

WEA statutory annual report and financial statements

Year ended 31 July 2020



WEA

Adult Learning
Within Reach

Workers' Educational Association

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The Workers' Educational Association (WEA) is a company limited by guarantee in England and Wales (Number: 2806910) and a registered charity in England and Wales (Number: 1112775) and in Scotland (Number: SC039239)

Registered office:
4 Luke Street, London, EC2A 4XW

Introduction

The members of the Board of Trustees of the Workers Educational Association ("WEA"), who are the trustees of the charity, and Directors and Members of the Company, have pleasure in submitting the report and accounts for the year ending 31 July 2020.

The financial statements have been prepared in accordance with the accounting policies set out in the attached financial statements and comply with the charitable company's Articles of Association, applicable law and regulations, and:

- ▶ Have been properly prepared in accordance with UK accounting standards, including FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland and with the 2019 Statement of Recommended Practice: Accounting and Reporting for Charities; and
- ▶ Meet the requirements of the ESFA funding agreement and financial memorandum dated 23 August 2019 and issued by the ESFA.

The report has been prepared in accordance with Part 8 of the Charities Act 2011 and also constitutes a directors' report as required by section 418 of the Companies Act 2006.

The Governance arrangements are explained in more detail in the Structure, Governance & Management section on page 22.

Further information on WEA's activities during the year and the impact these activities have had on the communities it serves is available in the Impact Report.

Reference and administrative details

Trustees and officers

The following trustees served on the Board during the year and to date:

John Widdowson (Chair)

Cliff Allum

Robin Cook

Michael Crilly

Marion Flett

Jon Gamble

Pat Kynaston (appointed 13/05/2020)

Geoff Layer

Lindsay Pearson

Marc Sherland

Lynne Smith (resigned 16/09/2020)

Peter Threadkell

Narinder Uppal

Company Secretary

Kathleen Formosa (appointed 02/09/2019)

Leadership team

Chief Executive &
General Secretary ("CEO/GS")

Director for Education & Deputy Chief Executive

Chief Operating Officer

Director for Quality & Curriculum

Director for Quality & Student Services

Director for WEA Scotland

Director for Marketing,
Membership & Income Growth

Ruth Spellman (resigned 31/12/2019)

Simon Parkinson (appointed 09/12/2019)

Joanna Cain (resigned 30/11/2020)

Jane Swift (resigned 30/11/2020)

Greg Coyne (resigned 06/03/2020)

Preeya Buckley (appointed 08/06/2020)

Ray McCowan

James Ward

Auditor

Crowe U.K. LLP
55 Ludgate Hill
London EC4M 7JW

Bankers

Royal Bank of Scotland
9th Floor
280 Bishopsgate
London EC2M 4RB

Bank of Scotland
300 Lawnmarket
Edinburgh EH1 2PH

Solicitors

Bates Wells
10 Queen Street Place
London EC4R 1BE

Balfour & Manson
54-66 Frederick
Edinburgh EN2 1LS

Pension fund trustees and administrators

Teachers' Pensions
11b Lingfield Point
Darlington
DL1 1AX

Scottish Public Pension Agency
7 Tweedside Park
Tweedbank
Galasheils
TD1 3TE

The People's Pension (B&CE Holdings Ltd.)
Manor Royal
Crawley RH10 9QP

The Pensions Trust (closed to future accrual
31/08/2019)
Verity House
6 Canal Wharf
Leeds LS11 5BQ

NOW: Pensions (contributions ceased 31/08/2019)
3rd Floor
164 Bishopsgate
London EC2M 4LX

WEA registered office

4 Luke Street
London EC2A 4XW

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Registered Charity Number
(England and Wales): 1112775

Registered Charity Number (Scotland):
SC039239

Registered Company Number
(England and Wales): 2806910

Objectives and activities

In fulfilment of its charitable objects, to promote adult and general education for the benefit of the community regionally, nationally and internationally based on democratic principles in its organisation and practice, through the participation of its voluntary members, WEA built on its successes from previous years in its achievements during 2019/20, and also addressed some of its areas of development.

