group). The difference between these two levels of change is the impact we attribute to

¹² The specific questions asked were:

- Social Cohesion: To what extent do you agree or disagree with the following statements about your National Citizen Service experience...? I now feel more positive towards people from different backgrounds to myself
- Social mobility: How much do you agree or disagree with the following statements...? I feel positive about my chances of getting a job in the future
- Leadership: How do you feel about the following things, even if you have never done them before...? Being the leader of a team
- Civic engagement: To what extent do you agree or disagree with the following statements about your National Citizen Service experience...? I am more likely to help out in my local area

participation on NCS (reported as percentage point differences). ii) Self-reported measures asked of survey respondents about their NCS experience (reported as % frequencies). It is important to note that both sets of figures are subject to margins of error.

- Kantar examines a range of measures as part of the annual evaluation. While the results show that for the 2019 summer programme NCS narrowly missed its target KPIs, the survey shows the programme is having statistically significant impact across a range of measures related to social cohesion, engagement and mobility outcomes. This includes confidence in leading a team (an impact of +7ppts relative to a control group).
- Programme impact was potentially affected by recommissioning - with partners noting that the procurement of NCS 2.0 took significant attention away from programme delivery.
- The annual impact evaluation figures are not designed to be compared year-to-year as every cohort of participants is different. This makes the setting of targets from a baseline, or from year to year, more challenging.
- NCS Trust and DCMS are currently reviewing impact metrics as part of a joint Evaluation Review during 2020. Moving forward, the intention is for our KPIs to more closely reflect the focus of NCS and to more accurately measure its impact. This includes corresponding target figures set.

Objective 3: Increase value for money for taxpayers		
Assessment metric	2019/20 target performance	2019/20 performance
Unit cost to the taxpayer for financial year 2019/20	£1,723	NA
Element of all-in-unit cost attributable to unfilled places	Stretch target* £20 Operational target* £33	NA

- The impact of Covid-19 has meant that we are unable to calculate the standard financial year value for money metrics.¹³
- Instead we have measured our performance against the following two KPIs:
 1. 2019 Calendar Year Provider Unit Cost
 2. 2019 Calendar Year Provider Unit Cost attributable to unfilled places
- 2019 Calendar Year Unit Cost takes the total expenditure for all the programmes that occurred in the 2019 calendar year and divides that by the number of programme participants in 2019. This includes costs that occurred in both 2018/19 and 2019/20 - with c.50% of the 2019 provider costs occurring in the 18/19 financial year. Central Trust administration costs are apportioned to calendar year in line with the split of provider costs.

¹³ Financial year unit cost takes the entire cost over the 2019/20 year and divides that by the number of participants it paid for. As NCS pre pays for a significant number of participants this includes both participants that took part on the programme in 2019 and those that would have in 2020. The cancellation of the programme in 2020 means that this metric is no longer valid.

Objective 3: Increase value for money for taxpayers			
Assessment metric	2018	2019	Notes on Target
Unit cost to the taxpayer for calendar year 2019	£1,840	£1,705 ¹⁴	Target performance in line with CY 2018.
Element of all-in-unit cost attributable to unfilled places (CY 2019)	Stretch target* £20 Operational target* £33	£54 (£5.0m)	Target performance in line with agreed KPIs

- Unit costs fell significantly year on year. This was mainly due to a decrease in provider unit costs - which fell by £126 per person - driven by the renegotiated 2019 contracts which saw a c.5% decrease in provider unit prices.
- Trust administration costs per person remained broadly flat, decreasing by £8 per person from £365 to £357 from 2018 to 2019.
- In addition costs of unfilled places fell year on year from £9.5m to £5.0m further driving the overall provider unit price down.
- Overall though the level of spend on places that went unfilled was disappointing this year. This spend went to our network of Delivery Partners (mostly made up of non-profit youth sector organisations), who the Trust gives part of their revenue upfront for the purposes of delivering NCS, to support activities such as running recruitment events and hiring programme staff.
- The Trust was able to recoup a significant amount of the prepayments made to providers where revenue was not already spent. However, given higher than expected levels of attrition (where a young person signs up to the NCS programme but then does not go to participate), providers had a large amount of costs they were unable to retrieve, which in turn the Trust was unable to recoup.
- As a result the unit cost attributable to unfilled places was £54 relative to an operational target of £33.
- The revised supplier contracts from 2020 onwards have been designed to minimise the risks of the Trust paying for places which are not filled in future. Furthermore, centralised booking of accommodation will enable the Trust to improve payment terms and minimise unfilled bed costs.

Objective 4: Programme variation KPI		
Assessment metric	2019/20 target performance (RAG)	2019/20 performance
Variation on track to take place with target number of participants	4 variations on track with partner organisations (Green)	3 variations on track with partner organisations (Amber)

¹⁴ Includes DCMS/HMT agreed special payment for legal settlement with The Challenge relating to 2019 provider payments

- A variation is a different and innovative way to deliver the core NCS programme.
- In 2019/20 NCS established an innovation programme in order to pilot multiple variations to the core NCS programme.
- Prior to COVID-19 four programme variations were underway, with three on track to deliver in Summer 2020 - Condensed residential, NCS Create, and Scouts. However, given the restrictions implemented as a result of COVID-19 all residential-based NCS programmes due to be delivered in Summer 2020 have been cancelled.

Sustainability Reporting

NCS Trust holds an exemption on sustainability reporting from the Department for Environment, Food & Rural Affairs on the grounds that our headcount falls below the threshold.

However, NCS Trust is committed to reducing its environmental impact by:

- Encouraging the use of video conferencing and dial-in facilities rather than travelling to meetings;
- Using recycled paper and other stationery;
- Using public transport rather than cars when travelling to meetings; and
- Ensuring that our printers and photocopiers are all energy efficient models which reduce paper wastage



Mark Gifford
CEO and Accounting Officer
NCS Trust
19 March 2021

Accountability Report

Corporate Governance Report

Introduction

This section of the annual report aims to explain how the Trust's governance is structured and implemented. We are accountable to Parliament for our spending of taxpayers' money. The board takes these responsibilities seriously, setting strategic goals and then overseeing the implementation of these by management. In doing so, we follow corporate governance best practice and will continue to develop the Trust's governance framework in response to external developments, internal changes and lessons learned.

Directors' Report

The Trust is a body incorporated by Royal Charter and is not a 'company' for the purposes of the Companies Act 2006. This directors' report therefore has been prepared using the Government Financial Reporting Manual (FRM) which is based on applicable Companies Act requirements as interpreted for the public sector.

Board of Directors

Members of the board of directors are appointed by DCMS through fair and open competition for a three year term with one exception of two years, Dame Julia Cleverdon. All of the board of directors were appointed on 1 December 2018, with the exception of Brett Wigdortz, who was appointed on 12 July 2018. Board members are eligible to be reappointed for a further period of up to three years.

There has been one change to the board of directors to the date of this report through the resignation of Flick Drummond due to her election as MP for Meon Valley on 12 December 2019.

The board sets the strategic objectives, standards and values of the Trust within high level policy objectives set by the DCMS Secretary of State. The Senior Leadership Team is collectively accountable, through the CEO, for the delivery of strategy, culture, values and performance. For the purposes of this annual report, the members of both the board and the senior leadership team are referred to as 'directors'.

The NCS board of directors, who had overall authority for directing or controlling the major activities of the Trust during the year ended 31 March 2020 were:

Brett Wigdortz OBE, Chair

Brett Wigdortz joined NCS Trust with a wealth of knowledge from a career spanning policy, management consulting and educational reform. In 2002, he founded Teach First, which he led for fifteen years, building into one of the country's leading movements tackling education inequality. Teach First is now the UK's largest graduate recruiter, running an accredited world-class teacher training programme that supports more than one million children in classrooms across England and Wales. In 2018 Brett co-founded Tiney.co in order to improve childcare for parents, practitioners and children.

Mark Gifford, Chief Executive

Mark Gifford was appointed CEO of NCS Trust in March 2020. Mark joins NCS Trust having previously worked in several significant roles across the John Lewis Partnership and most recently as the Director of Shop Trade for Waitrose & Partners. As a people-oriented leader, Mark is adept at creating and nurturing high-performing teams focused on achievement with a notable example including changing the way shops were run, which drove a fundamental change in the operating model, improved productivity and enhanced Customer & Partner experience. Outside of work, Mark is a father and husband who actively engages in his local community as a Chair of Governors at a primary school.

Paul Cleal OBE, Chair of the Audit and Risk Committee

Paul is a non-executive director and advisor with several organisations, including Guys & St Thomas NHS Trust, Kingston University, Sainsbury's and the Premier League. Previously over his 30 year executive career, he worked in local and central government and, for 16 years, was a partner at PwC. There, he served on the management boards of the firm in both the UK and Africa and led the Government and Public Sector practice. Passionate about diversity and inclusion, he was previously the Social Mobility and Child Poverty Commissioner, he works with a number of schools and acts as a mentor to many young people.

Dame Julia Cleverdon DCVO CBE

Dame Julia Cleverdon DCVO, CBE is a passionate and practical campaigner who has gained an international reputation for inspiring individuals and organisations to work together for the common good in the most challenged communities. She was the Chief Executive of Business in the Community from 1991 to 2007 and Special Adviser to the Prince's Charities from 2007 to 2014. As Chair of Teach First from 2007 to 2014, and now Vice Patron, Julia has pioneered efforts to address educational disadvantage. Julia co-founded Step Up To Serve and the #iwill campaign in 2013. She serves on the Careers and Enterprise Company and Youth Futures Foundation Boards, is Deputy Chair of the Fair Education Alliance, and Chair of the National Literacy Trust and Transform Alliance.

Dame Sally Coates DBE

Dame Sally Coates has worked in inner city schools since 1976 and has been Principal, Executive Principal and Head of School at academies and schools across London with 'Outstanding Ofsted grades. She is the Director of Secondary Education at United Learning, the biggest Multi-Academy Trust, which manages more than 50 academies nationwide. Dame Sally chaired The Review of the Teaching Standards in 2012 and also chaired the Education in Prison review in 2016. Her book 'Headstrong – 11 lessons of school leadership' was published in February 2015. Sally was made a Dame Commander of the British Empire (DBE) in the 2013 New Year's Honours List.

Felicia "Flick" Drummond (resigned)

Flick was elected as the Member of Parliament for Meon Valley. Following the election, Flick resigned from the board following her election to Parliament, a replacement is currently being sought.

Ian Livingstone CBE

Ian Livingstone CBE is one of the founding members of the UK games industry. He co-founded Games Workshop in 1975, launching the retail chain and Warhammer. He is an international best-selling author of the Fighting Fantasy gamebook series. Whilst serving as Chair of Eidos PLC, he launched Lara Croft: Tomb Raider. He was ranked 16th most influential person in the UK's digital economy in Wired 100 in 2012. He chaired the Next Gen Skills campaign, working with the government to introduce the Computing curriculum in schools in 2014. Ian is currently Chair of Sumo Group PLC.

