

# NATIONAL CITIZEN SERVICE TRUST



Annual Report and Accounts 2018 - 2019



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Presented to Parliament pursuant to section 6 of the National Citizen Service Act 2017

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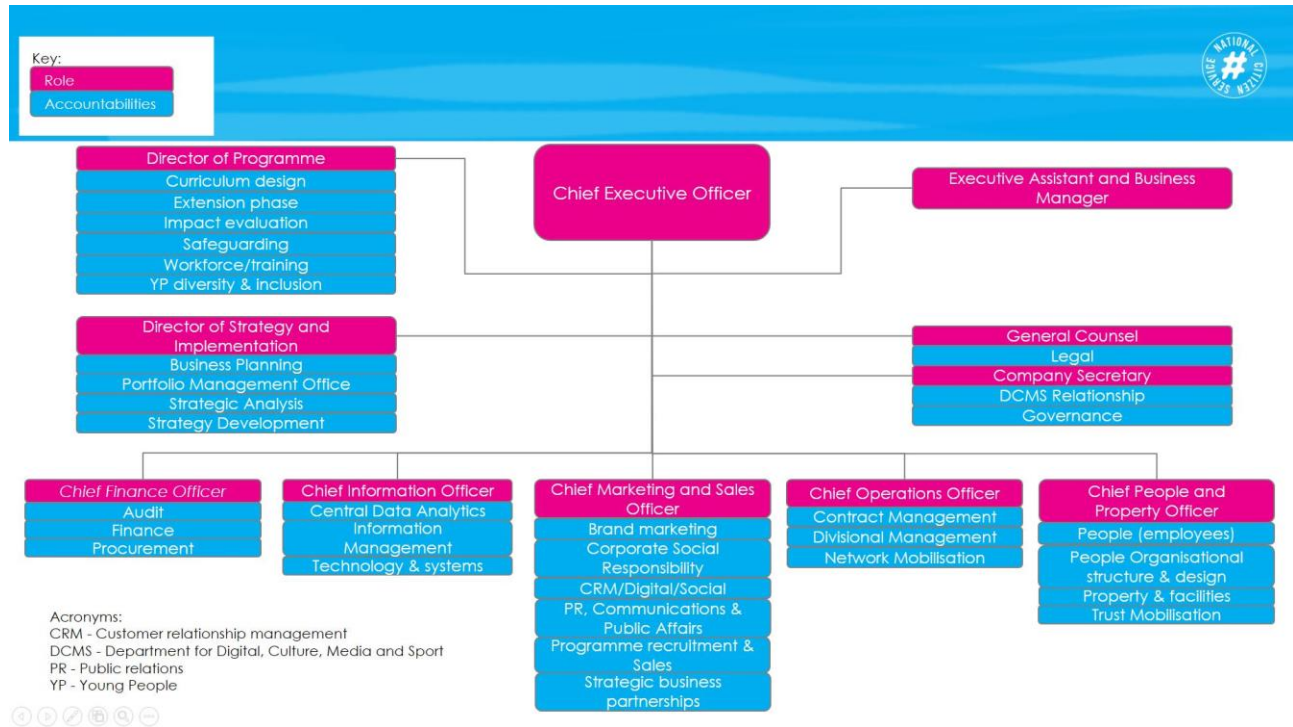
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Note: cover photo credit to NCS graduate, Maddie Springett.

# Performance Report

## Overview

### Organisational Structure



### Information on the entity and reporting boundaries

National Citizen Service Trust (the “Trust”) is a body incorporated by Royal Charter which was formed on 26 April 2017. Under the National Citizen Service Act 2017, responsibility for commissioning and overseeing the delivery of the National Citizen Service programme was transferred from a predecessor body, NCS Trust Community Interest Company (CIC), to the Trust from 1 December 2018 onwards.

The financial statements included in this annual report therefore relate to the four month period from 1 December 2018 to 31 March 2019. The NCS programme is substantially funded by HM Government, through the Department for Digital, Media, Culture and Sport (DCMS). The NCS board believe it’s crucial that we provide clear information on how we have used taxpayer funds in every year, but this year is more complicated because of the transition of the NCS programme to the Trust. We have therefore agreed with the board of NCS Trust CIC that, while the Trust was only legally accountable for the four final months of this transitional year, we will provide a full performance report for the 12 months ended 31 March 2019. We believe that this approach is the most transparent way of demonstrating accountability for the use of taxpayer funds on the NCS programme.

Please note that this report looks back on performance in the previous financial year (FY 18/19). [The NCS Trust interim Business Plan](#), which has been laid before Parliament, covers forward-looking activities for the financial year 19/20.

## Purpose of the overview section

This section of the annual report explains who we are, what we do and why we do it, and summarises the risks we face in delivering our strategic goals. It includes a performance overview, including the CEO's personal perspective on the results we delivered in the year to 31 March 2019. There is a fuller discussion of our operational results in the Performance Analysis section.

## Purpose and activities

In 2011, 8,000 participants took part in NCS. In the 2018/19 financial year, around 100,000 took part, and we plan to keep growing. To date over 500,000 young people have chosen to do NCS.

Operating across England and in Northern Ireland,<sup>1</sup> NCS works with 16 to 17 year-olds from a range of different backgrounds at a pivotal point in their lives in order to improve social mobility, social cohesion and social engagement.

The Trust is working hard to ensure NCS becomes a rite of passage that is a normal part of growing up, helping to equip and empower generations of young people. This is achieved by bringing young people together in a shared experience for two or four weeks to design and deliver their own community action projects – building their confidence in what they can achieve, developing their character and bridging social divides. By offering young people an innovative and engaging shared experience, NCS helps them to become better individuals and, in turn, better citizens.

The NCS programme is a unique chance for teenagers to live away from home, develop key life skills and interact with other young people from different backgrounds. NCS is funded by DCMS, which means no one is prevented from taking part for financial reasons. Our programmes take place outside of term time; the summer programme takes three-four weeks to complete, with a shorter version taking place in the autumn. The programme is delivered by a family of over 100 grassroots organisations, each with unique local expertise and a passion for inspiring young people.

NCS participants experience a range of outdoor activities, learn new skills (from teamwork, leadership and public speaking to basic cooking and budgeting) and meet with local charities and entrepreneurs. They then commit 30 hours to a social action project, which they themselves deliver and promote – empowering them to make a real change in their local communities, while fostering a sense of social responsibility for the future.

Longer term, NCS graduates have exclusive access to a wealth of work and volunteering opportunities across the country. Following graduation, former participants can also continue to make their mark within the organisation through our Regional Youth board, Leaders Programme and National Youth board – ensuring that young peoples' voices remain at the heart of the decisions we make.

## Principal risks and uncertainties

A full breakdown of the key risks facing the Trust can be found in the Governance Statement.

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<sup>1</sup> Note that the NCS programme is delivered in Northern Ireland by Co-operation Ireland and is funded separately to NCS Trust.

## Identification and management of risk

For further information on how we identify, assess and mitigate risk, please see the Governance Statement.

## Performance summary for 2018/19

### Chairman's report (Brett Wigdortz)

I'm pleased to present NCS Trust's Annual Report for 2018/19.

This is my first year as Chairman of National Citizen Service. In the short amount of time that I've been in this position, it is clear to me that the greatest privilege of the role is to see first-hand the impact that NCS is having on the lives of so many young people across the country.

This is largely thanks to the hard work of an army of thousands of frontline staff and volunteers throughout our network who make it possible to keep NCS delivering life-changing experiences for hundreds of thousands of young people across the country. I'd especially like to call out the NCS team leaders who work tirelessly on behalf of the young people and the wonderful National and Regional Youth boards who have done so much to build the programme and ensure we are always putting young people's views front and centre.

In December 2018, NCS officially became a Royal Charter Body. The powers and processes set out in the Royal Charter ensure that the Trust can continue to work independently and innovatively while being accountable to Government for the money it spends.

As part of this NCS has welcomed a new board of directors, which I am honoured to chair. The unique blend of experience, passion and skills provided by this group has been a powerful support to help take the Trust forward and I am pleased to welcome them to the organisation.

I would also like to take this opportunity to thank the pre-Royal Charter board members who left this year. Without their hard work and vision NCS would not have been able to make such an important difference to the lives of over half a million young people. I'd especially like to call out my predecessor chairman, Stephen Greene CBE and Lord Blunkett who did so much for NCS. All of us on the current board truly feel as though we are standing on the shoulder of giants.

Our vision for NCS is to enable a country of connected, confident and caring citizens where everyone feels at home. I am confident in the plan we are putting in place to make this vision a reality.

## CEO's Report

Everyone involved in NCS should feel incredibly proud to have supported more than 500,000 young people to develop their character and bridge social divides. The period covered in this annual report marks an important milestone as across the UK, a record number of young people have taken part in our programme - just over 100,000. This means that 1 in 6 of teenagers in classrooms across the country are benefitting from what can be life changing opportunities, meaning NCS is reaching more of the cohort of teenagers than any other extra-curricular programme.