The 2019/20 financial year was the first full year of working toward the key priorities set out in the 2025 Strategy, formally approved by trustees in September 2019. Following the appointment of the new CEO/GS in December 2019, a refreshed 2025 Strategy, reflecting some adjustment to the outcomes and enablers of the 2025 Strategy's key priorities, was approved by trustees in July 2020. Description of the "One WEA" agenda set out in the refreshed 2025 Strategy appears in the Strategic Report, beginning on page 10.

The long-term, aspirational 2025 Strategy as agreed in September 2019 enabled WEA to centre its annual budgets and associated planning and key performance indicators ("KPIs") around five agreed priorities – i.e.:

- ▶ To deliver the best learning;
- ▶ To be a great place to work and volunteer;
- ▶ To be financially and organisationally sustainable;
- ▶ To raise the profile of WEA and of adult education; and
- ▶ To make learning accessible.

Throughout the year, WEA worked closely with partners at a strategic level as well as in local community partnerships and continued its work with employers and trade unions. These close working relationships helped to determine the success of WEA's funding bids in most areas of the UK.

2019/20 was also the first year that WEA entered into sub-contracting relationships as part of the bids won in the Mayoral Combined Authority ("MCA") areas in Manchester and Liverpool. Working with sub-contractors enabled WEA to reach more students in subjects prioritised by the funders, and within the scope of WEA's mission. Working with other organisations was actively encouraged by the MCAs and was one of the success factors in securing these bids.

Delivering the best learning

Through its work with new combined authority contracts, ESFA, and other funders, WEA strengthened its core curriculum and the student experience through the development of its curriculum against six key outcomes for learners. Building confidence for life and work and supporting adults into and at work has been delivered through programmes including "Facing Change into Employment" and through a significant expansion of digital skills. Building physical and mental health and wellbeing, vibrant online communities, and broadening horizons have been enhanced through a wide range of creative and cultural classes targeted at adults, including those facing isolation during the lockdown. Progression for learners has also been supported through an extended accredited curriculum, delivered by WEA and with subcontractors in devolved contract areas. The switch to online learning has transformed WEA's ability to offer high-quality learning to a broader learner base through the use of Zoom and Canvas.

Although curriculum and delivery changes during the year have created a strong base for further development, the overall number of unique learners has fallen as a result of a reduction in branch courses in the summer term and in particular the requirement to close all face-to-face delivery because of the pandemic. Overall unique learner numbers fell from 48,932 in 2018/19 to 36,407 in 2019/20. WEA has recognised such underperformance as an area to be addressed as a matter of priority and has taken steps to do so through investment in a combination of curriculum development and systems improvement.

Demonstrating its ongoing commitment to the best possible and highest quality learning experience, WEA appointed a new Director of Quality & Learner Services in June 2020 to ensure that the learner experience remains one of WEA's core success factors. WEA has and will continue to focus on the continuous improvement of the quality of its provision and the number of disadvantaged students reached.

A great place to work and volunteer

WEA has been and remains committed to investing in its people across the whole organisation to ensure that the potential of staff, volunteers and members is maximised, and to showcase what lifelong learning looks like in action.

WEA is a living wage employer and was awarded the standard award in Investors in People ("IIP") in 2018/19. As confirmed by annual re-inspection, WEA has maintained its IIP status through 2020/21. WEA has also achieved Cyber Essentials+.

WEA completed a complete overhaul of its approach to volunteering this year, including streamlined processes and the implementation of an integrated approach aimed at ensuring that volunteering is fit for purpose going forward. The number of active volunteers (i.e., those contributing more than 12 hours per year) grew to 2,030 in June 2020, with 1,893 active volunteers showing at year end (2018/19: 1,432). Throughout the year, staff on the Membership and Volunteering team worked to develop WEA's volunteering offer to support the effective recruitment and retention of committed, diverse volunteers.