John Maltby

John has a portfolio of Non-Executive roles including Chair of Allica Bank, Nordea Bank and Simplyhealth PLC. His previous appointments include Chair of Good Energy Group PLC, Chair of BlueStep Bank AS, CEO of Williams and Glyn and Group Director of the Commercial Bank of Lloyds Banking Group, the division specialising in lending to small businesses. He was also Group Chief Executive of Kensington Group PLC for seven years.

Tristram Mayhew, Chair of the Impact & Safeguarding Committee

Tristram served as a tank and infantry commander in the Royal Dragoon Guards, retiring as a captain in 1997. He spent three years with Coca-Cola and GE Capital before founding Go Ape in 2002 as 'Chief Gorilla'. Go Ape is a multi-award-winning forest adventure business operating at 50 locations across Britain and the USA with a vision to 'create adventures and encourage everyone to live life more adventurously'. He is responsible for youth sailing at Bosham Sailing Club and is an alumna of Edinburgh University and London Business School.

Lord Iain McNicol

Lord McNicol of West Kilbride is a British Labour politician and trade unionist. Between 2011-2018 he was General Secretary of the Labour Party and was previously the National Political Officer of the GMB Union. Iain began his involvement in political organising as president of the Student Union at Dundee Institute of Technology in 1991. Since then he has worked with both Scottish Labour Students and NOLS (The National Organisation of Labour Students).

Ndidi Okezie

Ndidi is a seasoned social advocate, passionate about youth voice and access to quality development opportunities for all young people. After working as a teacher and school leader for ten years, she spent six years as the Executive Director of Teach First, (the UK's largest graduate recruiter) before joining Pearson PLC to lead on Digital and Customer Voice Strategy. Ndidi is currently the CEO of UK Youth, a leading charity with a movement of over 5,500 youth organisations, reaching 1.6 million young people. She is a board director of the Mulberry Schools Trust, and CentrePoint U.K.

Ashley Summerfield, Chair of the People and Remuneration Committees

Ashley Summerfield has experience across a range of sectors, including finance, commercial property, marketing, sustainable technologies, commodities and private equity. Along with several colleagues, he co-founded the Central Europe Trust with former Chancellor of the Exchequer Nigel Lawson, a corporate finance advisory business specialising in Central and Eastern Europe. He currently leads Egon Zehnder's global board consulting practice, having been

with the firm for more than 20 years. Ashley has an MA from Cambridge University and an MPPM from Yale University and volunteers as a biology teacher for Teach First/Teach for All.

Senior Leadership Team

The Senior Leadership Team, who were responsible for the day-to-day management and oversight of the NCS programme, were

- Michael Lynas (Chief Executive Officer) - left 28 February 2020
- Mark Gifford (Chief Executive Officer) - started 2 March 2020
- Miriam Jordan Keane (Chief Marketing and Sales Officer)
- Kate Wood (Chief People and Property Officer) - left on 31 August 2019
- Simon Sharkey Woods (Chief Information Officer)
- John Kerlake (Chief Operations Officer) - left on 20 December 2019
- Amanda Best (Interim Chief Operations Officer) - started 23 December 2019
- Naim Moukarzel (Chief Programme Officer)
- David McLauchlan (Interim Chief Financial Officer) - returned to substantive role at the Trust from 31 July 2019
- Alan Bowers (Chief Financial Officer) - started 1 July 2019 and left on 28 February 2020
- Lizzie Hanna (Interim Chief Financial Officer) - started 26 February 2020
- Jeroen Sabbe (Director of Strategy and Implementation) - left the Senior Leadership Team for a new role internally on 31 July 2019
- Rob Bellhouse (Company Secretary) - left on 28 July 2019

Board of Patrons

The board of patrons, who have committed to lending their support and skills to the NCS programme, were:

- David Cameron (Chair)
- Lord Andrew Adonis (Labour peer and Vice Chair of European Movement)
- Bear Grylls OBE (World Scout Chief Ambassador)
- Carolyn Fairbairn DBE (Director General of CBI)¹⁵
- David Joseph CBE (CEO and Chair of Universal Music UK and Ireland)
- David Sheepshanks CBE DL (Founding Chair of St George's Park, FA National Football Centre)
- Baroness Floella Benjamin of Beckenham OBE DL
- Jamal Edwards MBE (Founder of SBTU)
- James Harding (Co-founder and Editor of Tortoise Media)
- Javed Khan (CEO of Barnardo's)
- Jude Kelly CBE (Founder of the Women of the World Festival and Foundation)
- Justine Roberts CBE (Founder and CEO of Mumsnet and Gransnet)
- Baroness Karren Brady of Knightsbridge CBE (Vice Chair of West Ham FC)
- Dame Louise Casey DBE CB (Strategic Advisor to Crest Advisory and Advisory Committee Chair at the Institute of Global Homelessness)
- General Sir Nick Carter GCB CBE DSO ADC Gen (Chief of Defence Staff)
- Robert Peston (Founder of Speakers for Schools and ITV political editor)
- Dame Sally Coates DBE (Director of Secondary Education at United Learning)
- Sarah Sands (Editor of the Today Programme)¹⁶
- Stephen Greene CBE (CEO and co-founder of RockCorps and former Chair of NCS board of Directors)
- Tim Allan (Founder and former Group Managing Director of Portland Communications)
- Tom Harrison (CEO of England and Wales Cricket board)
- Lord Waheed Alli (CEO of Silvergate Media and Chairman of Koovs PLC)

¹⁵ Carolyn Fairbairn DBE, Baroness Floella Benjamin OBE, Jamal Edwards MBE, Javed Khan, Jude Kelly CBE and Justine Roberts CBE stepped down from the Board of Patrons after the reporting period.

¹⁶ Sarah Sands stepped down from her role as Editor of the Today Programme in January 2020.

External Business Interests

The NCS Trust is very conscious that directors must be free of any conflicts of interest when performing their duties. Each of the directors is under an obligation to declare any external interests or changes to their actual or potential interests as these arise. The Trust reviews the conflict of interest policy annually and undertakes a conflict declaration exercise; a schedule of all declared interests is provided to DCMS and is [available online](#).

Corporate Governance

The NCS Trust is a Royal Charter Arms' Length Body (ALB) of the DCMS and adheres to all the necessary regulatory requirements. The Trust has looked to best practice from the UK Corporate Governance Code in developing its ways of working, as recommended by HM Treasury's Managing Public Money guidance. There is a formal schedule of matters reserved for the board's decision, supported by a board-approved delegation of authorities metrics which sets thresholds beyond which material spending commitments can only be entered into with prior board approval.

The roles of the Chair and the CEO are held by separate appointees. The board has not appointed a lead non-executive director (or Deputy Chair). The first round of board member appraisals and effectiveness reviews took place in June 2020; after the period to which this report relates and will therefore be reported in the 2020/2021 Annual Report. The non-executive directors are provided with the opportunity for a private discussion, without any executives present, at every board meeting.

Each board member has been provided with a tailored induction programme, including a DCMS presentation on the role and responsibilities of directors of an ALB and guidance and training in Managing Public Money. All directors have visited phases of the NCS programme; there is an expectation each director will devote time to visiting the adventure, discovery, social action and celebration phases in each year. In addition, all directors are expected to maintain and develop their professional skills and to continue to support NCS in line with best practice. The board develops and examines the Trust's strategy through regular review and 'deep dive' sessions. In times of great change (such as the impact of COVID-19) the board meets more regularly to ensure continuity of strategic direction and delivery and decision making.

The board of directors of the Trust exists primarily to deliver the NCS programme, currently offered to 16-17 year olds. The board of directors are drawn from a wide range of backgrounds to bring differing economic perspectives and skills to the board's discussions. It is vital for the Trust's political relevance that the voice of young people is heard when the board discusses key strategic issues. The board's youth representative, Jermain Jackman, also attends the Trust's National Youth Board in addition to board meetings. An NCS graduate himself, Jermain has wide experience of the issues facing NCS and young people. In addition, the board frequently invites a range of young people from the National and Regional Youth boards to join meetings and strategy days for discussions. The board operates on a collegiate basis and discussion and decision-making is not dominated by any individual or group of individuals.

A governance review commenced in 2020 focussing on delivering an improved framework within the Trust, with scope and deliverables in response to audit recommendations as well as the desire of DCMS and NCS business to provide greater transparency and tighter control. The review reports regularly to the DCMS Sponsor Steering Group as well as the Audit and Risk Committee and board.

Board Committees

Board committees have responsibilities in respect of monitoring and leading on aspects of risk management across NCS in accordance with their terms of reference. The terms of reference of the committees are reviewed annually to ensure they remain relevant to the objectives of the Trust. Changes to the terms of reference may be made by the committee subject to board approval and following appropriate consultation and agreement.

The board currently has four committees to support it in discharging its duties:

- Audit and Risk Committee (ARC) - chaired by Paul Cleal OBE. The ARC is responsible to the board of directors to provide an independent view of financial and corporate governance and risk management. The committee is responsible for the relationship with the Trust's auditors. The committee's duties include; reviewing systems of internal control, approach to risk management, monitoring the integrity of financial systems, monitoring counter-fraud arrangements and compliance with legislation and other regulatory requirements. The ARC receives instructions from the board of directors on areas where additional assurance is required and formally reports to the board. The ARC comprises two non-executive directors (a third is being recruited), a government representative and two external members, both of whom are qualified accountants and the committee is attended by representatives of the internal and external auditors.
- Impact and Safeguarding Committee - chaired by Tristram Mayhew. The Impact and Safeguarding Committee is responsible to the board to provide an independent assessment which assures board members of the quality of the NCS Programme and that the safety and wellbeing of NCS participants is at the forefront of organisational decision making. The committee scrutinises, challenges and shapes the strategy for evolving the NCS programme and defines how impact and value are measured and understood. The Committee comprises three non-executive directors and in 2020 two external experts will join.
- People Committee - chaired by Ashley Summerfield. The People committee is responsible to the board to provide an independent assessment of all workforce responsibilities including organisational health, culture, values, ethical standards, diversity and inclusion, and organisational design. It also serves as a Nominations Committee when necessary, with specific responsibilities around board structure, composition, succession planning and appointments, especially in relation to the CEO and monitoring succession planning for Senior Leadership Team roles. The committee comprises four non-executive directors and a highly experienced HR professional who serves as an external member.
- Remuneration Committee - this is a sub-committee of the People Committee and is also chaired by Ashley Summerfield. Its role is to make recommendations to the Trust's board about the remuneration policy (but not about individual pay decisions). It also has a specific role in providing the Trust's board with information about CEO remuneration, including a performance assessment and relevant benchmark data. The committee comprises the five members of the People Committee in addition to a government representative. Under the NCS Charter, the government representative holds a casting vote on the remuneration committee.
- Recommissioning Committee - this was a sub-committee of the board co-chaired between Brett Wigdortz, Paul Cleal and John Maltby. The role of this committee was to oversee the implementation of the recommissioning of NCS 2.0. The committee met on

six occasions between the period 26 July 2019 to 13 February 2020. In addition to the non-executive directors, the committee was supported through the attendance of the CEO, Senior Leadership Team and legal counsel to support on operational, contractual and legal matters.