Our work of supporting the next generation and building stronger ties between people of all backgrounds is more vital than ever. That's why as NCS enters its second decade, we have chosen to undertake some transformational changes this year so we can deliver even more for young people and society. Major change can of course be challenging, but we are confident that it will be worth it in the years ahead.

## Governance transformation

The first major change that I want to draw attention to is to our governance. Following the National Citizen Service Act which was passed with cross party support, NCS has become a Royal Charter body. This places NCS on a permanent statutory footing and improves our governance and accountability framework, while ensuring the organisation has the independence it requires to deliver. Transitioning from one organisation to a new organisation while continuing to deliver has been a major change, and I would like to thank all the team at NCS Trust for their support throughout this period. We are proud to welcome a brilliant board made up of experienced individuals with diverse backgrounds who will help to support the work of the executive team and hold us to account. As I welcome our new board, I would like to pay tribute to the outgoing volunteer board of the Community Interest Company led so ably by Stephen Greene CBE, with whom I served proudly for so many years.

We think it is important that this Annual Report and other measures we have introduced as a result of our new status, will significantly strengthen the transparency and accountability of NCS for the public funds that are entrusted to us on behalf of the next generation.

## Digital transformation

The young people we serve are digital natives and we interact digitally with around half of all the sixteen year olds in the country. We want to give them the best possible experience we can so they can sign up to take part in NCS as seamlessly as possible. We put our young people's safety first, and in the year that GDPR came into force we require the strongest data security. We need to deliver this at the lowest possible cost.

This is why we have chosen to introduce a new single website and CRM system: making it easier to take part in NCS, upgrading our data security, and reducing costs by eliminating duplicative systems across our network.

Introducing a new digital management system across the entire network has taken time and dedication from experts across the Trust and buy-in from our partners. It has truly been a team effort, and being digitally prepared for the future is invaluable.

## Network transformation

NCS programmes are delivered by a dedicated network of local organisations up and down the country. As our old delivery contracts come to an end in 2019, we have been working hard to transform our network by learning the lessons of the last decade of delivery.

Our aim has not been to roll forward our contracts, but to take the opportunity to diversify our delivery network, reduce costs by eliminating duplication and middle management costs, and improve social returns in local communities.

I am pleased to say that following rigorous internal and external scrutiny, including from the Infrastructure and Projects Authority, DCMS and HM Treasury, our Full Business Case was approved. While major recommissioning exercises cause disruption, I am confident that NCS 2.0 will deliver substantially more value for society in the years ahead. Our local network has grown significantly, with a diverse network of suppliers in all parts of the country in place of regional monopolies. Our unit costs of delivery are due to fall by more than a quarter over the coming years as we reach more young people, reduce duplication and cut the back office. This includes a strengthening of our payment mechanism so we share more risk with our



partners if young people sign up but do not turn up to the programme, reducing the risk of paying for places that are not filled. We will also empower young people to drive year round social action in every local authority area as part of our new Local Action Squads.

### Why this matters

For every pound invested in NCS, we already return many more back to society as a social return according to an independent evaluation using HM Treasury Green Book analysis. We are confident that this social return on investment will significantly improve in the next decade as NCS Trust has been making tough choices and delivering transformational changes.

While much of this report is about numbers and statistics, I want to conclude by focusing on 1 out of 100,000 stories of impact over the last year. In summer 2018 a group of our graduates in Exeter came up with a plan to encourage more donations to their local food bank. The idea was simple: to stick stickers on foodbank-friendly products around their local Sainsbury's to encourage the public to buy these products and donate them to food banks. The project was so successful that Sainsbury's rolled it out nationally over Christmas. There were over 1 million additional donations and a public petition has garnered 150,000 signatures encouraging more supermarkets to do the same.

It is stories like this that give me real optimism and excitement about the impact NCS is already having and the potential NCS has to deliver even more dramatic positive change across the country. This is why everyone in the NCS family is so proud of what we do and determined to do even more in the years ahead.

### Financial Performance

Total funding of £55.4m was received by NCS Trust in the four month period to 31<sup>st</sup> March 2019 which included £55.2m of grant in aid from DCMS. The remaining £0.2m consists mainly of procurement income for merchandise purchases made on behalf of the NCS programmes charged at a mark-up.

The majority of the net operating costs of £55.5m relates to payments made to regional and local delivery partners who help administer the NCS programme on behalf of the Trust. Other significant areas of spend are general operating expenditure of £8.5m and staff costs of £4.6m.

The Statement of Financial Position at 31 March 2019 shows positive overall Taxpayer's Equity of £1.7m.

### Performance Analysis

The disclosure and reporting requirements included under the NCS Act and Royal Charter apply from when the Royal Charter organisation became live on 1 December 2018.

During the period covered by this report, the Trust was working to an [Interim Management Agreement](#) (which became active on 1 December 2018) for the Royal Charter body which includes the objectives set out below.

- NCS Trust to increase demand to fill places and improve retention of participants
- NCS Trust to ensure the delivery of high quality and socially mixed NCS programmes
- NCS Trust to ensure the programme is impacting participants positively
- NCS Trust to secure sustainability by building a broad base of support
- NCS Trust to increase value for money for taxpayers

For completeness, KPIs for the full financial year 2018/19 for the CIC, contained in the Grant Agreement (which expired on 30th November 2018), have been used in this report. A copy of the NCS Trust CIC Annual Report and Accounts covering the period 1st April - 30th November 2018 can be found here: [NCS Trust C.I.C. Annual Report & Accounts 2018-19](#)

| 1. Increase demand to fill places and improve retention of participants         |                |               |
|---|----------------|---------------|
| KPI   | Target         | Performance   |
| <b>1) Total number of NCS participants funded by DCMS in calendar year 2018</b> | <b>100,000</b> | <b>99,674</b> |
| 2) Total number of core Programme participants on Summer 2018 programme         | 92,260         | 85,938        |
| 3) Participant completion rate in 2018/19                                       | 93%            | 93%           |
| 4) Attrition (% sign ups not participating) in 2018/19                          | 19%            | 22%           |

- The public target for the 2018 calendar year of 100k, the biggest year ever, would've been met, if the 364 participants from Northern Ireland (NI) were included. The funding arrangements for these places are slightly different, and are covered by devolved funding, not by funding the Trust received from DCMS. However NCS Trust supports NI participants by providing tools, training and graduate opportunities.
- 85,938 young people took part in the summer programme, with the remainder taking part in the autumn.
- A young adult segmentation has already been rolled out since the start of April 2019. The segmentation allows us to understand the barriers and triggers for each segment type to develop the right communications as part of our Summer 2020 campaign. This aims to drive greater affinity and consideration of NCS to those who have previously rejected or not signed up. In the mid to long term we will be able to segment our database of those who sign up to gain even greater insights. We are also looking to mirror this young adult segmentation with parents and guardians for 2020.

| 2. Ensure delivery of high quality and socially mixed NCS programmes                       |              |             |
|--|--------------|-------------|
| KPI  | Target       | Performance |
| 1) Participant/parent combined NPS score % (Rant & Rave)                                   | 57           | 57          |
| 2) % participants from minority ethnicity (national)                                       | 23%          | 33%         |
| 3) % participants on free school meals   | 12%          | 16%         |
| 4) % participants with special educational needs   | 2%           | 5%          |
| 5) Number of NCS regions compliant with representative regional participant mix: ethnicity | 17 out of 19 | 18          |

|  |              |    |
|--|--------------|----|
| 6) Number of NCS regions compliant with representative regional participant mix: free school meals | 17 out of 19 | 14 |
| 7) Number of NCS regions compliant with regional special education needs representation            | 17 out of 19 | 17 |

- NCS continues to perform well and meet the majority of its national social mix KPIs
  - National NCS participants from ethnic minorities, those on free school meals and those with special educational needs over-index against the population
  - 5 regions missed their targets for pupils on free school meals by a narrow margin (c1%pt)
- Combined NPS scores met the annual target of 57

| 3. Improve programme impact  |        |             |
|--|--------|-------------|
| KPI  | Target | Performance |
| Social cohesion: participants with positive experiences with people from different backgrounds | 80%    | 78%         |
| Social mobility: participants more confident about finding a job                               | 74%    | 78%         |
| Leadership: participants confident about leading a team  | 63%    | 61%         |
| Civic engagement: participants feeling able to influence the world around them                 | 68%    | 64%         |

- The impact KPIs are based on provisional data from the 2018 NCS Survey impact evaluation carried out by independent researchers Kantar on behalf of DCMS. While these figures are not yet published as part of the 2018 impact evaluation report (and thus technically may be subject to change), they have been quality assured and verified as correct for the purposes of this Annual Report by Kantar.
- The results show that for the 2018 summer programme, NCS exceeded its target for social mobility. Performance for civic engagement fell slightly short against target. Targets for leadership and social cohesion were not met, though it is important to note that figures are subject to a margin of error of +/- 3 percentage points.
- 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

| 4. Secure sustainability by building a broad base of support                                    |        |             |
|---|--------|-------------|
| KPI   | Target | Performance |
| Successful new partnerships (with at least two in the youth, volunteering and education sector) | 5      | 6           |