Financial and organisational sustainability

WEA continues to successfully manage the risks associated with a change from a centralised grant funding model to a more diverse and devolved range of income streams. During the year, WEA grew and diversified its income, responding to national, regional and local bidding opportunities, and securing new national funding by engaging with a broader range of government departments in both England and Scotland. Growing unrestricted income continued to be a challenge for WEA. While it continued to generate some unrestricted income through voluntary contributions, work with partners and student fees, generating increased unrestricted income would give WEA more freedom to invest and set its own priorities in its provision and other activities.

WEA continues its efforts to increase its voluntary income, in part, by developing its membership offer based on responding to members' express interests at a valued price point. This has resulted in WEA increasing the number of fee-paying members and a higher level of engagement at local and national level.

WEA has also laid firm foundations in 2019/20 for increasing the voluntary income it receives from organisations with a corporate social responsibility agenda, and from products, services, legacies and trust funds.

The aim to improve margins and build reserves through 2019/20 was established to ensure that WEA was better placed to weather the new funding environment. WEA has kept its free reserves at or above the £3.2 million minimum level of reserves over this year. Despite the uncertainties arising as a result of the Covid-19 pandemic, WEA maintained a strong cash flow profile throughout the year and saw its reserves increase to £4.2 million by year-end.

Cash flow was closely monitored throughout the year, and particularly during the response to Covid-19. Throughout the period, and despite the crisis, WEA sustained its ESFA health assessment of "good". Results achieved by the end of 2019/20 moved WEA's financial health from "good" to "outstanding".

WEA increased its free reserves in the year to £4.1m (2018/19: £3.2m).

Raising the profile of WEA and adult education

Active attention to raising WEA's profile throughout the year has enabled it to publicise its student achievements and to develop its network of influencers, fellows and ambassadors. Conducting research and sharing findings within the sector and with government, developing employer partnerships, and outreach to policymakers and practitioners has enabled WEA to share meaningful and impactful messages at national, regional and local levels.

WEA has worked to effect change across the adult education landscape by engaging with the All-Party Parliamentary Group ("APPG") on Adult Education, submitting evidence to select committees and working with a range of like-minded organisations. The Director in Scotland is a member of a Scottish Government Board developing a new Adult Learning Strategy for Scotland and is a member of Education Scotland.

WEA has remained active on social media, increasing its number of media profile visits from 500,000 in 2018/19 to 806,000 in 2019/20. This has had a direct impact on growth in the number of paying members of WEA, which stood at 2,514 on 31 July 2020 (2018/19: 1,864).

Making learning accessible

WEA began the financial year with a commitment to growing the number of courses featuring significant digital content. From the period August 2019 to March 2020, WEA worked to a plan of providing increased resources online with the aim of bringing its provision close to home and available inside and outside of working hours, and of developing learners' digital skills and resilience. WEA aimed to enable greater flexibility for its learners through 24/7 learning and online through Canvas to ensure it was able to meet its learners where they are. The number of students improving their digital skills increased from 4,000 in 2018/19 to 9,000 in 2019/20.

The lockdown in March 2020 due to Covid-19 dramatically accelerated WEA's plans to take more of its provision online. Within a matter of weeks, WEA had taken 100% of its provision online, supported by Canvas and Zoom. While WEA has made the commitment to return to face-to-face learning as soon as it is safe to do so, it has also committed to maintaining a robust online offer and to embedding technology-enhanced learning going forward.

WEA also began the financial year with a commitment to improving the standards of its owned and leased premises. WEA undertook a routine health and safety audit of its premises early in the financial year and worked to address the auditor's recommendations throughout the year. Works outstanding were put on hold during the lockdown, but will be progressed substantially with support from a Department for Education ("DfE") capital development grant received early in 2020/21.