- Succession Committee - this was an ad hoc sub-committee of the board chaired by Ashley Summerfield. It was set up on 11 September 2019 for the purpose of finding and recruiting a new CEO, following Michael Lynas informing the board of his decision to resign. This committee included Brett Wigdortz, Ian Livingstone, Ndidi Okezie, Deborah Tavana and Jermain Jackman as members. Dame Julia Cleverdon, Lord Iain McNicol and Dean Creamer were also engaged through their roles on the People and Remuneration committees. Progress was regularly shared with the full board of directors, which was ultimately responsible for approving the appointment. The candidate was approved on 20 December 2019.

The minutes of all committee meetings are circulated to the entire board of directors, and the relevant committee chairs provide a verbal update on the principal matters discussed to the following board meeting.

Reports From Board Committees

- Audit and Risk Committee - in addition to its ongoing review of risks and internal controls, internal and external audit, KPIs and monthly financial information, the Audit and Risk Committee considered the UK's exit from the EU, ongoing legal and contractual issues surrounding the exit from the network of one of NCS Trust's largest providers as well as the Comprehensive Spending Review.
- Impact and Safeguarding Committee - the Impact and Safeguarding Committee reviewed incidents on programme, oversaw a review of the Trust's evaluation approach and new evaluation strategy, and agreed an updated safeguarding policy
- People Committee - the People Committee were updated on the work of the Succession Committee before their recommendation went to the board for approval, and reviewed outputs from a series of staff focus groups, making recommendations for improvement.
- Remuneration Committee - the Remuneration Committee approved the final performance payment award for NCS employees, agreed the Trust's approach to CEO pay, key new policies and approaches including sick pay, and the introduction of salary bands.
- Recommissioning Committee - the Recommissioning Committee supported the Trust by overseeing and recommending decisions to the board related to the Trust's recommissioning programme.
- Succession Committee - the Succession Committee ran a process to find a suitable CEO candidate to replace Michael Lynas. The committee enlisted the services of Odgers Berndtson to support with the search, and engaged a panel of youth representatives to run final interviews together with committee members.

Directors' Attendance at Board and Committee Meetings of the Royal Charter body

During the year ended 31 March 2020, the members of the board of directors attended meetings as follows:

Director	Board (regular)	Board (extraordinary)+	Audit & Risk Committee	Impact & Safeguarding Committee	People C'ttee	Recommissioning Committee‡	Remuneration Committee
Brett Wigdortz (Chair)	5/5	4/4				6/6	
Michael Lynas (CEO) †	4/4	3/3					
Mark Gifford (CEO) ††	1/1						
Paul Cleal	5/5	4/4	4/4			6/6	
Dame Julia Cleverdon	5/5	2/4			1/1		1/2
Dame Sally Coates	5/5	0/4	1/2*	0/1**			
Flick Drummond†††	2/3	2/4		2/3		2/5	
Ian Livingstone	5/5	0/4		***			
John Maltby	5/5	4/4	4/4			4/6	
Tristram Mayhew	5/5	2/4		3/3			
Lord Iain McNicol	5/5	2/4			1/1		2/2
Ndidi Okezie	4/5	3/4		2/2****			
Ashley Summerfield	5/5	4/4			1/1		2/2
<i>Jermain Jackman</i>	4/5	1/4					
<i>David Rossington/Dean Creamer (DCMS Representative)††††</i>			4/4				2/2
<i>Jas Khela</i>			3/4				
<i>Deborah Tavana</i>					1/1		2/2
<i>Darren Xiberras</i>			3/4				

† Michael Lynas left the position of CEO on 28 February 2020.

†† Mark Gifford started in the position of CEO on 02 March 2020.

††† Flick Drummond resigned as a member of the board on 11 February 2020.

†††† The DCMS Representative attends the Audit & Risk Committee and Remuneration Committee by effect of the royal charter. David Rossington attended one Remuneration Committee meeting held on 23 May 2019. Dean Creamer succeeded this role and attended the remaining meetings listed.

+ Extraordinary meetings of the board that met outside of the regular meeting cycle. Two of these meetings pertained to the appointment of a new Chief Executive.

‡ The Recommissioning Committee was established to oversee the recommissioning process and was disbanded after the 13 February 2020 meeting.

* Dame Sally Coates resigned as a member of the Audit & Risk Committee on 11 December 2019.

** It was agreed on 11 December 2019 by the board that Dame Sally Coates would join membership of the Impact & Safeguarding Committee.

*** It was agreed on 23 January 2020 by the board that Ian Livingstone would join membership of the Impact & Safeguarding Committee.

**** It was agreed on 18 March 2020 by the board that Ndidi Okezie would move from Impact & Safeguarding Committee to join the membership of People Committee and Remuneration Committee.

Risk Management and Internal Control

The board of directors, with the support of its committees, has a key role in ensuring a robust risk management system is effectively maintained and to develop a culture whereby risk management is evident at all levels across the organisation. This ensures the best leadership, coordination and prioritisation is received on a strategic and operational basis. The board in exercising its responsibility, receives regular reports from all committees and seeks additional key performance indicators as appropriate.

The Audit and Risk Committee assists the board in this process by performing an annual review of the effectiveness of the risk management activities and it will be helped in this by the Internal Auditor's annual work, report and opinion on the effectiveness of the system of internal control.

The Trust appointed Mazars LLP as its internal auditors to deliver a programme of work for the 2018/19, 2019/20 and 2020/21 financial years which has been approved by the ARC, and is tailored to the Trust's risk register. The ARC will continue to refine this programme to reflect any changes in the Trust's principal risks and has the right to commission additional audit assignments as it sees fit.

Impact of COVID-19

COVID-19 has not had any significant impact on the internal control framework at the Trust as additional processes have been tested and embedded to facilitate and maintain the control environment for approvals.

Information Security and Data Privacy

The Trust takes its responsibilities for maintaining the security of data and for managing information security risks extremely seriously, processing a significant amount of personal data on NCS participants, including sensitive or 'special category data' in compliance with the General Data Protection Regulation (GDPR).

To help protect our information assets we maintain physical, technical and administrative safeguards. These safeguards are designed to prevent unauthorised access, disclosure, use and modification of information. We provide guidance to our staff and network of providers on appropriate handling of NCS information. We regularly review our security procedures, and consider appropriate new technologies and methods. The Trust has also established dedicated data protection and information security teams, and a Data Ethics and Governance Group whose membership is made up of the different business areas at NCS to ensure a holistic approach to governance.

In 2019/20 NCS Trust advised the Information Commissioner's Office (ICO) of two data protection incidents which were both classified as low risk and required no further action. NCS has commenced a further GDPR Review project which will review existing policies, procedures and guidance, best practice and current and future legal obligations of processing, retention and sharing of personal data with third party organisations. The project completion deadline is December 2020.

Whistleblowing

The Trust is committed to establishing an environment where all staff, at whatever level, know that it is safe and acceptable to raise concerns. The Trust offers whistleblowing arrangements to enable employees to report issues of concern to either the Director of People or the Chair of the People Committee. A separate whistleblowing facility is available to participants, providers, parents/guardians and the general public who have concerns or issues arising from the NCS programme.

Auditors

The National Citizen Service Act 2017 required the Comptroller and Auditor General of the National Audit Office to be appointed as the auditor of the Royal Charter body.

Independent Assurance

Internal Audit services are provided by Mazars. The purpose of internal audit is to provide the Accounting Officer and the board, through the Audit and Risk Committee (ARC), with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the Trust's agreed objectives. For 2019/20 Mazars provided an overall opinion of "Moderate" meaning that there are certain weaknesses in the framework of governance, risk management and control but none that were considered to be fundamental in nature.

This opinion is based on work conducted during the 2019/20 financial year, which encompassed five internal audit reviews, resulting in two "substantial" assurance opinions and three "adequate" assurance opinions.

Definitions of the Mazars assurance levels are as follows:

Substantial Assurance: Our audit finds no significant weaknesses and we feel that overall risks are being effectively managed. The issues raised tend to be minor issues or areas for improvement within an adequate control framework.

Adequate Assurance: There is generally a sound control framework in place, but there are significant issues of compliance or efficiency or some specific gaps in the control framework which need to be addressed. Adequate assurance indicates that despite this, there is no indication that risks are crystallising at present.

Limited Assurance: Weaknesses in the system and/or application of controls are such that the system objectives are put at risk. Significant improvements are required to the control environment.

There were no fundamental (Priority 1) observations or recommendations in any of the internal audit reviews conducted in 2019/20 and management have agreed action plans in place to implement the recommendations raised.

Going Concern

Under Section 1 of the National Citizen Service Act 2017, the National Citizen Service Trust has a statutory responsibility to provide or arrange for the provision of programmes for young people in England with the purpose of: enabling participants from different backgrounds to work

together in local communities to participate in projects to benefit society, and enhancing communication, leadership and team-working skills of participants.

The Trust is almost fully funded by the Department for Digital, Culture, Media and Sport, through a Spending Review envelope set by the Treasury and allocated to the Trust annually by the Department via a Settlement Letter.

Given the Trust's status and position as an Arm's Length Body sponsored by the Department for Digital, Culture, Media and Sport, which was put on statutory footing via the NCS Act and granted a Royal Charter in 2017, the Board Members, including the Trust's Accounting Officer, have assumed in making their going concern assessment that sufficient Government funding support will continue to be made available to allow the Trust to fulfil its statutory responsibility for the foreseeable future, a period covering the remainder of the financial year FY 20/21 and the upcoming financial year FY 21/22, as per the respective Settlement Letters (which are formal notifications of funding from the Department as set out above).

Accordingly, as in prior years, the financial statements have been prepared on a going concern basis.

Material uncertainty related to going concern

As explained in the Going Concern assessment above, as an Arm's Length Body sponsored by DCMS, the NCS Trust is almost wholly dependent each year upon receiving Government funding, to fulfil its statutory responsibilities under Section 1 of the National Citizen Service Act 2017 and continue in operational existence for the foreseeable future as a going concern.

DCMS has currently provided sufficient funding for NCS administration expenditure for 21/22 and for NCS to deliver the 2021 summer/autumn programme. However, funding for the 2022 programme is yet to be decided.

The Board members, including the Accounting Officer also note that the Chancellor has announced that the Government will review its youth offer, including NCS, in spring 2021, shortly after these financial statements are approved.

The outcome of this review is currently unknown, but the Board members understand that there is a possibility that the review may recommend that the services delivered by NCS do not continue to be delivered in the same form in the future. In the opinion of the Board members, including the Accounting Officer, this constitutes a material uncertainty that could have the potential to cast doubt on the Trust's ability to continue as a going concern.

Governance Statement

NCS Trust recognises risk management is fundamental to the Trust's culture, and an integral part of good practice. It is integrated into the Trust's controls and business plans and is the responsibility of everyone in the organisation. The process of risk management begins with the systematic identification of risks throughout the organisation via structured risk assessments.