- 6 new partnership agreements were made during 2018/19 - The Army, GetMyFirstJob, Young Minds, Marks & Spencer, Raspberry Pi and Spotify - creating opportunities for graduates around employability, partnerships and programme collaboration.

| 5. Increase value for money for taxpayers   |        |             |
|---|--------|-------------|
| KPI   | Target | Performance |
| Unit cost to the taxpayer for financial year 2018/19                              | £1,710 | £1,764      |
| Element of all-in-unit cost attributable to places commissioned but not filled    | £20    | £96         |
| Amount of non-government income (exc. Parental contributions) achieved in 2018/19 | £1m    | £0.9m       |
| Amount of non-government funding achieved   | £10m   | *£16.8m     |

- 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) and was used for the purposes of delivering NCS, for example through running recruitment events and hiring programme staff. 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.
- As the cost of unfilled places emerged we took steps to minimise our costs elsewhere but missed our unit cost target of £1,710 by 3%. Our efforts to reduce costs included reducing or delaying recruitment activity which also helped to reduce associated recruitment, IT, travel and training costs and a reduction in planned professional fees related to our recommissioning work as more activity was undertaken internally.
- Non-government income includes income generated from our toolkit, sponsorship (Santander) and contact centre.
- \*Non-government funding relates solely to a discount achieved through our core IT platform provider.

## 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.

Michael Lynas  
CEO and Accounting Officer  
 National Citizen Service Trust  
 20 February 2020

# 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 on merit on the basis of fair and open competition. All of the board of directors were appointed on 1 December 2018, other than Brett Wigdortz, who was appointed on 12th July 2018. Each of the directors was appointed for a three year term of office, with the exception of Julia Cleverdon, who has a two year term. Board members are eligible to be reappointed (subject to fair and open competition) once, for a further period of up to three years.

There have been no changes to the board of directors to the date of this report.

The Board sets the strategic objectives of the Trust, within high level policy objectives set by the DCMS Secretary of State, and is also responsible for setting the Trust's values and standards. The senior leadership team is collectively accountable, through the CEO, for the delivery of the board-approved strategy and for developing the desired culture, and their performance in doing so is monitored by the board.

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 period ended 31 March 2019 were:

### **Brett Wigdortz OBE, Chair**

Brett Wigdortz joins 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.

### **Michael Lynas, Chief Executive**

Michael Lynas was appointed CEO of NCS Trust in 2014, after joining NCS as Director of Strategy in 2013. Michael joined NCS from No.10 where he was a Senior Civil Servant in the Policy Unit. In addition to his central role in establishing NCS, his main work was on civil society, culture and philanthropy. Michael has previously worked as a strategy consultant for Bain & Co. He has an MA in Politics from Cambridge University and a Masters in Public Policy from the Kennedy School of Government at Harvard.

### **Paul Cleal OBE, Chair of the Audit and Risk Committee**

Over the past 30 years, Paul has worked in local and central government and, for 16 years, was a partner at Price Waterhouse Cooper. There, he led the Government and Public Sector practice, founding the Africa Business Group. He has been a non-executive director and advisor to several organisations, including Kingston University, the Sainsbury's Foundation and the Social Mobility and Child Poverty Commission. Paul is passionate about diversity and works with a variety of educational institutions, acting as a mentor to many young people.

### **Dame Julia Cleverdon DCVO CBE**

Dame Julia Cleverdon is a passionate campaigner who has gained an international reputation for inspiring individuals and organisations to work together in challenged communities. She was Chief Executive of Business in the Community (1991-2007) and Chair of Teach First (2007-2014). In 2013 she co-produced an independent review for the Prime Minister which led to the founding of Step Up To Serve and the #iwill campaign. She has led many charitable initiatives and has been an NCS Trust Board Member since 2014.

### **Dame Sally Coates DBE**

Dame Sally Coates has worked in inner city schools since 1976. She has been Principal, Executive Principal and Head of School at academies and schools across London. She is the Director of Secondary Education for North and South at United Learning, one of the biggest Multi-Academy Trusts, which manages more than 50 academies nationwide. 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.

### **Flick Drummond**

Flick was the Member of Parliament for Portsmouth South, where she was on the Women and Equalities Select Committee, Chair of the Women and Work All Party Parliamentary Group (APPG) and Cyber Security APPG, both of which she set up. She now chairs the Southeast region of the Veterans Advisory and Pension Committee (VAPC), is a board member of the Salterns Academy Trust and a trustee of Citizens Advice Portsmouth. She is also the voluntary director of the Conservative Policy Forum.

### **Ian Livingstone CBE**

Ian Livingstone CBE is one of the founding fathers of the UK games industry. He co-founded iconic games company Games Workshop in 1975, launching many hugely successful games. He was ranked 16th most influential person in the UK's digital economy in the Wired 100 list in 2012. He chaired the Next Gen Skills campaign, working with government to introduce a new computing curriculum in schools in 2014. He co-authored 'Hacking the Curriculum' in 2017.

## **John Maltby**

John has a portfolio of Non-Executive roles including Chair of Alica Bank and is a Non-Executive Director of Simplyhealth PLC and Nordea Bank. 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. He was also Group Chief Executive of Kensington Group plc.

## **Tristram Mayhew**

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 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, is an alumni of London Business School and is a member of the Young Presidents' Organisation.

## **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. From then he has worked with both Scottish Labour Students and NOLS (The National Organisation of Labour Students).

## **Ndidi Okezie**

Ndidi is an inspirational public speaker, passionate about social justice, youth voice and quality access to education for all. A proud former teacher and school leader for ten years, she has spent the last six years as the Executive Director of the UK's largest graduate recruiter, Teach First. In 2018, she joined Pearson PLC to lead on Digital and Customer Voice Strategy. Ndidi is a Board Director of the Mulberry Schools Trust, CentrePoint UK and an Ambassador for Teach For Nigeria.

## **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. He co-founded 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. 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 (CEO)
- Rob Bellhouse (Company Secretary) - from 14 January 2019 and left on 28 July 2019
- Miriam Jordan Keane (Chief Marketing and Sales Officer)

- John Kerslake (Chief Operations Officer) - from 18 January 2019 and left on 21 December 2019
- Naim Moukarzel (Director of Programme)
- Jo Passingham (Chief Financial Officer) - left 21 December 2018
- David McLauchlan (Director of Finance [interim; guest member] - from 12 December 2018 and moved from Senior Leadership team on 01 July 2019
- Jeroen Sabbe (Director of Strategy and Implementation) - moved from Senior Leadership team on 29 July 2019
- Kate Wood (Chief People and Property Officer) - left on 31 August 2019
- Simon Sharkey Woods (Chief Information Officer)

### Board of Patrons

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

- David Cameron (Chairman)
- 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)
- David Joseph CBE (CEO and Chairman of Universal Music UK and Ireland)
- David Sheepshanks CBE DL (Founding Chairman 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 of Knightsbridge Karren Brady CBE (Vice Chairman 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)
- Nicola Dandridge CBE (Chief Executive of the Office for Students)
- Robert Peston (Founder of Speakers for Schools and ITV political editor)
- Dame Sally Coates DBE (Director of Secondary Academies at United Learning)
- Sarah Sands (Editor of the Today Programme)
- Stephen Greene CBE (CEO and co-founder of RockCorps and former chairman of NCS board of Directors)
- Tim Allan (Founder and 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)

### External business interests

We are very conscious that directors must be free of any conflicts of interest when performing their duties. Each of the directors has completed an online declaration of all their external interests, which has been reviewed by the Trust, and is under an obligation to declare any changes to their actual or potential interests as these arise. The Trust repeats the conflict declaration exercise on an annual basis, and a schedule of all declared interests is provided for the entire board to review and discuss.

### Corporate governance

The NCS Trust is a Royal Charter Arm's Length Body (ALB) of the DCMS and, as such, adheres to all the necessary regulatory requirements. In addition, the Trust has looked to best practice from the UK Corporate Governance Code in developing its ways of working, as recommended by 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 matrix which sets thresholds beyond which material spending commitments can only be entered into with prior board approval.

The roles of the chairman and the CEO are clearly defined and understood, and these posts are held by separate appointees. Given that the board of directors were only appointed four months before the year end, the board has not yet appointed a lead non-executive director and there has not yet been any appraisal of the performance of individual directors or of the effectiveness of the board and its committees. We intend to undertake the first round of appraisals and effectiveness reviews in the first quarter of calendar year 2020, in line with the board's obligations, and report on these in the 2019/20 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. All of the directors have visited various phases of the NCS programme and there is a general expectation that each director will devote time to visiting the adventure, discovery, social action and celebration phases in each year. In addition, we expect all directors to maintain and develop their professional skills and will support this as appropriate. We hold 'deep dive' sessions into aspects of the Trust's strategy and the NCS programme at every board meeting. These help to deepen the board of directors' understanding of these topics.