The lockdown has given WEA an opportunity to reassess its premises needs. Having learning delivered locally through regions, branches, local associations and volunteers continues to be an asset to WEA, and a return to face-to-face learning will be made as soon as it is safe to do so.

Response to Covid-19

WEA maintained its focus on serving its learners, members, volunteers, employees, sub-contractors and partners throughout the global pandemic, and has been commended by various funders and other organisations for its agility in converting to high quality online learning. The ESFA has held up WEA as a role model in terms of its response to the pandemic.

WEA's focus during the crisis has been:

- ▶ **People safety** - WEA has consistently followed Government advice and started to implement its Business Continuity Plans shortly ahead of the official lockdown announcements. The safety of learners, volunteers, members and employees were at the heart of all decision-making.
- ▶ **Employee support** - Additional support was quickly rolled out, including; homeworking allowance for all employees, life insurance for those in the People's Pension, extending Westfield support to tutors and making available hardship grants and loans. WEA provided drop-in sessions and regular health & wellbeing activities.
- ▶ **Continuity of service** - Ensuring that WEA employees had the right digital kit to continue operating in the weeks leading up to lockdown meant that everyone was able to seamlessly transfer to home working. Those tutors working to deliver curriculum online who did not have access to IT equipment needed also received the required equipment from the WEA.
- ▶ **Converting provision to online** - WEA quickly scaled up its existing model of online provision, ultimately delivering over 1000 courses online, which more than doubled initial aspirations. Converting to online provision involved a whole WEA task force and the training of over 900 tutors in both Zoom and Canvas. The portfolio of additional services has also included an informal programme of 420 activities to keep in touch with learners which involved over 2000 adults from across the UK, and outreach by post for those learners who were not digitally connected.
- ▶ **Cash flow** - This was and continues to be monitored carefully and reported to trustees monthly.

- ▶ **Financials** - The Board of Trustees have been provided a monthly Covid-19 impact overlay to show where income and costs have been impacted and where they can be mitigated.
- ▶ **Income** - Almost all of WEA's funders guaranteed their funding for 2019/20 and 2020/21, which has enabled WEA to stay strong financially and implement plans to convert to online learning.
- ▶ **Clawback** - Most funders have confirmed they will not be doing a reconciliation to performance for 2019/20. Other funders, particularly Manchester & Liverpool have transferred to Open Book Accounting which means that the position on this funding is less clear, but the risk of clawback has been judged to be remote as generated income received is in line with contract value in all cases.
- ▶ **Targeted Income** - WEA continues to pursue new income opportunities. More opportunities have started to emerge, mainly around enabling learners to access learning digitally.
- ▶ **Subcontractors/partners** - WEA has worked very closely with its subcontractors and partners passing on the positive measures extended by its funders and keeping close to them through their challenges and helping where ever possible.
- ▶ **Communications** - Communications with stakeholders has been regular and frequent to ensure that all are clear on WEA's activities and response at all stages through the crisis. Communications have included regular video updates from the CEO/GS, and weekly WEA Connect videoconferences with any member wishing to connect with members and staff.

Impact

From the start of the 2019/20 financial year and through the Covid-19 pandemic, WEA supported its learners to improve their confidence, develop their skills, get into work and become healthier. Full details of the impact opportunities provided by WEA has had on its learners, and the real and measurable differences WEA has made to individual students, their communities and society throughout 2019/20, can be seen in the WEA Impact Report.

Strategic report

WEA is a leading adult education charity with a legacy stretching back over 115 years. WEA empowers adults through learning at all stages of life, reaching over 35,000 students annually across England and Scotland.

WEA's purpose is to bring adult education within reach - because so often the opportunity for a better future is made inaccessible due to cost, location or lack of information. WEA recognises the responsibility and importance this brings in providing excellent teaching in local communities and that access to learning opportunities ensures individuals not only improve their own life chances but have a positive impact within their communities and help change society for the better.