Identified risks are documented and then analysed in order to determine their relative importance using a standard risk scoring matrix. Measures to control the risk are identified and implemented to mitigate adverse impact to the delivery of NCS strategic objectives. The Trust is confident that the continued approach to improve organisational risk management will lead to greater organisational resilience to evolve from uncertainty in a stronger position, which has been ever more prevalent this year.

During the year the Trust has continued to improve our risk management assessment and management capability by:

1. Standardising reporting processes by rolling out a suite of new risk management tools and templates which has brought about greater consistency in our departmental risk registers so that they mirror our corporate process.

2. Engaging stakeholders to define the Trust's risk appetite to establish the desired level of risk exposure. This delivers a risk appetite statement that provides a set of qualitative statements for ratification by the board.
3. Re-defining the Risk Policy to ensure robust and comprehensive risk management communicated to all staff by identifying further actions to embed an integrated risk management culture in the organisation.

The Trust follows a 'three lines of defence' model. The first line of operational management is owned by the operations who own the assessment and control of front line risks. The second line of defence consists of control functions including Finance, IT and Portfolio Management Office (PMO) who monitor and facilitate the implementation of effective risk management. The third line of defence is provided by the independent internal and external audit functions as overseen by the ARC.

Realising the importance of information risk, NCS has taken a number of steps over the past year to strengthen our approach including; enforcement of two factor authentication to control access to key information services, implementation of a secure email facility, changing our model of system access for our partners to ensure we have a full audit capability, and upgrading our core Google platform with data leak prevention (DLP) technology.

All risks are considered against the organisation's primary strategic objectives. Risks requiring escalation will be prioritised on the basis of the assessed severity of the risk. Priority is given to residual risks evaluated as 'near certainty' or 'extreme' and meeting the scoring threshold as set out in the scoring matrix through the corporate risk register.

The Senior Leadership Team reviews the corporate risk register regularly, ensuring action plans are in place to mitigate against key risks. Further support is given through assessment of individual project risk and any aggregate risks managed by the Trust Planning Group (TPG) and Operational Performance Meeting (OPM).

The corporate risk register is also reviewed by the ARC on a quarterly basis. We are working to ensure risk management is more deeply embedded in the organisation through training. Selected principal risks and uncertainties are outlined below, along with some of our key mitigating controls. Please note that since the reporting period ended, NCS was found to be in breach of the Cabinet Office marketing and communications spend control in financial year 2020/21. A full review of compliance has been undertaken with mitigating actions put in place to avoid a future breach.

Principal Risks & Issues		Key Mitigating Actions
Covid-19	<p>Cause: <i>Global Pandemic resulting in government enforcement of social distancing measures to combat the spread of the virus</i></p> <p>Event: <i>Inability to deliver the NCS Programme and manage NCS Trust to policy and procedures.</i></p> <p>Impact: <i>Operational, Reputational & Financial - possible impact on the long term viability and future of the NCS Programme.</i></p>	<ol style="list-style-type: none"> 1. Covid-19 planning temporary project structure implemented to oversee the work required to adapt and deliver programme changes in 2020. 2. Cancellation of the residential element of the programme. Extensive government engagement on proposals, budget and plans to ensure alignment and mitigate the impact to NCS's future. 3. Remote working adopted for all employees of NCS Trust with regular communications

Principal Risks & Issues		Key Mitigating Actions
Fraud	<p>Cause: Poor financial controls or adherence</p> <p>Event: Fraud - internal, external or partner</p> <p>Impact: Failure of Fraud mitigations leads to payment to unauthorised individual or supplier overpayment.</p>	<ol style="list-style-type: none"> 1. Detailed processes to monitor provider payments supported by improved data validation reducing potential for inaccurate payments. Independent verification of attendance and contractual right to audit in place. 2. Enhanced Anti Fraud and Anti Bribery capability, online training for all staff and regular attendance at Government Anti Fraud and Anti Bribery training events. 3. New controls monitoring changes to supplier accounts. 4. The Trust notes the C&AG's comments on the drawdown of Grant-in-Aid including the measures the Trust has taken to ensure accurate cash management and forecasting.
Information Management	<p>Cause: Compliance with GDPR and Data Protection Act 2018</p> <p>Event: NCS Trust fails to comply with the legislation resulting in significant impact to individuals or an organisation</p> <p>Impact: Potential for significant fine (up to €20M) and for damaging reputational damage</p>	<ol style="list-style-type: none"> 1. Process is in place to review the data system accounts in use, closing accounts when they are inactive to reduce potential risks from those accessing our data without good reason. 2. Greater integration and reduced amount of data transfer between systems to reduce the risk of data loss. 3. Data Processing Register and a Retention Schedule in place. 4. Significant training of NCS Trust employees including incorporation at all employee onboarding. 5. Investment to expand Information Services Team to enhance information security, data protection and FOIA. 6. Core information management & security policies embedded. 7. New Salesforce platform has gone live and is now the single place for storing core information.

The board acts as both the strategic body of the Trust but also the one that holds the executive to account. It is made up of individuals chosen and assessed for their integrity, professionalism and experience in working on other boards and at senior levels. In turn they are supported by committees whose membership is complemented by deep expertise. For example, the ARC meeting is attended by representatives of internal and external audit, and members of the ARC including external members who have finance experience. Minutes are publicly available unless deemed confidential. The Trust has improved its reporting and is committed to being a data led organisation by improving its capacity and capability in this area. The board finds the quality of

data acceptable because;

- A. It is given in a timely manner that supports discussions, challenges and questions on the Trust's metrics such as NPS, Value for Money, Revenue control and Risk management. Minutes show robust challenges by board members having had time to prepare and been given balanced information calling out strengths and areas for improvement
- B. The board has occasionally requested more information but this is rare. That indicates that given its experience on boards and data provision it is happy with what it receives to carry out its role and on the exceptional occasion it is not a request made that enables more data to be provided.
- C. Data is sufficient in depth with a narrative that has not been challenged by professionals on committees or the board. They may challenge decisions or performance but never data provided.

Statement of Accounting Officer's Responsibilities

Under the National Citizen Service Act 2017, the Secretary of State for Digital, Culture, Media and Sport (with the consent of the relevant authority) has directed National Citizen Service Trust to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of National Citizen Service Trust and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government FReM and in particular to:

- Observe the Accounts Direction issued by the Department for Digital, Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the Government FReM have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis; and
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary for the Department for Digital, Culture, Media and Sport has appointed me, the Chief Executive, as the Accounting Officer of National Citizen Service Trust. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable for keeping proper records and for safeguarding the National Citizen Service Trust's assets, are set out in Managing Public Money published by HM Treasury.

As the Accounting Officer, I confirm that:

- I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that National Citizen Service Trust's auditors are aware of that information and that, so far as I am aware, there is no relevant audit information of which the auditors are unaware; and
- I have complied with all the requirements of the Government FReM as summarised above.

I was appointed Accounting Officer on 2 March 2020 and therefore was not in tenure for 11 months of the accounting period (1 April 2019 - 31 March 2020).

I have sought assurances from my ARC Chair and Finance Director who were present throughout the period around Risk Management, Internal Control and Governance and on that basis I am happy to sign off this report.

Remuneration and Staff Report

Remuneration Report

The Trust's remuneration policy is overseen by the Remuneration Committee (RC) of the board. From a process perspective, the RC makes policy recommendations for the board to consider, other than in relation to individual pay decisions. The board considers the points made, then provides its formal proposals to the RC for approval. As noted in the Directors' Report, the RC includes a DCMS representative who holds a casting vote on the RC.

At NCS Trust, each of our employees are motivated by our mission to engage, unite and empower young people, building their confidence so they can achieve their dreams, no matter where they are from or what their background is. Our employees are constantly working to make sure we deliver the most impactful experience we can to as many young people as possible.

To do this successfully means balancing two key requirements: The need to ensure value for money in everything we do, including how we pay our employees; and the need to attract and retain people with the leadership, experience, knowledge and skills required to help deliver our strategic objectives.

Having a competitive remuneration offering is one of the many ways in which we secure the very best people to deliver a significant impact to the lives of young people in England. We aim to recruit and retain the best person, at the lowest cost to the organisation.

Our principles are to pay our employees a fair salary that is:

1. Competitive within the Not for Profit sector;
2. Proportionate to the complexity of each role;
3. Aligned to our organisational values;
4. Designed to assist in the achievement of operational and strategic objectives; and
5. Compliant with the Civil Service Pay Remit Guidance, which also applies to Arm's Length Bodies such as NCS Trust.

Remuneration Committee

The board has established a Remuneration Committee, which includes a representative of the Government. The Remuneration Committee has approved terms of reference from the board and the Government Representative has a veto power over the approval of the Trust's remuneration policy and any subsequent changes / updates.

Civil Service Pay Guidance

NCS Trust, as an ALB of DCMS is bound by the annual [Civil Service Pay Guidance](#). The guidance is issued on an annual basis in April and sets out the percentage of the pay bill that can be spent on pay increases within the year and the parameters within which this can be performed.

Further, any annual pay increase or decision to award performance-related pay to employees at Chief and Director level must be considered alongside and according to the same principles that apply to the Senior Civil Service pay. DCMS as the sponsor department is responsible for enforcing this.

Benchmarking, Risk and Financial Position

The Remuneration Committee will consider information provided by the CEO as context for its decision making in relation to the acceptance or rejection of a suggested remuneration policy, including but not limited to:

- The organisation's current financial position;
- Any existing or emerging risks that may impact on the organisation's financial

- stability; and
- Comparison(s) of the competitiveness of the organisation's salary banding and benefits against credible independent market benchmarks.

The CEO will not be involved in deciding their own remuneration.

The appropriateness and relevance of the remuneration policy will be reviewed annually by the Remuneration Committee, including reference to relevant comparisons to ensure that NCS Trust remains sensitive to the broader issues within its sector (e.g. pay and employment conditions elsewhere) alongside Civil Service pay guidance.

Transparency

In accordance with the Government Financial Reporting Manual (FRoM), appropriate details will be disclosed in our Annual Report, on our website and as required.

Recruitment and Retention

The organisation will refer to relevant benchmarks, inflationary indexes and the annual Civil Service pay guidance in determining salary offered to NCS employees including the Chief Executive. This is to ensure that salary provides an appropriate incentive to encourage enhanced performance and in a fair and responsible manner, rewarding individual contributions to the success of the organisation.

The Chair and Remuneration Committee has responsibility to agree the terms and remuneration of the CEO. The chair and Remuneration Committee's discretion to make decisions will at all times be in accordance with the Civil Service Pay Guidance published by HM Treasury. We benchmark the CEO's base salary on an annual basis to ensure that they are paid at an appropriate level.