The board operates on a collegiate basis and discussion and decision-making is not dominated by any individual or group of individuals. The board of directors are drawn from a wide range of backgrounds and bring differing perspectives to the board's discussions, which we feel helps reduce the risk of 'group-think'. We are conscious that the Trust exists primarily to deliver the NCS programme, currently offered to 16-17 year olds. It is therefore vital that the voice of young people must be heard when the board discusses key strategic issues. For this reason, the board's youth representative, Jermain Jackman, who also attends the Trust's National Youth board attends every board meeting. An NCS graduate himself, Jermain has wide experience of the issues facing not only NCS but also young people in general. In addition, the board frequently invites a range of young people from the National and Regional Youth boards to join its meetings for discussions around these key strategic issues.

### [Board committees](#)

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

- Audit and Risk Committee (ARC) - chaired by Paul Cleal OBE, the ARC develops and reviews the principles and standards to be applied in reviewing the financial and other management functions of the Trust, including the identification and mitigation of risks to its objectives, and makes recommendations to the NCS Trust about the exercise of those functions. It also acts as a wider finance committee, providing scrutiny and oversight in the areas of regulatory compliance, financial strategy and performance, financial reporting, controls, internal and external audit, risk management and other related finance functions. The ARC comprises three non-executive directors, a government representative and two external members, both of whom are qualified accountants.
- Impact and Safeguarding Committee (ISC) - chaired by Tristram Mayhew, the ISC aims to ensure that the safety and wellbeing of NCS participants is at the forefront of organisational decision making and that our programmes are of high quality. It also scrutinises, challenges and shapes the strategy for evolving the NCS programme and how its impact and value are measured and understood. The ISC comprises three non-executive directors.

- People Committee - chaired by Ashley Summerfield, this oversees all people-related matters and especially the Trust's organisational health, including its 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 three 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 four 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.

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 next following board meeting.

#### Directors' attendance at board and committee meetings of the Royal Charter body

During the period ended 31 March 2019, the members of the board of directors attended meetings as follows:

| Director             | Board | Audit & Risk Committee | Impact & Safeguarding Committee | People Committee | Remuneration Committee |
|----------------------|-------|------------------------|---------------------------------|------------------|------------------------|
| Brett Wigdortz OBE*  | 2/2   | -                      | -                               | -                | -                      |
| Michael Lynas*       | 2/2   | -                      | -                               | -                | -                      |
| Paul Cleal OBE       | 2/2   | 2/2                    | -                               | -                | -                      |
| Dame Julia Cleverdon | 2/2   | -                      | -                               | 1/2              | 1/1                    |
| Dame Sally Coates    | 1/2   | 0/2                    | -                               | -                | -                      |
| Flick Drummond       | 2/2   | -                      | 1/1                             | -                | -                      |
| Ian Livingstone      | 1/2   | -                      | -                               | -                | -                      |
| John Maltby          | 1/2   | 2/2                    | -                               | -                | -                      |
| Tristram Mayhew      | 2/2   | -                      | 1/1                             | -                | -                      |
| Lord Iain McNicol    | 1/2   | -                      | -                               | 2/2              | 1/1                    |

|                    |     |   |     |     |     |
|--------------------|-----|---|-----|-----|-----|
| Ndidi Okezie       | 2/2 | - | 1/1 | -   | -   |
| Ashley Summerfield | 2/2 | - | -   | 2/2 | 1/1 |

\*Neither Brett Wigdortz nor Michael Lynas is a member of any committees but both are invited to attend.

In addition to these formal meetings, there were a number of calls and other ad hoc meetings and events in which certain board members participated.

Following the period end, the board held a strategy session to develop a long-term plan for the development of the NCS programme. This was attended by members of the senior leadership team and a range of young people who had completed the programme, and the entire strategy development process was facilitated by the Trust's strategy team, with additional pro-bono support. The session was held in Liverpool, which enabled the board to hear perspectives of young people and NCS delivery partners from outside London.

### Risk management and internal control

The board of directors has ultimate responsibility for oversight of the Trust's processes in relation to risk management and the internal control environment. The CEO, as the Accounting Officer, has specific responsibilities in relation to both areas. Further information on these issues is provided in the Governance Statement.

During the period the Trust appointed Mazars LLP as its internal auditors following a competitive public procurement process. A programme of work for the 2018/19, 2019/20 and 2020/21 financial years has been approved by the ARC, which 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.

### Personal data

The Trust holds a significant amount of personal data on the young people who participate in NCS, including what is referred to as 'special category data' in the General Data Protection Regulation. We take our responsibilities for maintaining the security of this data and for managing cyber-risks extremely seriously. Our general approach is to follow established best practice and align to standards such as ISO27001 wherever possible. We utilise the strongest information security and encryption available in the public Cloud services we use, and advise our teams and network of partners on the appropriate handling of information.

In 2018/19 NCS Trust advised the Information Commissioner's Office (ICO) of nine potential information losses (all deemed relatively small scale and/or low impact). The incidents were typically linked to the use of paper resources by our partners that were lost in various scenarios. The ICO has not considered any of the nine submissions to be worthy of deeper investigation. A small number of concerns have also been raised by parents and guardians around the DCMS commissioned research on the impact of NCS. The specific concerns have been addressed and the approach to consent will be improved in future years to lower the concerns about research of this type.

### Whistleblowing

The Trust offers internal whistleblowing arrangements to enable employees to report issues of concern, which can be reported to either the Chief People and Property Officer or to the chair of the People

Committee. A separate internally-resourced 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 auditors of NCS Trust CIC were RSM UK Audit LLP. The NCS Act 2017 requires 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 2018-19 Mazars provided an overall opinion of "Limited" meaning that there are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.

This opinion is based on work conducted during the 2018-19 financial year, which encompassed four internal audit reviews, resulting in two "adequate" assurance opinions and two "limited" opinions. It is worth mentioning that one of the internal audit reviews was conducted by BDO, the previous internal auditors of the Trust. BDO used a different assessment scale but Mazars have taken this into consideration in forming their opinion.

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.

It is worth highlighting that during the year there was an unprecedented level of change within the Trust in working towards procurement of new contracts for the front line delivery of the NCS programme as well as the transfer to becoming Royal Charter body.

There were no fundamental (Priority 1) observations or recommendations in any of the internal audit reviews conducted in 2018/19 and management have agreed action plans in place to implement the recommendations raised.

## Going Concern

The future financing of NCS Trust's liabilities is met through Grant-in-Aid financing received from DCMS, with the amounts required for the 2019/20 year already approved. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

## Governance Statement

NCS aims to maintain high standards of corporate governance, including effective management of risks across the organisation. The system of internal control is designed to manage risk to an acceptable target level rather than to eliminate all risk.

During the year we have continued our efforts to improve our risk management assessment and management capability. This year has seen the board review its appetite for risk against each item on the corporate risk register. Two members of our management team have become certified Risk Practitioners this year helping to further embed risk consideration into our decision making processes and to continue to improve the function. We have also brought about greater consistency in our departmental risk registers so that they mirror our corporate process.

We continue to follow a three lines of defence model. The first line is our operational management who own the assessment, ownership and control of 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 is provided by the independent internal and external audit functions as overseen by the ARC.

In terms of information risk we have 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, changed our model of system access for our partners to ensure we have a full audit capability, and upgraded our core Google platform with data leak prevention (DLP) technology.

Once a risk is identified it is scored based on the likelihood of it occurring, and the level of impact it would have if realised. Risks are scored in terms of their inherent risk, before any mitigating controls are applied, their residual risk after mitigating controls are applied, and also against a target. Risks are considered against the organisation's primary strategic objectives.

The Senior Leadership Team reviews the corporate risk register on a regular basis, ensuring an action plan is in place to mitigate against key risks. This is further supported by an assessment of individual project risk and any aggregate risks managed by the PMO. The corporate risk register is also reviewed by the ARC on a quarterly basis. We are working to ensure the concept of risk management is more deeply embedded in the organisation, and that all relevant people receive training in how to assess and manage risk. Potential risks are considered against the strategic aim that they could impact upon. Selected principal risks and uncertainties are outlined below, along with some of our key mitigating controls.