Long-term strategic plan

The Board of Trustees approved at a meeting on 23 July 2020 a refreshed Association strategy, which set clear aims, priorities and enablers to ensure WEA's ongoing success. The overarching aim of the refreshed 2025 Strategy is to re-configure an association which recognises and embraces the principle that individuals and their communities have the knowledge, skills and desire to drive positive change at the local, regional, national (England & Scotland) and international level. The Association thus recognises that its role is to celebrate local variation and variety whilst serving and supporting local and regional activity. The Association will enhance and support the impact of local and regional delivery by creating an environment in which ideas and outcomes are shared and exchanged and where being connected to a national organisation offers reach and benefits which are difficult to achieve locally.

WEA will provide learning opportunities which meet its learners' needs and aspirations across England and Scotland. These learning opportunities will vary to reflect the different needs and aspirations at the national, regional and local level and will be grouped under and across the six outcomes deriving from the agreed strategic priorities. These outcomes are:

- 1 Supporting adults into work
- 2 Improving confidence for life and work
- 3 Supporting in work progression
- 4 Improving mental and physical health and wellbeing
- 5 Broadening horizons and tackling social exclusion
- 6 Active citizens and vibrant communities

Through its students, members and volunteers, WEA will campaign on issues surrounding adult education and seek to influence policy across the UK.

WEA is committed to growing its direct support to adult learners and to raising the profile of adult education in the UK. There are as many as 50 million adult learners across the UK (see: ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates). The figure is calculated by subtracting the number of people below 19, who are ineligible to study with WEA, from the total population) and WEA's ambition is to work with and give a voice to as many of these learners as possible. To achieve this ambition, WEA will:

- ▶ Provide a wide range of learning opportunities that are relevant to individuals at the local, regional and national level, and recognise the complexity which often goes alongside being an adult learner;
- ▶ Ensure the learning offer meets the needs and aspirations of all learners, recognises their diversity (e.g., ethnicity, gender, age and disability) and understands social factors such as social isolation and loneliness, caring responsibilities and poverty;
- ▶ Continue to grow the network of volunteers, members and partners that support WEA and together with them provide a strong and unified voice to advocate for adult education in the UK and the benefits this creates for individuals, communities and society as a whole;
- ▶ Ensure that staff and volunteers are given the support and tools needed to feel part of a unified organisation with a positive organisational culture; and
- ▶ Build on existing core funding from the Department for Education, devolved authorities in England and the Scottish Government by raising further charitable funds in the interest of maintaining agility and meeting the changing needs and aspirations of learners.

Covid-19 recovery

The tough decisions that were taken in terms of cost control over the past few years enabled WEA to weather the immediate impact of Covid-19 and in a number of ways create a solid platform from which to play a part in the UK's economic and societal recovery.

Building on WEA's successful response to the pandemic in 2019/20, WEA will pay particular attention to:

- ▶ **Returning to face-to-face learning & office working** - Government guidance will continue to be followed. Plans have begun to be put in place to ensure that when it is safe to start to exit lockdown, face-to-face learning and re-opening of office spaces may resume without delay.
- ▶ **People views** - Staff have provided overwhelmingly positive feedback in terms of the support they have received through the lockdown. WEA will now be working with staff to manage a transition to new ways of working, which may include continued home working for some, a return to the office (when it is safe to do so) for others, or a blending of home-based and office-based working.
- ▶ **Enrolment launch** - Various system developments were put in place to enable priority bookings for members enrolling in online provision for the autumn term.
- ▶ **Impact on fee income** - A flat rate per course hour for courses delivered online has been agreed. Reaching the fee income included in next year's budget will depend on reaching the right volume of courses and increases in learner attendance.
- ▶ **Funder obligations** - WEA continues to monitor funder obligations to ensure that all requirements are met and passed on to its sub-contractors and partners.

2020/21 priorities

WEA's operational priorities for 2020/21 have been aligned to the longer-term 2025 Strategy. The Board of Trustees and WEA's Leadership team have made a commitment to delivering broad adult education across the four themes – i.e., employability, health and wellbeing, community engagement and culture – spanning each of the agreed strategic priorities.