Employee Benefits

We offer a competitive benefits package to our people including:

- Paid holidays
- A defined contribution pension plan
- Cycle To Work
- Employee Assistance Programme
- Enhanced maternity/adoption pay
- External learning
- Volunteering days
- Eyecare Vouchers
- Life Insurance
- Retailers' discounts platform
- Paid jury service
- Paternity pay
- Payroll Giving to nominated charity
- Sabbatical leave

The Trust does not offer any long-term incentives to its employees, including the members of the senior leadership team.

Remuneration Policy - Non-Executive Directors

The chair of the board is appointed by DCMS and, in this role, is expected to commit a material amount of time to our business. The chair is remunerated for this at the rate of £400 per day, with the cumulative fee capped at £40,000 per annum. This cap is based on the contractual year from July and equates to a time commitment of around two days per week. The chair is not an employee of the Trust and receives no other benefits.

The non-executive directors are appointed by DCMS and are not normally remunerated. This year, Iain McNicol and Paul Cleal were paid £11,000 and £10,600 respectively for their support in our CEO transition period; they ensured continuity and mediated any potential loss of organisational knowledge. As non-executive directors are not employees of the Trust, they receive no other benefits. We are very grateful for the significant commitment they make to the Trust in this entirely voluntary capacity.

The chair and the rest of the non-executive directors are entitled to be repaid expenses incurred on the Trust's business, subject to limits contained in the Trust's travel and expenses policy.

Pay in 2019/20

The names and roles of the board of directors and members of the senior leadership team are set out in the Directors' Report. All of those individuals are treated as 'directors' for the purposes of this report, which contains the information we are required to produce under the Government FReM 2019/20.

Gender Pay Gap and Equal Pay

We introduced salary levels and grades in July 2020 ensuring everyone was mapped to the correct grades. People below their salary band minimum, were brought up to the minimum. We also ran a Gender Pay Report at the end of July 2020.

Overall results

Measure	NCS Trust	Charities/ Not for profit	Central Government	Whole Sample (Xpert HR)	All employees (National Statistics)
Mean gender pay gap	4.1%	5.8%	14.6%	13.7%	16.2%
Median gender pay gap	7.2%	1.7%	17.0%	10.6%	17.3%
Mean gender bonus gap	3.3%	35.3%	20.5%	35.0%	67.9%
Median gender bonus gap	1.5%	24.3%	23.5%	20.0%	40.3%
% of male employees receiving a bonus	40.9%	0.0%	35.5%	19.7%	0.0%
% of female employees receiving a bonus	42.3%	0.0%	38.0%	18.1%	0.0%

The Trust's results are significantly better when compared to the four other samples, apart from the median pay gap which is higher than other charities/not-for-profit.

These activities will support us in continuing to build a diverse workforce and ensuring that recruitment and pay decisions are fair and consistent across the organisation.

Remuneration - Salary, Benefits in Kind and Pensions (This is subject to audit)

The following tables cover the year 1 April 2019 - 31 March 2020.

	Annualised Salary (£'000)	Salary (£'000)	Bonus (£'000)	Employer's Pension Contributions (£'000)	Benefits in kind (To nearest £100)	Total (£'000)
¹⁷	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)
Brett Wigdortz OBE Chair	Up to 40 (Up to 40)	40-45 ¹⁸ (10-15)	NIL (NIL)	NIL (NIL)	NIL (NIL)	40-45 (10-15)
Michael Lynas Chief Executive Officer (left 1 March 2020)	140-145 (135-140)	175-180 ¹⁹ (45-50)	NIL (NIL)	10-15 (0-5)	NIL (NIL)	185-190 (45-50)
Mark Gifford Chief Executive Officer (started 2 March 2020)	145-150 (NIL)	10-15 (NIL)	NIL (NIL)	0-5 (NIL)	NIL (NIL)	10-15 (NIL)
Miriam Jordan Keane Chief Marketing & Sales Officer	140-145 (135-140)	140-145 (45-50)	NIL (NIL)	5-10 (0-5)	NIL (NIL)	150-155 (45-50)
Kate Wood Chief People Officer (left 31 August 2019)	150-155 (150-155)	90-95 ²⁰ (50-55)	NIL (NIL)	5-10 (0-5)	NIL (NIL)	95-100 (50-55)
Simon Sharkey Woods Chief Information Officer	115-120 (115-120)	115-120 (35-40)	NIL (NIL)	5-10 (0-5)	NIL (NIL)	125-130 (40-45)
John Kerslake Chief Operations Officer (left 20 December 2019)	140-145 (135-140)	100-105 (25-30)	NIL (NIL)	5-10 (0-5)	NIL (NIL)	105-110 (30-35)
Amanda Best ²¹ Interim Chief Operations Officer (started 23 December 2019)	115-120 (NIL)	25-30 (NIL)	NIL (NIL)	0-5 (NIL)	NIL (NIL)	30-35 (NIL)
Naim Moukarzel Chief Programme Officer	105-110 (95-100)	100-105 (30-35)	NIL (NIL)	5-10 (0-5)	NIL (NIL)	105-110 (30-35)

¹⁷ 2018/19 figures shown in brackets are for the four month period to 31 March 2019

¹⁸ This figure is for the financial year to 31st March whereas the cumulative remuneration of the Chair is capped at £40,000 per year and is based on contractual terms from July each year

¹⁹ Includes £35,525 pay in lieu of notice (PILON)

²⁰ Includes £24,945 PILON

²¹ Salary and annualised salary in both years includes a temporary acting up allowance

	Annualised Salary (£'000)	Salary (£'000)	Bonus (£'000)	Employer's Pension Contributions (£'000)	Benefits in kind (To nearest £100)	Total (£'000)
17	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)	2019/20 (2018/19)
Joann Passingham Chief Financial & Commercial Officer (left 21 December 2018)	NIL (135-140)	NIL (35-40) ²²	NIL (NIL)	NIL (0-5)	NIL (NIL)	NIL (35-40)
Alan Bowers Chief Financial Officer (started 1st July 2019 and left 28 February 2020)	125-130 (NIL)	80-85 (NIL)	NIL (NIL)	5-10 (NIL)	NIL (NIL)	85-90 (NIL)
David McLauchlan²³ Interim Chief Financial Officer (started 21 December 2018 and ceased being a member from 31 July 2019)	115-120 (115-120)	35-40 (25-30)	NIL (NIL)	0-5 (0-5)	NIL (NIL)	40-45 (30-35)
Lizzie Hanna Interim Chief Financial Officer (started 26 February 2020)	135-140 (NIL)	10-15 (NIL)	NIL (NIL)	0-5 (NIL)	NIL (NIL)	10-15 (NIL)
Jeroen Sabbe Director of Strategy & Implementation (left for a new role internally on 31 July 2019)	85-90 (85-90)	25-30 (25-30)	NIL (NIL)	5-10 (0-5)	NIL (NIL)	30-35 (30-35)
Robin Bellhouse Company Secretary (left 28 July 2019)	105-110 ²⁴ (105-110)	35-40 (20-25)	NIL (NIL)	NIL (NIL)	NIL (NIL)	40-45 (20-25)

²² Includes PILON of £24,946

²³ Salary and annualised salary in both years includes a temporary acting up allowance

²⁴ Figures for both years are based on FTE of 0.8

Staff Report

The following sections are subject to audit

Staff Costs

Costs	Permanently Employed Staff	Others	2019/20	Four months to 31 March 2019
	£'000	£'000	£'000	£'000
Wages and Salaries (including performance related pay)	11,451	716	12,167	3,861
Pension Costs	816	-	816	181
Social Security Costs	1,308	-	1,308	418
Untaken Leave Accrual	150	-	150	118
Total Staff Costs	13,725	716	14,441	4,578

Average Number of Staff During the Year - FTE

NCS Trust Staff	2019/20	2018/19
Employees	223	210
Other Staff (includes agency/seconded staff)	6	5
Total	229	215

Compensation for Loss of Office

There was no compensation paid on early retirement nor for loss of office to any director during the year.

Exit Packages

There were no exit packages paid during the year.

Payments to Past Directors

There were no payments to past directors during the year.

Fair Pay Disclosures

The relationship between the remuneration of the highest paid director in the Trust and the median remuneration of staff, and the range of remuneration paid, based on annualised full time equivalent figures at 31 March 2020 is shown below.

	2019/20	2018/19
Band of the highest paid director's salary, bonus and benefits in kind (£'000)	145-150	150-155
Median equivalent of workforce (£)	45,000	47,705
Remuneration Ratio	3.3	3.2

	2019/20	2018/19
Highest remuneration paid (£'000)	145-150	150-155
Lowest remuneration paid (£'000)	15-20	15-20

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payment and employer pension contributions

The following sections are not subject to audit

Off Payroll Engagements

Table 1: For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months

For all off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than six months	2
Of which...	
No. that have existed for less than one year at time of reporting.	0
No. that have existed between one and two years at time of reporting.	2
No. that have existed for between two and three years at time of reporting.	0
No. that have existed for between three and four years at time of reporting.	0
No. that have existed for four or more years at time of reporting.	0

Confirmation that all existing off-payroll engagements, outlined above, have at some point been subject to a risk based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.	Yes
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Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than six months

No. of new engagements, or those that reached six months in duration, between 1 April 2019 and 31 March 2020	6
Of which...	
No. assessed as caught by IR35	2
No. assessed as not caught by IR35	4
No. engaged directly (via PSC contracted) and are on the departmental payroll.	0
No. of engagements reassessed for consistency / assurance purposes during the year.	0

Table 3: For any off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, between 1 April 2019 and 31 March 2020

No. of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	0
Total no. of individuals on payroll and off-payroll that have been deemed "board members, and/or, senior officials with significant financial responsibility", during the financial year. This figure should include both on payroll and off-payroll engagements.	8

Apprenticeship Levy

The Government introduced the Apprenticeship Levy from 1 April 2017. NCS Trust contributed £41,170 in the year with £3,102 of claims to fund apprenticeships made. The Trust has plans to increase the number of Apprentices to support young people and to utilise the levy.

NCS Trust Staff Composition

Gender	NCS Trust Staff
Male	43.2%
Female	57.8%

Disability	NCS Trust Staff
Yes	7.5%
No	89.5%
Not disclosed	3%

Ethnicity	NCS Trust Staff
White	80.5%
Black, African, Caribbean, Black British	7.5%
Asian, Asian British	6%
Mixed, Multiple Ethnic Groups	3.8%
Other	2.3%

Age	NCS Trust Staff
16-24	10.5%
25-29	19.5%
30-34	23.3%
35-39	20.3%
40-49	16.5%
50-59	9.8%

Sickness Absence

NCS Trust has policies and procedures in place to monitor sickness absence, (both long and short term) and this information is reviewed by the Management Team. During 1 April 2019 and 31 March 2020, sickness absence averaged 2.26 days per person.

Expenditure on Consultancy

During 1 April 2019 and 31 March 2020, expenditure on consultancy at the Trust was £1,481,828 This was mainly to support the procurement process and change in operating model required to transition to NCS 2.0.