| Principal Risks   | Key Mitigating actions   |
|---|--|
| <p><b>Delivery of the recommissioning programme</b> could impact on the current network's performance and quality in delivering the 2019 programme.<br/><i>Status: New risk for 2018/19</i></p> | <p>We have built up strong relationships with our current provider network and have regular meetings with them to debate current performance to ensure the early identification of any emerging threats.</p> <p>A dedicated network mobilisation team has been established with key experienced members of staff to ensure a smooth transition and decommissioning process.</p> <p>We will work closely with the Government's Infrastructure and Major Projects Authority (IPA) to ensure that our creation and delivery of the business case for our recommissioning programme is robust and has the required review and support.</p> <p>Our move towards a single IT platform also provides greater consistency in our performance data across our network and new senior management hires have enhanced our operational and contract management capabilities.</p> |

|   |   |
|---|---|
| <p><b>The expected operational and financial benefits of the recommissioning programme</b> are not fully realised or not realised within the expected timeframe. Additionally the procurement may not attract partners across the full geographical areas intended.</p> <p><i>Status: New risk for 2018/19</i></p>  | <p>A specialist project team has been created to help manage the program within our existing PMO processes in order to assist with the delivery of the program benefits, and they will work closely with DCMS, IPA and HM Treasury to ensure internal planning and governance is of the required standard. Funds have been set aside to ensure that the team is adequately skilled and resourced and expert staff from key business areas are managing individual workstreams within the project.</p> <p>A benefits matrix built into the business case will set out the evaluation criteria for success and the model has been evaluated across many different scenarios.</p> <p>Roadshow events have generated significant levels of interest across our different regions and contingency procurement plans have been developed to allow us to bring in further suppliers where any gaps exist.</p> <p>.</p>                         |
| <p><b>Fraud - internal, external or partner.</b> As a publicly funded organisation, we have a fiduciary duty to ensure funds are managed and assets protected.</p> <p><i>Status: ongoing mitigation</i></p>   | <p>We have a detailed process to monitor provider payments each month supported by improved validation rules on our data which reduces the scope of ineligible or duplicate participants on programme. We also employ regular independent compliance checks to check participant attendance on programme and the right to further audit of these payments.</p> <p>Internally we continue to enhance our Anti-Fraud and Anti Bribery capability with an updated policy, online training for all staff and regular attendance at Government Anti-Fraud and Anti Bribery training events.</p> <p>We have put in place new system based controls around changes to supplier accounts and continue to review our segregation of duties to ensure they are fully effective.</p>   |
| <p><b>Information Management.</b></p> <p>The requirements of adopting the General Data Protection Register (GDPR) and Freedom of Information Act (FOIA) could place a strain on IT key resources/capacity. ICO fines for breaches could be up to £10M which be difficult to finance and could cause reputational harm to NCS Trust.</p> <p><i>Status: Existing Risk with increased scope due to applicability of GDPR and FOIA.</i></p> | <p>More resources have been added to the Information Management and Security team which has led to the development of an information asset register and four core policies around information management and security.</p> <p>Significant work has also been undertaken to educate new and existing NCS Trust staff on Information Management practises and dual factor authentication is now in place for all staff google accounts.</p> <p>The new IT platform that has gone live is now the single place for storing much of the core information of young people and their parents/guardians, and the data transfer between different systems has been reduced to minimise the potential loss of data.</p> <p>Several members of staff have existing experience of dealing with FOIA requests or have recently received training and a process management and review process has been developed for handling all FOIA requests.</p> |

## 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.

## 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 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.

### Remuneration Policy - executives

We are a commissioning organisation, contracting with a number of providers who, either directly or through sub-contractors, deliver the National Citizen Service programme to over 100,000 young people annually. The vast majority of our programmes involve young people spending up to two weeks away from home, when they are in the care of our providers or their subcontractors. We estimate that in a typical year these young people will spend more than 8,000,000 hours on the NCS programme, when we are responsible for their safety and well-being. This is a significant responsibility and we seek to hire executives who have the skills and experience to discharge this successfully. We therefore provide remuneration at the levels necessary to attract and retain individuals of an appropriate calibre, who possess the skills and experience we need, but without paying more than is necessary. We are always conscious of the need to demonstrate value for money in our use of taxpayers' funds.

In relation to base salaries, a number of our executives were hired, or appointed to their current roles, within the last two years or so. We have therefore tested their base pay against the market and are satisfied that their base salary is at a suitable level. We benchmark the CEO's base salary on an annual basis to ensure that they are paid at an appropriate level.

While the Trust's predecessor organisation offered an annual Performance Payment Award as a short-term incentive, the Trust's RC decided that, for the financial year 1 April 2019 - 31 March 2020 onwards there would be no short-term incentives offered to any of the Trust's employees,<sup>2</sup> including the members of the senior leadership team. Final performance awards were paid to employees in June 2019 but no members of the senior leadership team were eligible to receive this award. It is worth noting that performance awards for eligible employees for the 2018-19 year were funded by the CIC. During 2019/20 we are planning to introduce a recognition scheme through which small micro-rewards (in the form of retailers' vouchers with a face value of up to £100) can be provided to employees who have made an outstanding contribution.

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

We offer a number of employment benefits to all of our people. This are:

- A defined contribution pension plan, which we offer on a non-contributory basis.
- Paid holidays. This commences at 28 days for a new starter working full-time and rises by one day for every two years worked, to a maximum of 30 days' holiday per calendar year.

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<sup>2</sup> The performance award for NCS Trust staff in the South West will cease from 1 January 2020. 8 people are in scope. All 2019 potential payments for our SW2 incentive scheme will be honoured ie the Summer 2019 and Autumn 2019 potential payments because it was been communicated previously and is driving people's work now re Young People attending Programme. The SW2 incentive scheme will cease from 1 January 2020.



- Paid leave for up to 5 days' volunteering and training based on the professional development needs of the individual and the wider capability requirements of the organisation.
- Contractual sick pay for up to a maximum of 3 days.
- Access to a package of retailers' discounts and loyalty benefits, via a provider portal.

#### 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 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 remunerated. As they 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 2018/19

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 2018-19.

#### Remuneration - salary, benefits in kind and pensions (This is subject to audit)

The following tables cover the four month period 1 December 2018 - 31 March 2019. The period from 1 April 2018 - 30 November 2018 is covered by the Community Interest Company accounts, available on the Companies House website and the NCS Trust website.

|   | <b>Annualised Salary</b><br><b>(£'000)</b> | <b>Salary - including allowances</b><br><b>(i)</b><br><b>(£'000)</b> | <b>Bonus</b><br><b>(£'000)</b> | <b>Employer's Pension Contributions</b><br><b>(£'000)</b> | <b>Benefits in kind</b><br><b>(£'000)</b> | <b>Total</b><br><b>(£'000)</b> |
|---|--|--|--------------------------------|---|---|--------------------------------|
|   | <b>2018-19</b>                             | <b>2018-19</b>   | <b>2018-19</b>                 | <b>2018-19</b>  | <b>2018-19</b>                            | <b>2018-19</b>                 |
| <b>Brett Wigdortz</b><br><b>OBE (ii)</b><br>Chair             | Up to 40                                   | 10-15  | -                              | -   | -   | 10-15                          |
| <b>Michael Lynas</b><br>Chief Executive Officer               | 135-140                                    | 45-50  | -                              | 0-5   | -   | 45-50                          |
| <b>Miriam Jordan Keane</b><br>Chief Marketing & Sales Officer | 135-140                                    | 45-50  | -                              | 0-5   | -   | 45-50                          |

|  |                   |           |   |     |   |       |
|--|-------------------|-----------|---|-----|---|-------|
| <b>Kate Wood</b><br>Chief People<br>Officer (left 31<br>August 2019)           | 150-155(iii)      | 50-55     | - | 0-5 | - | 50-55 |
| <b>Joann<br/>Passingham (iv)</b><br>Chief Financial &<br>Commercial<br>Officer | 135-140           | 35-40 (v) | - | 0-5 | - | 35-40 |
| <b>Simon Sharkey<br/>Woods</b><br>Chief Information<br>Officer                 | 115-120           | 35-40     | - | 0-5 | - | 40-45 |
| <b>John Kerlake<br/>(vi)</b><br>Chief Operations<br>Officer                    | 135-140           | 25-30     | - | 0-5 | - | 30-35 |
| <b>Jeroen Sabbe</b><br>Director of<br>Strategy &<br>Implementation             | 85-90             | 25-30     | - | 0-5 | - | 30-35 |
| <b>Naim Moukarzel</b><br>Director of<br>Programme                              | 95-100            | 30-35     | - | 0-5 | - | 30-35 |
| <b>Robin Bellhouse<br/>(vii)</b><br>Company<br>Secretary                       | 105-110<br>(viii) | 20-25     | - | -   | - | 20-25 |

- (i) Salaries are for the four months from 1st December 2018 when NCS became a Royal Charter body
- (ii) Remuneration capped at £40k per annum and paid based on number of days worked
- (iii) Includes a car allowance of £8,000
- (iv) Left on 21<sup>st</sup> December 2018
- (v) Includes £24,946 pay in lieu of notice
- (vi) Joined 18<sup>th</sup> January 2019 and left 21<sup>st</sup> December 2019
- (vii) Joined 14<sup>th</sup> January 2019 and left 28<sup>th</sup> July 2019
- (viii) Based on FTE of 0.8

## Staff Report

The following sections are subject to audit

### Staff Costs

| <b>Costs</b>  | <b>Permanently<br/>Employed Staff<br/>£'000</b> | <b>Others<br/>£'000</b> | <b>Four months to 31<br/>March 2019<br/>£'000</b> |
|---|---|-------------------------|---|
| Wages and Salaries<br>(including<br>performance related<br>pay) | 3,661   | 200                     | 3,861   |
| Pension Costs   | 181   | -                       | 181   |
| Social Security Costs   | 418   | -                       | 418   |
| Untaken Leave<br>Accrual  | 118   | -                       | 118   |
| <b>Total Staff Costs</b>  | <b>4,378</b>                                    | <b>200</b>              | <b>4,578</b>                                      |

### Average Number of Staff during the Period - FTE

| <b>NCS Trust Staff</b>                          | <b>2018/19</b> |
|---|----------------|
| Employees                                       | 210            |
| Other Staff (includes<br>agency/seconded staff) | 5              |
| <b>Total</b>                                    | <b>215</b>     |

### Compensation for Loss of Office

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

### Exit Packages

There were no exit packages paid during the period.