Given the impact of Covid-19, WEA anticipates that government priorities will shift towards employment over the next year and thus it will need to be flexible and able to quickly adapt in order to have the best chance of working with more students and increasing its income.

For this reason, the 2020/21 budget has been produced in a way that ensures that resources are available and in place to give the best chance of achieving agreed priorities.

2020/21 priorities to support WEA's learners and adult learning in general are:

- ▶ Informed curriculum planning to enable learners to achieve positive outcomes that build confidence for life and work, support adults into work and progression at work, promote mental and physical health and wellbeing, broaden horizons, and promote active citizenship and vibrant communities.
- ▶ Putting the learner experience at the centre of WEA's approach to education through an enhanced focus on the outcomes from class visits, measurement of student experience and outcomes through the year, and a strong focus on student progression through WEA programmes.
- ▶ Embedding WEA's innovative approach to blended and digitally-enabled learning to ensure the approach is a significant contributor to the learner experience and learning. The use of Canvas was embedded into most WEA classes during the period of lockdown. Going forward, Canvas will be used at minimum to enable students to complete their learning plans and evaluations online.
- ▶ Efficiently and effectively delivering learning provision through direct delivery of education contracts and through continued positive relationships with partners and subcontractors.

Each of these priorities is underpinned by specific plans and priorities in each English Region and in Scotland, and will be supported by a reorganised Leadership team. In support of the refreshed 2025 Strategy, the Board of Trustees and CEO/GS agreed to a new Leadership team structure, reorganised in the best interest of delivering a wide variety of learner-focused provision that meets local and community interests as well as contractual agreements. Embedding of the new Leadership team structure will commence in early 2021.

Scotland

In Scotland, the headline subject areas are broadly the same as England and provision in Scotland is also aligned to the WEA themes. There is a significant focus on employability provision to progress people at various stages along the skills pipeline and in some cases into work. Literacy, numeracy and digital literacy also account for significant amounts of the provision in Scotland, both to help people into work but also for those who are in work but are in low skill, low wage sectors of the economy.

ESOL provision accounts for the largest number of learners in WEA Scotland each year. It is delivered in all areas of Scotland to a broad range of learners with hugely varying backgrounds and capabilities. As a result, it is becoming increasingly less focused on generic language training and much more about the language delivery being tailored to the context of the individuals and class groups. Examples include ESOL and financial literacy, ESOL for employability and ESOL for family learning and engaging with schools.

In addition to these core areas of provision, there is a wide range of personal development programmes to assist those with particularly challenging life circumstances – e.g., long term unemployed, ex-offenders, those recovering from substance or alcohol addiction, young adults moving on from looked after settings, etc.

Finally, we have an active membership education programme notably in Edinburgh, Fife and the North East which looks to prevent loneliness isolation and dependency through a varied programme of activity that facilitates community engagement and empowers independent individuals.

English regions

Objectives in each of the English regions focus on the strategic relationships and curriculum response to local needs. Every region has set objectives in relation to improving ongoing quality and the learner experience, and increasing the use of digital technologies in learning.

Further devolution of funding has been confirmed in Sheffield City and West Yorkshire for 2021/22 and planning is underway for pursuing this funding. Devolution will continue into 2022/23 and areas WEA has identified as highly likely to devolve include Cumbria, York & North Yorkshire, Hull & East Riding and Lancashire.

Existing areas of devolved funding are entering their second year and WEA's ability to secure a third year and renew beyond that will depend on its ability to demonstrate capability in delivering against specific funding commitments.