Baringa provided management consultancy services for the design and development of the NCS Target Operating Model (TOM) and also defining the Contract Management Delivery model. The TOM came under Recommissioning - NCS 2.0 (a change in the structure in how NCS delivered the NCS Programme).

Westhill are procurement consultants who provided a procurement framework in finding an "Accommodation Partner" as part of NCS 2.0.

Ashmore provided commercial contract management support for various stages of the provider network recommissioning exercise.

All consultancy is selectively engaged to help NCS to transform its business and reduce costs where it is not economical to maintain this expertise in-house.

Staff Policies Applied During the Year

The following policies applied to all employees of the Trust, including the members of the senior leadership team, during the year to 31 March 2020 and to the date of this report:

- Disability - we give full and fair consideration to applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities. Where an employee becomes subject to a disability during their employment, to the fullest extent practicably possible we will continue that person's employment, making all reasonable adjustments that we can and arranging appropriate training. We provide training, career development and promotion opportunities for disabled people employed by the Trust as appropriate.
- Diversity and Inclusion - we have a formal policy setting out our approach to these important issues, which we actively seek to promote in the workplace. We have a number of staff-led networks which actively promote diversity and inclusion.
- Health, Safety and Security - we have a formal policy which seeks to provide all of our employees with a safe place and system of work, and to assure their personal safety and security while working on our behalf.

Staff Communication and Values

We communicate with our employees in a number of ways, including regular company-wide meetings that can be joined remotely via a live online feed, which includes company-wide updates and the facility to raise questions.

Where there are important developments, we provide bespoke communications to keep our people aware of those changes and the opportunity to ask questions. We always seek to treat our employees fairly and equally. We will consult with employees whenever necessary, and particularly where there are material changes that affect their work location or any risk to the continuation of their employment. While we do not formally recognise any trades unions, we would welcome any employee joining a union should they wish to do so.

Our Values and Conduct

NCS Trust strives to be a responsible and ethical company with a culture of doing things right. Our Values and Code of Conduct are designed to guide all employees in their daily activities to ensure that we conduct our business in a responsible, transparent and respectful manner which is vitally important to both the reputation and success of the Trust.

Our Code of Conduct provides clear standards, processes and procedures for how employees should act as representatives of the company. It covers a wide range of areas including working practices and compliance with relevant laws/regulations and also describes a common culture and ways of working.

We are guided by our values which we call TRIBE:

- Trustworthy - we are responsible, accountable and act with integrity
- Results-driven - we do what it takes to serve the young people of our country
- Inclusive - we work together as one team and champion authenticity and individuality
- Bold - we are innovative, dynamic and think big
- Empowering - we give people the tools, opportunities and respect to step up and deliver

Employees and external parties who witness a violation of the Code of Conduct, laws or our policies can report it, anonymously, through Whistleblowing reporting processes. Reports, investigations and remediation are recorded, monitored and included in reporting to the Audit and Risk Committee and our People Committee.

Parliamentary Accountability Report

[Regularity of Expenditure \(This is subject to audit\)](#)

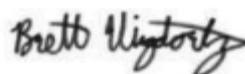
The Trust is required to report on the regularity of expenditure including losses and special payments in line with Managing Public Money requirements.

Following the administration of The Challenge and the ensuing legal proceedings, DCMS and HMT approval was gained to enable the Trust to make a one off final contractual settlement payment of £2.8m which reflects the potential amount which may have been claimed as irrecoverable costs for unfilled places.

For the twelve month period to 31 March 2020, NCS Trust has no matters to report in relation to non-IAS 37 contingent liabilities nor irregular expenditure.



Mark Gifford
CEO and Accounting Officer
NCS Trust
19 March 2021



Brett Wigdortz
Chair
NCS Trust
19 March 2021

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Citizen Service Trust for the year ended 31 March 2020 under the National Citizen Service Act 2017. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the National Citizen Service Trust's affairs as at 31 March 2020 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Citizen Service Act 2017 and Secretary of State directions issued thereunder.

Material uncertainty related to going concern

I draw attention to Note 1.2 to the financial statements, which indicates that the Department for Digital, Culture, Media and Sport has provided sufficient funding for NCS administration expenditure for 2021-22 and to deliver its programme activities for Summer and Autumn 2021, but funding for a 2022 programme has yet to be decided. It also indicates that the outcome of the Government's review of youth services, including the National Citizen Service Trust, is currently unknown, but that the Board members understand there is a possibility that the review may recommend that the services delivered by the National Citizen Service Trust do not continue to be delivered in the same form in the future.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the National Citizen Service Trust's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the National Citizen Service Trust in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Citizen Service Act 2017.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the National Citizen Service Trust's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude on the appropriateness of the National Citizen Service Trust's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the National Citizen Service Trust's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the National Citizen Service Trust to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Citizen Service Act 2017;
- in the light of the knowledge and understanding of the National Citizen Service Trust and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

22 March 2021

Report of the Comptroller and Auditor General to the Houses of Parliament

Introduction

The National Citizen Service Trust (NCS) was established as a public body by the National Citizen Service Act 2017 and a Royal Charter to provide programmes for young people in England with the purpose of enabling participants from different backgrounds to work together in local communities to participate in projects to benefit society, and enhancing communication, leadership and team-working skills of participants. NCS is an arm's length body of the Department for Digital Culture Media & Sport (DCMS).

The purpose of my report

This report sets out an issue related to financial management I have identified, during my audit of the financial statements, which I wish to bring to Parliament's attention.

Drawdown of Grant-in-Aid

NCS is funded mostly by DCMS via receipt of Grant-in-Aid. Under the Accounts Direction issued by the Secretary of State, NCS is required to comply with HM Treasury's Managing Public Money. This sets the principle that Grant-in-Aid should not be drawn down in advance of need and that significant sums should be drawn down through the year in a phased manner in instalments designed to reflect the recipient's expenditure pattern. In this way the recipient organisation need not carry significant cash balances, which would be an inefficient use of public money.

I found that NCS maintained a cash balance significantly in excess of its operating requirements throughout the year. NCS expenditure fluctuates in line with contract milestones and monthly cash expenditure across 2019-20 ranged between £3.1m and £38.2m and was on average £13.2m. However, despite holding a cash balance in excess of £50m at points during September and October 2019, NCS did not adjust drawdown requests to take account of reductions in its expected cash needs. Management noted that this excess drawdown was related to challenges in accurate forecasting, arising from the delays in the introduction of NCS's new commercial contracts, and the impact of the COVID-19 pandemic in March 2020 which meant that planned payments were not made when expected.

Since I raised this issue NCS has reduced its cash balance and management is working to improve cash management processes and strengthen its understanding of the implications of the commercial contracts for NCS's cash flow.

Having considered the materiality of this issue and NCS's action to improve its control environment, I have not qualified my regularity opinion for 2019-20. I will keep all matters regarding compliance with Managing Public Money under review and shall take these into account as necessary in my report next year.

Gareth Davies
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

22 March 2021

Financial Statements and Notes

Statement of Comprehensive Net Expenditure for the year ended 31 March 2020

		2019/20	Four month period to 31 March 2019
	Notes	£'000	£'000
INCOME			
Other Operating Income	3	(491)	(155)
Service User Contribution Income	3	(3,049)	(19)
TOTAL OPERATING INCOME		(3,540)	(174)
EXPENDITURE			
Other Expenditure	4	141,943	51,120
Staff Costs	5	14,441	4,578
TOTAL OPERATING EXPENDITURE		156,384	55,698
NET OPERATING EXPENDITURE		152,844	55,524
NON-OPERATING INCOME			
Gain on Net Assets Transferred from NCS Trust CIC		-	(2,013)
TOTAL NON-OPERATING INCOME		-	(2,013)
NET EXPENDITURE FOR THE YEAR		152,844	53,511
Other Comprehensive Expenditure		-	-
COMPREHENSIVE NET EXPENDITURE FOR THE YEAR		152,844	53,511

All income and expenditure relates to continuing operations

The notes on pages 50 to 62 form part of these accounts

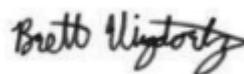
Statement of Financial Position at 31 March 2020

		31 March 2020	31 March 2019
	Notes	£'000	£'000
NON-CURRENT ASSETS			
Property, Plant and Equipment	6	60	161
Right Of Use Assets	7	883	-
Intangible Assets	8	141	305
TOTAL NON-CURRENT ASSETS		1,084	466
CURRENT ASSETS			
Trade and Other Receivables	9	4,245	1,033
Cash and Cash Equivalents	10	33,354	8,305
Inventories		-	56
TOTAL CURRENT ASSETS		37,599	9,394
TOTAL ASSETS		38,683	9,860
CURRENT LIABILITIES			
Trade and Other Payables	11	(29,925)	(7,968)
Provisions	12	(406)	-
Lease Liabilities	14	(887)	-
TOTAL CURRENT LIABILITIES		(31,218)	(7,968)
NON-CURRENT LIABILITIES			
Provisions	12	-	(203)
TOTAL NON-CURRENT LIABILITIES		-	(203)
TOTAL ASSETS LESS TOTAL LIABILITIES		7,465	1,689
TAXPAYERS' EQUITY AND OTHER RESERVES			
General Fund		7,465	1,689
TOTAL TAXPAYERS' EQUITY		7,465	1,689

The notes on pages 50 to 62 form part of these accounts



Mark Gifford
Chief Executive and Accounting Officer
National Citizen Service Trust
19 March 2021



Brett Wigdortz
Chair
National Citizen Service Trust
19 March 2021

Statement of Cash Flows for the year ended 31 March 2020

		2019/20	Four month period to 31 March 2019
	Notes	£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Operating Cost after Taxation		(152,844)	(55,524)
Adjustments for Non-Cash Transactions	6,7,8	1,318	297
Trade & Other Receivables - (Increase)/Decrease	9	(3,212)	1,033
Inventories - (Increase)/Decrease		56	56
Trade and Other Payables - Increase/(Decrease)	11	21,957	(7,968)
Movement in Provisions	12	203	(203)
NET CASH FLOW FROM OPERATING ACTIVITIES		(132,522)	(62,309)
Movements transferred from NCS Trust CIC on 1 December 2018 not passing through the Statement of Comprehensive Net Expenditure		-	15,438
NET CASH FLOW FROM NON- OPERATING ACTIVITIES		-	15,438
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PPE	6	(9)	(24)
NET CASH FLOW FROM INVESTING ACTIVITIES		(9)	(24)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant-in-Aid Received	2	158,620	55,200
Interest Payable for Lease Liabilities		38	-
Lease Liability - Cash Payments		(1,078)	-
NET CASH FLOW FROM FINANCING ACTIVITIES		157,580	55,200
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE YEAR	10	25,049	8,305
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		8,305	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	33,354	8,305

The notes on pages 50 to 62 form part of these accounts

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2020

		General Fund	Taxpayers' Equity
	Notes	£'000	£'000
Balance transferred at 1 December 2018 from NCS Trust CIC		2,013	2,013
Retained Surplus/(Deficit) for Year		(55,524)	(55,524)
Grant-in-Aid Received	2	55,200	55,200
Balance at 31 March 2019		1,689	1,689
Retained Surplus/(Deficit) for Year		(152,844)	(152,844)
Grant-in-Aid Received	2	158,620	158,620
Balance at 31 March 2020		7,465	7,465

The notes on pages 50 to 62 form part of these accounts

Notes to the Accounts

1. Statement of Accounting Policies

1.1 Accounting Policies

These financial statements have been prepared in accordance with the 2019/20 Government Financial Reporting Manual (FReM) issued by HM Treasury and on the basis of the Accounts Direction issued by the Secretary of State for Digital, Culture, Media and Sport, with the approval of Treasury, in accordance with section 4 (2) of the National Citizen Service Act 2017, a copy of which can be obtained from NCS Trust at 1st Floor, 48 Chancery Lane, London, WC2A 1JF.