### Payments to Past Directors

There were no payments to past directors during the period.

## Fair Pay Disclosures

The relationship between the remuneration of the highest paid director in NCS Trust and the median remuneration of staff, and the range of remuneration paid, based on annualised full time equivalent figures at 31 March 2019 is shown below. As this is the first year of the Trust's operation, there is no comparator data for prior years. Should there be any significant year-on-year changes in the ratio between median staff remuneration and the pay of the highest paid director in future, an explanation will be provided in the relevant year's annual report.

|  | <b>2018/19</b> |
|--|----------------|
| Band of the highest paid Director's salary, bonus and benefits in kind (£'000) | 150-155        |
| Median equivalent of workforce (£)   | 47,705         |
| Remuneration Ratio   | 3.2            |

|                                   | <b>2018/19</b> |
|-----------------------------------|----------------|
| Highest remuneration paid (£'000) | 150-155        |
| Lowest remuneration paid (£'000)  | 15-20          |

The following sections are not subject to audit

## Off Payroll Engagements

Table 1: For all off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than six months

|   |   |
|---|---|
| No. of existing engagements as of 31 March 2019                       | 1 |
| 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. | 0 |

|  |     |
|--|-----|
| No. that have existed for between two and three years at time of reporting.  | 1   |
| 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 |

Table 2: For all new off-payroll engagements, or those that reached six months in duration, between 1 April 2018 and 31 March 2019, 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 2018 and 31 March 2019 | 1 |
| Of Which...  |   |
| No. assessed as caught by IR35   | 0 |
| No. assessed as not caught by IR35   | 1 |
| No. engaged directly (via PSC contracted to department) and are on the departmental payroll                  | 0 |

|  |   |
|--|---|
| No. of engagements reassessed for consistency / assurance purposes during the year.  | 0 |
| No. of engagements that saw a change to IR35 status following the consistency review | 0 |

### Apprenticeship Levy

The Government introduced the Apprenticeship Levy from 1 April 2017. NCS Trust contributed £3,271 in the period with £5,329 of claims to fund apprenticeships made.

### NCS Trust Staff Composition

| Gender | NCS Trust Staff |
|--------|-----------------|
| Male   | 44%             |
| Female | 56%             |

| Disability    | NCS Trust Staff |
|---------------|-----------------|
| Yes           | 5%              |
| No            | 94%             |
| Not disclosed | 1%              |

| Ethnicity                                | NCS Trust Staff |
|--|-----------------|
| White                                    | 78%             |
| Black, African, Caribbean, Black British | 7%              |
| Asian, Asian British                     | 7%              |
| Mixed, Multiple Ethnic Groups            | 6%              |
| Other                                    | 2%              |

| Age   | NCS Trust Staff |
|-------|-----------------|
| 16-24 | 9%              |
| 25-29 | 25%             |
| 30-34 | 25%             |
| 35-39 | 20%             |
| 40-49 | 12%             |
| 50-59 | 9%              |

### Sickness Absence

NCS Trust has policies and procedures in place to monitor sickness absence, (both long and short term) and this information is regularly reviewed by the Senior Leadership Team. During the four month period to 31 March 2019, sickness absence averaged 0.5 days per person.

### Expenditure on Consultancy

In the four months to 31 March 2019, expenditure on consultancy at NCS Trust was £611,745. This was incurred in order to obtain expert and objective advice in relation to the recommissioning of the NCS network, which is a process that takes place once every 3-5 years and requires complex legal and procurement expertise. 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 Period

The following policies applied to all employees of the Trust, including the members of the senior leadership team, during the period to 31 March 2019 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.
- 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.

We communicate with our employees in a number of ways, including a weekly company-wide meeting, *The BIG Get-Together*, that can be joined remotely via a live online feed, which includes 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.

We have five corporate 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 can thank colleagues who have shown extraordinary commitment or delivered great results by giving them a 'TRIBE scribe'. If an employee receives five TRIBE scribes across at least three values, they are eligible for a £20 voucher.

## Parliamentary Accountability Report

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

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

For the four month period to 31 March 2019, NCS Trust has no matters to report in relation to non-IAS 37 contingent liabilities, irregular expenditure or special payments.

Michael Lynas  
CEO and Accounting Officer  
20 February 2020

Brett Wigdortz  
Chair  
20 February 2020



# 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 period ended 31 March 2019 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 2019 and of the net expenditure for the period 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.

## **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 am required to conclude on the appropriateness of management'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 for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's 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 auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **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 consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 entity 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 period 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.

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

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

**25 February 2020**

**Statement of Comprehensive Net Expenditure for the period 1 December 2018 to 31 March 2019**

|   |              | <b>Four month period to<br/>31 March 2019</b> |
|---|--------------|---|
|   | <b>Notes</b> | <b>£'000</b>                                  |
| <b>INCOME</b>                                       |              |   |
| Other Operating Income                              | 3            | (174)   |
| <b>TOTAL OPERATING INCOME</b>                       |              | <b>(174)</b>                                  |
| <b>EXPENDITURE</b>                                  |              |   |
| Other Expenditure                                   | 4            | 51,120  |
| Staff Costs   | 5            | 4,578   |
| <b>TOTAL OPERATING EXPENDITURE</b>                  |              | <b>55,698</b>                                 |
| <b>NET OPERATING EXPENDITURE</b>                    |              | <b>55,524</b>                                 |
| <b>NON-OPERATING INCOME</b>                         |              |   |
| Gain on Net Assets Transferred from NCS Trust CIC   |              | (2,013)                                       |
| <b>TOTAL NON-OPERATING INCOME</b>                   |              | <b>(2,013)</b>                                |
| <b>NET EXPENDITURE FOR THE PERIOD</b>               |              | <b>53,511</b>                                 |
| <b>Other Comprehensive Expenditure</b>              |              | <b>-</b>                                      |
| <b>COMPREHENSIVE NET EXPENDITURE FOR THE PERIOD</b> |              | <b>53,511</b>                                 |

All income and expenditure relates to continuing operations.

The notes on pages 40 to 48 form part of these accounts

## Statement of Financial Position at 31 March 2019

|   |       | 31 March 2019  | Balance transferred<br>at 1 December 2018<br>from NCS Trust CIC | 1 December 2018 |
|---|-------|----------------|---|-----------------|
|   | Notes | £'000          | £'000   | £'000           |
| <b>NON-CURRENT ASSETS</b>                   |       |                |   |                 |
| Property, Plant and Equipment               | 6     | 161            | 174   | -               |
| Intangible Assets                           | 7     | 305            | 362   | -               |
| <b>TOTAL NON-CURRENT ASSETS</b>             |       | <b>466</b>     | <b>536</b>  | -               |
| <b>CURRENT ASSETS</b>                       |       |                |   |                 |
| Trade and Other Receivables                 | 9     | 1,033          | 1,178   | -               |
| Cash and Cash Equivalents                   | 10    | 8,305          | 10,374  | -               |
| Inventories                                 | 8     | 56             | 85  | -               |
| <b>TOTAL CURRENT ASSETS</b>                 |       | <b>9,394</b>   | <b>11,637</b>   | -               |
| <b>TOTAL ASSETS</b>                         |       | <b>9,860</b>   | <b>12,173</b>   | -               |
| <b>CURRENT LIABILITIES</b>                  |       |                |   |                 |
| Trade and Other Payables                    | 11    | (7,968)        | (10,096)  | -               |
| Provisions                                  | 12    | -              | (64)  | -               |
| <b>TOTAL CURRENT LIABILITIES</b>            |       | <b>(7,968)</b> | <b>(10,160)</b>   | -               |
| <b>NON-CURRENT LIABILITIES</b>              |       |                |   |                 |
| Provisions                                  | 12    | (203)          | -   | -               |
| <b>TOTAL NON-CURRENT LIABILITIES</b>        |       | <b>(203)</b>   | -   | -               |
| <b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>  |       | <b>1,689</b>   | <b>2,013</b>  | -               |
| <b>TAXPAYERS' EQUITY AND OTHER RESERVES</b> |       |                |   |                 |
| General Fund                                |       | 1,689          | 2,013   | -               |
| <b>TOTAL TAXPAYERS' EQUITY</b>              |       | <b>1,689</b>   | <b>2,013</b>  | -               |