The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of NCS Trust for the purpose of giving a true and fair view has been selected. The policies adopted by NCS Trust are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Going Concern

Under Section 1 of the National Citizen Service Act 2017, the National Citizen Service Trust has a statutory responsibility to provide or arrange for the provision of programmes for young people in England with the purpose of: enabling participants from different backgrounds to work together in local communities to participate in projects to benefit society, and enhancing communication, leadership and team-working skills of participants.

The Trust is almost fully funded by the Department for Digital, Culture, Media and Sport, through a Spending Review envelope set by the Treasury and allocated to the Trust annually by the Department via a Settlement Letter.

Given the Trust's status and position as an Arm's Length Body sponsored by the Department for Digital, Culture, Media and Sport, which was put on statutory footing via the NCS Act and granted a Royal Charter in 2017, the Board Members, including the Trust's Accounting Officer, have assumed in making their going concern assessment that sufficient Government funding support will continue to be made available to allow the Trust to fulfil its statutory responsibility for the foreseeable future, a period covering the remainder of the financial year FY 20/21 and the upcoming financial year FY 21/22, as per the respective Settlement Letters (which are formal notifications of funding from the Department as set out above).

Accordingly, as in prior years, the financial statements have been prepared on a going concern basis.

Material uncertainty related to going concern

As explained in the Going Concern assessment above, as an Arm's Length Body sponsored by DCMS, the NCS Trust is almost wholly dependent each year upon receiving Government funding, to fulfil its statutory responsibilities under Section 1 of the National Citizen Service Act 2017 and continue in operational existence for the foreseeable future as a going concern.

DCMS has currently provided sufficient funding for NCS administration expenditure for 21/22 and for NCS to deliver the 2021 summer/autumn programme. However, funding for the 2022 programme is yet to be decided.

The Board members, including the Accounting Officer also note that the Chancellor has announced that the Government will review its youth offer, including NCS, in spring 2021, shortly after these financial statements are approved.

The outcome of this review is currently unknown, but the Board members understand that there is a possibility that the review may recommend that the services delivered by NCS do not continue to be delivered in the same form in the future. In the opinion of the Board members,

including the Accounting Officer, this constitutes a material uncertainty that could have the potential to cast doubt on the Trust's ability to continue as a going concern.

1.3 Accounting Convention

When material, the accounts are prepared on a modified historical cost (MHCA) basis in which the Statement of Comprehensive Net Expenditure reflects the consumption of resources at their current value and the Statement of Financial Position shows the value of non-current assets, current asset investments and (if material) inventories at their value to the business by reference to current costs. No entries have been made in the current year as adoption of MHCA would not have a material impact on the accounts. Without limiting the information given, the accounts meet the International Accounting Standards issued or adopted by the International Accounting Standards board and HM Treasury guidance on accounts of Non-Departmental Public bodies insofar as those requirements are appropriate.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £'000, except where otherwise indicated.

1.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make key judgements, assumptions and estimates that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

1.5 Grant-in-Aid

Grant-in-Aid received towards resource expenditure is regarded as a contribution from a controlling party. It is recognised on a cash basis and credited to Taxpayers' Equity.

1.6 Income Recognition

Procurement income is received for merchandise purchases made on behalf of the programmes charged at a mark-up and recognised on an accruals basis.

Service User Contributions received towards a young person's attendance are deferred at year end so that the income is recognised in the month of programme delivery.

1.7 Programme Expenditure

Old Contractual Arrangements

Core and sign up programme provider payments made by the Trust to RDPs and the SW2 region Local Delivery Partners are contractual and accounted for in the month in which the liability is created.

New Contractual Arrangements

Base charge payments are accounted for in the month in which the liability is created. Turn up charges are only paid once the number of young people attending an NCS programme is confirmed and are also accounted for in the month in which the liability is created.

1.8 Accommodation Expenditure

Payments for accommodation are made in advance and treated as prepayments in the Statement of Financial Position.

1.9 Property, Plant and Equipment

The assets of NCS Trust are computers, leasehold improvements and other office equipment. All property occupied by NCS Trust is leased. All assets are stated in the Statement of Financial Position at depreciated historical cost as proxy to current value in existing use, as the useful economic lives are short and are a realistic reflection of the consumption of the assets.

Fixtures & fittings	straight line over 1 - 5 years
Computer hardware	straight line over 3 years
Leasehold improvements	straight line over the shorter of length of lease or 5 years

Items are capitalised on a unit basis, whereby individual items over the value of £1,000 are capitalised. A full month's depreciation is charged on the month of acquisition.

Gain or loss arising on the disposal of an asset is determined as the difference between the sales value and the carrying amount of the asset and is recognised in the Statement of Comprehensive Net Expenditure for the year.

1.10 Intangible Assets

Intangible assets acquired separately from a business are recognised at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Software straight line over 5 years.

The threshold for software to be capitalised is £1,000.

1.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.12 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive Net Expenditure (SoCNE) in the year it arises.

1.13 Leases

IFRS 16 "Leases" has been implemented from 1 April 2019; this introduces a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases (apart from the exemptions included below).

For government bodies reporting under the FReM, IFRS 16 is due to be brought into effect on 1 April 2020 and replaces IAS 17 (Leases). DCMS has elected, with HMT authority, to early adopt IFRS 16 (as adapted by the HMT's IFRS 16 leases application guidance). As part of the DCMS group, the Trust is therefore implementing from 1 April 2019.

In respect of lessees, IFRS 16 removes the distinction between operating and finance leases and introduces a single accounting model that requires a lessee to recognise ('right-of-use') assets and lease liabilities.

The definition of a lease has been updated under IFRS 16, there is more emphasis on being able to control the use of the asset identified in a contract. There are new requirements for variable lease payments such as RPI/CPI uplifts; and there is an accounting policy choice allowable to separate non-lease components.

Implementation and Assumptions

The DCMS group, and so the Trust, has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The cumulative effect of adopting IFRS 16 is included as an adjustment to equity at the beginning of the current year (£nil for the Trust). IAS 17 operating leases are included within our statement of financial position as a lease liability and right of use asset for the first time with changes made through the general fund as a cumulative catch up adjustment. The calculation of the lease liability and right of use assets are included below.

The option to reassess whether a contract is, or contains a lease at the date of initial application has not been used and so the Trust has used the practical expedient detailed in IFRS 16(C3).1. The Trust has expanded the definition of a lease to include arrangements with nil consideration. Peppercorn leases are examples of these and are defined by HMT as lease payments significantly below market value. These assets are fair valued on initial recognition. On transition any differences between the discounted lease liability and the right of use asset are included through cumulative catch up. Any differences between the lease liability and right of use asset for new leases after implementation of IFRS 16 are recorded in income on the SoCNE.

The Trust, has elected not to recognise right of use assets and lease liabilities for the following leases:

- intangible assets;
- non-lease components of contracts where applicable;
- low value assets; and
- leases with a lease term of 12 months or less.

Previous Treatment

In the comparative year, as a lessee, the Trust would have classified leases that transferred substantially all the risks and rewards of ownership as finance leases. The Trust did not hold leases considered to be finance leases in 2018/19. Assets previously held as operating leases were not recognised in the statement of financial position. Payments were recognised in SoCNE on a straight line basis over the term of the lease.

Policy from 1 April 2019

At inception of a contract, the Trust assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time. This includes assets for which there is no consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether:

- The contract involves the use of an identified asset;
- The Trust has the right to obtain substantially all of the economic benefit from the use of the asset throughout the period of use; and

- The Trust has the right to direct the use of the asset.

The policy is applied to contracts entered into, or changed, on or after 1 April 2019. At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of the relative standalone prices. The group assesses whether it is reasonably certain to exercise break options or extension options at the lease commencement date. The group reassesses this if there are significant events or changes in circumstances that were anticipated.

Right of Use Assets

On transition to IFRS16 the Trust recognises a right of use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease liability (present value of minimum lease payments), and subsequently at the amount less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. Right-of-use assets are held at current cost in accordance with HMT IFRS 16 guidance. Depreciated historic cost is used as a proxy for current value as directed by HMT guidance on IFRS 16, including for property leases, because property leases are sufficiently short in term and are not expected to fluctuate significantly due to changes in market prices. Lease payments only include the direct cost of the leases and do not include other variables. Lease terms are determined based in accordance with the business needs of the Trust.

The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis of those of property plant and equipment assets. The group applies IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or where that is not readily determinable, the discount rate as provided by HM Treasury of 1.99% for leases entered into prior to 31 Dec 2019 or 1.27% after 1 Jan 2020. The lease liability only includes the direct lease cost and excludes any service charges.

The lease payment is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in the index or rate, if there is a change in the group's estimates of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Trust is reasonably certain to exercise, lease payments in an optional renewal period if the Trust is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Trust is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in the future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the

assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

When the lease liability is re-measured a corresponding adjustment is made to the right of use asset or recorded in the SoCNE if the carrying amount of the right of use asset is zero. The Trust presents right of use assets that don't meet the definition of investment properties per IAS40 as right of use assets on the Statement of Financial Position. The lease liabilities are included within Lease liabilities within current and non-current liabilities on the Statement of Financial Position.

Impact on Financial Statements

On transition to IFRS 16, the Trust recognised an additional £1,927k of right of use assets and £1,927k of lease liabilities, therefore recognising £nil difference in the General Reserve account. When measuring lease liabilities, the group discounted lease payments using rates set out above.

	Buildings
	31 March 2020
	£'000
Cumulative Catch Up - Lease Liabilities	(1,927)
Made up of:	
Operating Lease Commitments at 31 March 2019	(1,978)
Discounted Using Discount Rates	51

1.14 Financial Instruments

The Trust is not exposed to significant financial risk factors arising from financial instruments. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the Trust in undertaking its activities.

The Trust's financial assets are: Cash, trade receivables due from related parties and other trade receivables. All are classified as 'financial assets at amortised cost' and denominated in pounds sterling.

The Trust's financial liabilities are: trade and other payables due to related parties, other trade payables, taxation and social security. All are classified as 'other financial liabilities' and denominated in pounds sterling.

The carrying values of short-term financial assets and liabilities (at amortised cost) are not considered different from fair value.

1.15 Standards Issued but not yet Effective

Certain new standards, amendments and interpretations to existing standards have been published but are not effective on the Trust's accounting year. The following new standards, amendments and interpretations to existing standards are not yet effective or are not yet effective in HMT's 2019/20 FReM and have not been early adopted by the Trust:

IFRS 17 – Insurance Contracts (IFRS 4 replacement – Insurance Contracts) – effective date 1 January 2023. The board anticipate that the adoption of these standards and interpretations in future years will have no material impact on the financial statements of the Trust.

2. Grant-in-Aid

	2019/20	Four month period to 31 March 2019
	£'000	£'000
Received from DCMS - Revenue	158,620	55,200
Total	158,620	55,200

3. Other Operating Income

	2019/20	Four month period to 31 March 2019
	£'000	£'000
Other Operating Income	491	155
Service User Contribution Income	3,049	19
Total	3,540	174

4. Expenditure

The operating result is stated after charging:

	2019/20	Four month period to 31 March 2019
	£'000	£'000
Programme Delivery Costs - Old Contractual Arrangements	60,942	42,466
Programme Delivery Costs - New Contractual Arrangements	58,268	-
Communication, Marketing and Media Costs	7,099	4,324
IT Services	3,258	1,235
Other Professional and Legal Fees	3,445	661
Consultancy Fees	1,482	612
Recruitment and Staff Development	597	379
Rentals under Operating Leases	-	318
Facilities and Office Costs	387	269
The Challenge Settlement (See Parliamentary Accountability Report)	2,800	-
Other Expenditure	1,186	224
Provisions (Released)/Provided in Year	203	203
Travel and Subsistence	800	201
Auditor's Remuneration for Audit Work *	105	95
Amortisation	164	57
Internal Audit	56	39
Depreciation	1,151	37
Total	141,943	51,120

* No amounts are due to external auditors for non-audit work

5. Staff Costs

Costs	Permanently Employed Staff	Contract & Agency Staff	2019/20	Four months to 31 March 2019
	£'000	£'000	£'000	£'000
Wages and Salaries (including performance related pay)	11,451	716	12,167	3,861
Untaken Leave Accrual	150	-	150	118
Pension Costs	816	-	816	181
Social Security Costs	1,308	-	1,308	418
Total Staff Costs	13,725	716	14,441	4,578

Details of staff numbers can be found in the Remuneration and Staff Report

6. Property, Plant and Equipment

	Furniture and Fittings	IT Equipment	Total
	£'000	£'000	£'000
Cost or Valuation			
At 1 December 2018	-	-	-
Transfer from CIC	650	91	741
Additions	11	13	24
At 1 April 2019	661	104	765
Additions	-	9	9
At 31 March 2020	661	113	774
Depreciation			
At 1 December 2018	-	-	-
Transfer from CIC	(497)	(70)	(567)
Charged in Year	(32)	(5)	(37)
At 1 April 2019	(529)	(75)	(604)
Charged in Year	(91)	(19)	(110)
At 31 March 2020	(620)	(94)	(714)
Net Book Value at 31 March 2019	132	29	161
Net Book Value at 31 March 2020	41	19	60
Asset Financing:			
Owned	41	19	60
Net Book Value at 31 March 2020	41	19	60

7. Right Of Use Assets

	Buildings	Total
	£'000	£'000
Cumulative Catch Up At 1 April 2019	1,927	1,927
Depreciation Charged in Year	(1,044)	(1,044)
At 31 March 2020	883	883
Net Book Value at 31 March 2019	-	-
Net Book Value at 31 March 2020	883	883
Asset Financing:		
Leased	883	883
Net Book Value at 31 March 2020	883	883

8. Intangible Assets

	Development Costs
	£'000
Cost or Valuation	
At 1 December 2018	-
Transfer from CIC	848
Additions	-
At 1 April 2019	848
Additions	-
At 31 March 2020	848
Amortisation	
At 1 December 2018	-
Transfer from CIC	(486)
Charged in Year	(57)
At 1 April 2019	(543)
Charged in Year	(164)
At 31 March 2020	(707)
Net Book Value at 31 March 2019	305
Net Book Value at 31 March 2020	141
Asset Financing:	
Owned	141
Net Book Value at 31 March 2020	141

9. Trade and Other Receivables

	2019/20	Four month period to 31 March 2019
	£'000	£'000
Trade Receivables	42	58
VAT Receivables	3	-
Other Receivables	76	60
Prepayments	4,124	868
Accrued Income	-	47
Total	4,245	1,033

10. Cash and Cash Equivalents

	£'000
Balance at 1 April 2019	8,305
Net Change in Cash and Cash Equivalents	25,049
Balance at 31 March 2020	33,354
Balances Held with Commercial Banks	33,354

11. Trade and Other Payables

	2019/20	Four month period to 31 March 2019
	£'000	£'000
Amounts Falling Due Within One Year		
Trade Payables	16,194	1,111
Other Payables	239	214
VAT Payables	-	2
Taxation and Social Security	437	356
Accruals	11,247	4,314
Deferred Income	1,808	1,971
Total	29,925	7,968

12. Provisions for Liabilities

	Dilapidations	Total
	£'000	£'000
Balance at 1 April 2019	203	203
Provided in Year	203	203
Provisions not required written back	-	-
Balance at 31 March 2020	406	406
Comprising:		
Non-Current Liabilities		
Not later than one year	406	406

12.1 Dilapidations

NCS Trust recognises a dilapidation provision for its leased premises occupied where it has an obligation to bring the property into a good state of repair at the end of the lease. This relates to the Trust's offices at the Pembroke building in London and Broadwalk House in Exeter.

13. Financial Instruments

Currency Risk

The Trust is a domestic organisation with the great majority of transactions, and all assets and liabilities being in the UK and denominated in sterling. The Trust has no overseas operations and is therefore not exposed to currency rate fluctuations.

Interest Rate Risks

The Trust is not permitted to borrow and therefore is not exposed to interest rate risk.

Credit Risk

The Trust is not materially exposed to any credit risk.

Liquidity Risks

As the Trust has no borrowings and relies mainly on departmental grant-in-aid for its cash requirements, the Trust is exposed to minimal liquidity risk.

13.1 Financial Assets

	31 March 2020	31 March 2019
	£'000	£'000
Trade and Other Receivables	118	118
Cash and Cash Equivalents	33,354	8,305
Total	33,472	8,423

13.2 Financial Liabilities

	31 March 2020	31 March 2019
	£'000	£'000
Trade and Other Payables	16,433	1,325
Total	16,433	1,325

14. Lease Liabilities

	Buildings
	31 March 2020
	£'000
Cumulative Catch Up - Lease Liabilities	(1,927)
Lease Interest	(38)
Lease Payments	1,078
Total	(887)

The operating lease for the 4th floor of the Pembroke Building in London ran from May 2017 to January 2021. In October 2017 a further operating lease was taken out for the 3rd floor of the Pembroke Building which also expired in January 2021. The lease on Broadwalk House in Exeter is from March 2017 to March 2021.

15. Other Financial Commitments

	31 March 2020	31 March 2019
	£'000	£'000
Financial commitment obligations comprise:		
Salesforce Licences		
Not later than one year	1,509	1,509
Later than one year and not later than five years	2,641	4,150
Later than five years	-	-
Providers (Summer 2020 base payments)		
Not later than one year	11,897	22,941
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	16,047	28,600

16. Capital Commitments

As at 31 March 2020, NCS Trust had no capital commitments.

17. Contingent Liabilities

As at 31 March 2020, NCS Trust had no contingent liabilities.

18. Related Party Transactions

NCS Trust is an Arm's Length Body whose ultimate parent is DCMS. In the year ended 31 March 2020, NCS Trust had various material transactions with DCMS.

Details of payments to the Senior Leadership team can be found in the Remuneration Report in the Accountability Report.

Iain McNicol and Paul Cleal received payments from the Trust for their support in the CEO transition period. For details, please refer to the Remuneration Report.

Other than those listed below no Minister, Board member, or other related parties have undertaken any material transactions with the Trust during the year.

- Ian Livingston is a member of the Raspberry Pi Foundation who received payments totalling £42k
- Ndidi Okezie is CEO of UK Youth who were paid £335k during the year
- Naim Moukarzel is a voluntary member of the National Youth Board's Advisory Committee who in turn received payments to the value of £1.1m

19. Events after the Reporting Period

The accounts were authorised for issue on the date the Comptroller and Auditor General certified the accounts.

The Summer 2020 NCS Programme was officially cancelled on 7th April, at which point NCS had paid out £3.6m worth of deposits to 44 accommodation venues. Due to Procurement Policy Note 02/20 and contractual obligations, the deposits hold no value and are being treated as non-refundable.

Three other accommodation suppliers were also due to receive the balance of their deposits in March but these were held back due to Covid-19 and the subsequent lockdown. In accordance with our contractual terms, HMT advised us that these additional obligations of £3.8m should also be honoured.

Accommodation deposits have been treated as prepayments in these accounts. These payments and the ones made after year end are constructive losses which will be disclosed as such in the 2020-21 accounts.

Covid-19 restrictions have also meant the Trust is unable to offer its usual residential programs in 2020 but we have worked with providers to repurpose our offerings using the funds already committed.

Additionally, service user contributions received by the Trust for young people to attend the Summer 2020 programme have been refunded.

Since the reporting period, there have been two departures from the NCS Board. Dame Sally Coates resigned in September 2020 and Dame Julia Cleverdon's extended term ended in December 2020.

From 1st January 2021, Nick Hurd, Deborah Tavana and Jacquie Nnochiri were appointed to the NCS Trust Board for a period of three years.

Glossary

NCS:	National Citizen Service
DCMS:	Department for Digital, Culture, Media and Sport
CIC:	Community Interest Company
GDPR:	General Data Protection Regulations
KPI:	Key Performance Indicator
NPS:	Net Promoter Score
FReM:	Financial Reporting Manual
RDP:	Regional Delivery Partner
FOIA:	Freedom of Information Act

Definitions

Net Promoter Score:

Based on feedback collected from participants at the end of their programme. An SMS is sent after the programme finishes, including the question: "How likely are you to recommend NCS to others (on a scale of 0 to 10, where 0=very unlikely, and 10=extremely likely)". Rant and Rave collect the data submitted and pass this to NCS to work out an NPS score based on the responses, with detractors (scores of 0-6) subtracted from promoters (9-10) to give the net promoters.

Old Contractual Arrangements

Core:

Payments to delivery partners in advance to facilitate any pre-programme delivery set up costs.

Sign Up:

Payments to delivery partners following recruitment of young people to the NCS programme.

Turn Up Charge:

Payment to delivery partners based on the number of young people who arrive at the programme they signed up to and stay for at least 24 hours.

New Contractual Arrangements

Base Charge:

Payments to delivery partners for the number of contracted places for young people to attend an NCS programme.

Turn Up Charge:

Payment to delivery partners based on the number of young people who arrive at the programme they signed up to and stay for at least 24 hours.