The notes on pages 40 to 48 form part of these accounts

Michael Lynas  
Chief Executive and Accounting Officer  
20 February 2020

Brett Wigdortz  
Chair  
20 February 2020

**Statement of Cash Flows for the period 1 December 2018 to 31 March 2019**

|   |              | <b>Four month period to 31<br/>March 2019</b> |
|---|--------------|---|
|   | <b>Notes</b> | <b>£'000</b>                                  |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                   |              |   |
| <b>Net Operating Cost after Taxation</b>                                      |              | <b>(55,524)</b>                               |
| Adjustments for Non-Cash Transactions   |              | 297   |
| Trade & Other Receivables - (Increase)/Decrease                               | 9            | 1,033   |
| Inventories - (Increase)/Decrease   | 8            | 56  |
| Trade and Other Payables - Increase/(Decrease)                                | 11           | (7,968)                                       |
| Movement in Provisions  | 12           | (203)   |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                                |              | <b>(62,309)</b>                               |
|   |              |   |
| Net Adjustment for Balances Transferred from NCS Trust CIC on 1 December 2018 |              | 15,438  |
| <b>NET CASH FLOW FROM NON-OPERATING ACTIVITIES</b>                            |              | <b>15,438</b>                                 |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                   |              |   |
| Purchase of PPE   | 6            | (24)  |
| Payments to Acquire Intangible Assets   | 7            | -   |
| <b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>                                |              | <b>(24)</b>                                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                   |              |   |
| Grant-in-Aid Received   | 2            | 55,200  |
| <b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>                                |              | <b>55,200</b>                                 |
|   |              |   |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS IN THE PERIOD</b>     | <b>10</b>    | <b>8,305</b>                                  |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>               |              | <b>-</b>                                      |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>                     | <b>10</b>    | <b>8,305</b>                                  |

The notes on pages 40 to 48 form part of these accounts

**Statement of Changes in Taxpayers' Equity for the period 1 December 2018 to 31 March 2019**

|   |              | <b>General Fund</b> | <b>Taxpayers' Equity</b> |
|---|--------------|---------------------|--------------------------|
|   | <b>Notes</b> | <b>£'000</b>        | <b>£'000</b>             |
| <b>Balance Brought Forward</b>                            |              | -                   | -                        |
| Balance transferred at 1 December 2018 from NCS Trust CIC |              | 2,013               | <b>2,013</b>             |
| Retained Surplus/(Deficit) for Year                       |              | (55,524)            | <b>(55,524)</b>          |
| Grant-in-Aid Received                                     | 2            | 55,200              | <b>55,200</b>            |
| <b>Balance at 31 March 2019</b>                           |              | <b>1,689</b>        | <b>1,689</b>             |

The notes on pages 40 to 48 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 2018/19 Government 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 Pembroke Building, Kensington Village, Avonmore Road, London, W14 8DG.

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.

Commitments and other obligations have been entered into on the basis of continuing receipt of Grant-in-Aid financing from DCMS. There is no reason to believe that future Parliamentary approval for funding will not be forthcoming, and therefore, in accordance with FReM 2.2.3, it has been concluded as appropriate to adopt the going concern basis of preparation for these accounts.

#### **1.2 Accounting Convention**

These accounts have been prepared on an accruals basis under the historical cost convention 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. 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 in so far 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.

#### **1.3 Use of Estimates and Judgements**

The preparation of financial statements in conformity with IFRS requires management to make 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.

There are no significant estimates or judgements used in the preparation of these financial statements.

#### **1.4 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.

#### **1.5 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.



Operating income is income which relates to the operating activities of the Trust and includes both budgetary and non-budgetary income and is recognised in accordance with the FReM and IFRS 15 Revenue from contracts with customers, which replaced the existing standard, IAS 18 Revenue, for the period beginning on or after 1 January 2018.

## **1.6 Programme Expenditure**

Core and sign up payments to Regional Delivery Partners (RDPs) are contractual, made in advance of programme delivery and accounted for in the month in which the liability is created. The Trust directly manages the South West (SW) and acts as the RDP for this region. Core and sign up payments to Local Delivery Partners (LDPs) in the SW region are also made in advance and accounted for in the month in which the liability is created.

Social mix, completion and satisfaction payments to RDPs and SW region LDPs are made post programme delivery and accounted for in the same month.

## **1.7 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.

## **1.8 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

## **1.9 Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventories over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the Statement of Comprehensive Net Expenditure. Reversals of impairment losses are also recognised in the Statement of Comprehensive Net Expenditure.

### **1.10 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.

### **1.11 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 in the period it arises.

### **1.12 Standards Issued but not yet Effective**

IFRS 16 Leases will be adopted from 1 April 2019 and will have a material impact on NCS Trust's accounts. This standard will result in the majority of the Trust's operating leases being recognised on the Statement of Financial Position as a right of use asset, balanced by a corresponding lease liability, with the exception of low value and short-term leases.

As at 31 March 2019, NCS Trust had operating lease commitments of £1.981m as shown in Note 14. Of these commitments, only a tiny proportion relate to low-value leases which will continue to be recognised on a straight-line basis as expenses in the Statement of Comprehensive Net Expenditure.

No cumulative catch up adjustment will be applied at 1st April 2019 to transition to the new standard as the right to use asset and lease liability net each other off. The Trust won't be restating comparatives but will be adopting the 'simplified' modified transition approach as directed by Treasury.

As a result of the transition, additional costs of £1.041m depreciation and £0.04m finance costs are anticipated, replacing the annual operating lease expenditure of £1.085m under IAS 17. In addition, from 1st April 2019, any new or renewed leases will be accounted for as new right-of-use assets unless they fall under the short-term or low-value exemptions mandated by the FReM.

### **1.13 Transfer of Assets and Liabilities**

Under the National Citizen Service Act 2017, responsibility for commissioning and overseeing the delivery of the National Citizen Service programme was transferred from a predecessor body, NCS Trust Community Interest Company (CIC), to the Royal Charter body (RCB) Trust from 1 December 2018 onwards. All assets and liabilities of the CIC except for the cash assets relating to service user contributions received, were transferred at net book value to the RCB on 1 December 2018 in accordance with The National Citizen Service Act 2017 Property Transfer Scheme 2018. The Statement of Financial Position and the Statement of Comprehensive Net Expenditure show the impact of this transfer to the RCB in accordance with the FReM's interpretation of business combinations under IFRS 3. The value of net assets transferred is consistent with the financial statements of the CIC for the year ended 31 March 2019.

## 2. Grant-in-Aid

|                              | <b>Four month period to 31<br/>March 2019</b> |
|------------------------------|---|
|                              | <b>£'000</b>                                  |
| Received from DCMS - Revenue | 55,200  |
| <b>Total</b>                 | <b>55,200</b>                                 |

## 3. Other Operating Income

|              | <b>Four month period to 31<br/>March 2019</b> |
|--------------|---|
|              | <b>£'000</b>                                  |
| Other Income | 174   |
| <b>Total</b> | <b>174</b>                                    |

## 4. Expenditure

The operating result is stated after charging:

|  | <b>Four month period to 31<br/>March 2019</b> |
|--|---|
|  | <b>£'000</b>                                  |
| Programme Delivery Costs                 | 42,466  |
| Communication, Marketing and Media Costs | 4,324   |
| IT Services                              | 1,235   |
| Other Professional and Legal Fees        | 661   |
| Consultancy Fees                         | 612   |
| Recruitment and Staff Development        | 379   |
| Rentals under Operating Leases           | 318   |
| Facilities and Office Costs              | 269   |
| Other Expenditure                        | 224   |
| Provisions (Released)/Provided in Year   | 203   |
| Travel and Subsistence                   | 201   |
| Auditor's Remuneration for Audit Work *  | 95  |
| Amortisation                             | 57  |
| Internal Audit                           | 39  |
| Depreciation                             | 37  |
| <b>Total</b>                             | <b>51,120</b>                                 |

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

## 5. Staff Costs

| <b>Costs</b>   | <b>Permanently<br/>Employed Staff<br/>£'000</b> | <b>Others<br/>£'000</b> | <b>Four months to<br/>31 March 2019<br/>£'000</b> |
|--|---|-------------------------|---|
| Wages and Salaries (including performance related pay) | 3,661   | 200                     | 3,861   |
| Untaken Leave Accrual                                  | 118   | -                       | 118   |
| Pension Costs  | 181   | -                       | 181   |
| Social Security Costs                                  | 418   | -                       | 418   |
| <b>Total Staff Costs</b>                               | <b>4,378</b>                                    | <b>200</b>              | <b>4,578</b>                                      |

## 6. Property, Plant and Equipment

|   | <b>Furniture and Fittings</b> | <b>IT Equipment</b> | <b>Total</b> |
|---|-------------------------------|---------------------|--------------|
|   | <b>£'000</b>                  | <b>£'000</b>        | <b>£'000</b> |
| <b>Cost or Valuation</b>                                      |                               |                     |              |
| At 1 December 2018  | -                             | -                   | -            |
| Transfer from CIC   | 650                           | 91                  | <b>741</b>   |
| Additions   | 11                            | 13                  | <b>24</b>    |
| <b>At 31 March 2019</b>                                       | <b>661</b>                    | <b>104</b>          | <b>765</b>   |
| <b>Depreciation</b>   |                               |                     |              |
| At 1 December 2018  | -                             | -                   | -            |
| Transfer from CIC   | (497)                         | (70)                | <b>(567)</b> |
| Charged in Year   | (32)                          | (5)                 | <b>(37)</b>  |
| <b>At 31 March 2019</b>                                       | <b>(529)</b>                  | <b>(75)</b>         | <b>(604)</b> |
| <b>Net Book Value at 1 December 2018</b>                      | <b>-</b>                      | <b>-</b>            | <b>-</b>     |
| <b>Net Book Value at 1 December 2018 (following transfer)</b> | <b>153</b>                    | <b>21</b>           | <b>174</b>   |
| <b>Net Book Value at 31 March 2019</b>                        | <b>132</b>                    | <b>29</b>           | <b>161</b>   |
| <b>Asset Financing:</b>                                       |                               |                     |              |
| Owned   | 132                           | 29                  | <b>161</b>   |
| <b>Net Book Value at 31 March 2019</b>                        | <b>132</b>                    | <b>29</b>           | <b>161</b>   |

## 7. Intangible Assets

|   | <b>Development Costs</b> |
|---|--------------------------|
|   | <b>£'000</b>             |
| <b>Cost or Valuation</b>                                      |                          |
| At 1 December 2018  | -                        |
| Transfer from CIC   | 848                      |
| Additions   | -                        |
| <b>At 31 March 2019</b>                                       | <b>848</b>               |
| <b>Amortisation</b>   |                          |
| At 1 December 2018  | -                        |
| Transfer from CIC   | (486)                    |
| Charged in Year   | (57)                     |
| <b>At 31 March 2019</b>                                       | <b>(543)</b>             |
| <b>Net Book Value at 1 December 2018</b>                      | <b>-</b>                 |
| <b>Net Book Value at 1 December 2018 (following transfer)</b> | <b>362</b>               |
| <b>Net Book Value at 31 March 2019</b>                        | <b>305</b>               |
| <b>Asset Financing:</b>                                       |                          |
| Owned   | 305                      |
| <b>Net Book Value at 31 March 2019</b>                        | <b>305</b>               |

## 8. Inventories

|              | Four month period to 31 March 2019 | Balance transferred at 1 December 2018 from NCS Trust CIC | 1 December 2018 |
|--------------|------------------------------------|---|-----------------|
|              | £'000                              | £'000   | £'000           |
| Inventories  | 56                                 | 85  | -               |
| <b>Total</b> | <b>56</b>                          | <b>85</b>   | <b>-</b>        |

## 9. Trade and Other Receivables

|                   | Four month period to 31 March 2019 | Balance transferred at 1 December 2018 from NCS Trust CIC | 1 December 2018 |
|-------------------|------------------------------------|---|-----------------|
|                   | £'000                              | £'000   | £'000           |
| Trade Receivables | 58                                 | 92  | -               |
| Other Receivables | 60                                 | 554   | -               |
| Prepayments       | 868                                | 532   | -               |
| Accrued Income    | 47                                 | -   | -               |
| <b>Total</b>      | <b>1,033</b>                       | <b>1,178</b>  | <b>-</b>        |

## 10. Cash and Cash Equivalents

|   | 31 March 2019 |
|---|---------------|
|   | £'000         |
| Balance at 1 December 2018                                | -             |
| Balance transferred at 1 December 2018 from NCS Trust CIC | 10,374        |
| Net Change in Cash and Cash Equivalents                   | (2,069)       |
| <b>Balance at 31 March 2019</b>                           | <b>8,305</b>  |
| <b>Balances Held with Commercial Banks</b>                | <b>8,305</b>  |

## 11. Trade and Other Payables

|  | Four month period to 31 March 2019 | Balance transferred at 1 December 2018 from NCS Trust CIC | 1 December 2018 |
|--|------------------------------------|---|-----------------|
|  | £'000                              | £'000   | £'000           |
| <b>Amounts Falling Due Within One Year</b> |                                    |   |                 |
| Trade Payables                             | 1,111                              | 121   | -               |
| Other Payables                             | 214                                | 324   | -               |
| VAT Payables                               | 2                                  | 5   | -               |
| Taxation and Social Security               | 356                                | 353   | -               |
| Accruals                                   | 4,314                              | 8,796   | -               |
| Deferred Income                            | 1,971                              | 497   | -               |
| <b>Total</b>                               | <b>7,968</b>                       | <b>10,096</b>   | <b>-</b>        |

## 12. Provisions for Liabilities

|  | 31 March 2019 |            |
|--|---------------|------------|
|  | Dilapidations | Total      |
|  | £'000         | £'000      |
| Balance at 1 December 2018                           | -             | -          |
| Balance transferred at 1 December from NCS Trust CIC | 64            | 64         |
| Provided in Year                                     | 203           | 203        |
| Provisions not required written back                 | (64)          | (64)       |
| <b>Balance at 31 March 2019</b>                      | <b>203</b>    | <b>203</b> |
|  |               |            |
| <b>Comprising:</b>                                   |               |            |
| <b>Non-Current Liabilities</b>                       |               |            |
| Later than one year and not later than five years    | 203           | 203        |

### 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 2019 |
|-----------------------------|---------------|
|                             | £'000         |
| Trade and Other Receivables | 118           |
| Cash and Cash Equivalents   | 8,305         |
| <b>Total</b>                | <b>8,423</b>  |

## 13.2 Financial Liabilities

|                          | <b>31 March 2019</b> |
|--------------------------|----------------------|
|                          | <b>£'000</b>         |
| Trade and Other Payables | 1,325                |
| <b>Total</b>             | <b>1,325</b>         |

## 14. Operating Lease Commitments

|   | <b>31 March 2019</b> |
|---|----------------------|
|   | <b>£'000</b>         |
| Obligations under operating leases comprise:      |                      |
| <b>Buildings</b>                                  |                      |
| Not Later Than One Year                           | 1,075                |
| Later Than One Year and Not Later Than Five Years | 903                  |
| Later Than Five Years                             | -                    |
|   |                      |
| <b>Other</b>                                      |                      |
| Not Later Than One Year                           | 2                    |
| Later Than One Year and Not Later Than Five Years | 1                    |
| Later Than Five Years                             | -                    |
| <b>Total</b>                                      | <b>1,981</b>         |

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

## 15. Other Financial Commitments

|   | <b>31 March 2019</b> |
|---|----------------------|
|   | <b>£'000</b>         |
| Financial commitment obligations comprise:                |                      |
| <b>Salesforce Licences</b>                                |                      |
| Not Later Than One Year                                   | 1,509                |
| Later Than One Year and Not Later Than Five Years         | 4,150                |
| Later Than Five Years                                     | -                    |
|   |                      |
| <b>Providers (Summer &amp; Autumn 2019 core payments)</b> |                      |
| Not Later Than One Year                                   | 22,941               |
| Later Than One Year and Not Later Than Five Years         | -                    |
| Later Than Five Years                                     | -                    |
| <b>Total</b>  | <b>28,600</b>        |

## 16. Capital Commitments

As at 31 March 2019, NCS Trust had no capital commitments.

## 17. Contingent Liabilities

In September 2019, The Challenge Network lodged a legal claim against NCS Trust relating to its contracts to provide the NCS programme and the re-procurement exercise. NCS Trust is rigorously defending all of these claims. No quantifiable liability exists at this time as the outcome is uncertain.

## **18. Related Party Transactions**

NCS Trust is an Arm's Length Body whose ultimate parent is DCMS. During the four month period to 31 March 2019, NCS Trust had various material transactions with DCMS.

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

Michael Lynas was a director of the CIC but due to the date of his resignation on Companies House, the CIC is viewed as a related party. Details of the transactions for this can be found in the Statement of Financial Position.

## **19. Events after the Reporting Period**

In the period since 31st March 2019, NCS Trust has entered into new contracts for the front line delivery of the NCS programme. The contracts cover recruitment, accommodation and delivery and are expected to expand our network of providers and reduce our unit cost, helping us to deliver greater value for money.

Following the resignation of Michael Lynas, it has been announced that Mark Gifford has been appointed as the new CEO of the Trust. Mark officially starts his role as CEO on 2 March 2020.

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



## **Glossary**

|       |   |
|-------|---|
| NCS:  | National Citizen Service                |
| DCMS: | Department for Culture, Media and Sport |
| CIC:  | Community Interest Company              |
| GDPR: | General Data Protection Regulations     |
| CRM:  | Customer Relationship Management        |
| KPI:  | Key Performance Indicator               |
| NPS:  | Net Promoter Score                      |
| FReM: | Financial Reporting Manual              |
| RDP:  | Regional Delivery Partner               |
| LDP:  | Local Delivery Partner                  |

## **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.

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:

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.

Social Mix:

Payments to delivery partners based on diversity demographic targets.

Completion:

Payments to delivery partners when a young person completes the NCS programme including the celebration event.

Satisfaction:

Payments to delivery partners based on the level of programme satisfaction achieved. Satisfaction data from young people is collected through post programme delivery surveys.