Members & volunteers

Members and volunteers are the lifeblood of WEA and critical to its long-term success and sustainability. WEA knows that growing an active membership is key to raising its profile and amplifying its voice as the leading adult education organisation. The WEA membership program will continue to develop through 2020 with new initiatives and campaigns to engage and integrate new members across the UK. To this end, WEA will focus on increasing overall membership, committing to:

- ▶ Continuing the development of WEA's membership offer and the excellent value it provides;
- ▶ Exploring new ways of supporting members to self-organise; and
- ▶ Continuing to engage with volunteers, encouraging them to become paying members.

Building on a comprehensive volunteer survey completed at the end of 2019/20, the priorities for 2020/21 in this area will be:

- ▶ Completing the end-to-end review of the volunteer journey, including new role descriptors and embedding of a new induction and training programme;
- ▶ Engaging in the external Volunteers Count survey to allow WEA to benchmark its volunteer experience against other similar organisations;
- ▶ Automating volunteer recruitment using the HR AMRIS system; and
- ▶ Ensuring that engagement with volunteers continues to improve and that volunteers play an active role across all areas of the Association.

Governance review

In the latter half of 2019/20, WEA trustees and members of the Council (comprising the Chairs of the English Regional Committees and Scotland Board) were consulted to shape a forward plan for the next phase of the governance review begun in 2018/19. Beginning in February 2020 a scoping exercise was undertaken by an external consultant who held confidential interviews with each trustee, Regional Committee Chair, and the Chair of Scotland Board to take their views on the quality of WEA's overall governance, as well as its key risks and values. There was 100% participation in the interviews comprising the scoping exercise.

The objectives of the Phase 2 scoping exercise were:

- ▶ To decide a way forward to Phase 2 of the governance review, following on from the report presented by Anthony Collins Solicitors in July 2019; and
- ▶ To address the issues highlighted in the assessment against the Charity Governance Code, which is the agreed governance standard for the WEA.

The work of Phase 2, which has been under way since March 2020 is expected to complete by the end of the 2020 calendar year. The implementation work to follow in 2021 will continue to involve volunteers across the Association.

Additional information on the governance review appears as part of the report on Structure, Governance & Management on page 27.

WEA voice

WEA is the leading organisation in the UK for adult learning. WEA will use its position and voice to demonstrate the positive difference that adult learning makes. In 2020/21 WEA will:

- ▶ Continue to grow its network of like-minded organisations both in the UK and internationally;
- ▶ Expand and engage with its fellows and ambassadors;
- ▶ Continue to support and engage the APPG on Adult Learning; and
- ▶ Launch its Digital Lifeline campaign.

People

WEA recognises that its people are its greatest asset and in 2020/21 has committed to supporting its paid and voluntary workforce by:

- ▶ Launching an Equality Diversity & Inclusion Working Group with the aim of achieving greater understanding of where members of the workforce may face exclusion or marginalisation, and to shift the organisational culture to enhance equality, diversity and inclusion;
- ▶ Developing a strategic workforce planning framework that will effectively analyse, manage and prepare current and future workforce requirements, with a particular focus on tutors;
- ▶ Establishing a new approach to succession planning, particularly for leadership and governance roles; and
- ▶ Developing the skills of WEA volunteers.

Systems

WEA will continue to review its current systems and processes, particularly with the aim of ensuring they enable an optimal student experience. In 2020/21, these priorities will include:

- ▶ Completing a full systems review;
- ▶ Ensuring systems across England and Scotland are fully integrated;
- ▶ Maintaining a high level of systems resilience and security;
- ▶ Examining ways of automating registration, enrolment and other student-facing processes; and
- ▶ Resolving and improving the approach to ensuring GDPR compliance.

Finances

2019/20 was the first year that WEA saw funding being devolved to the Mayoral Combined Authorities ("MCAs"). WEA was successful in securing six out of seven devolved funds. Whilst most of this came as grants and two were awarded as contracts through a procurement process, it has meant that unrestricted income from the ESFA moved into restricted pots of income with the associated funding obligations from the new MCA funders. The overall change in the shape of WEA's funding can be seen in the table below.

Additional areas of devolution are expected in future, and efforts will be made to pursue funding wherever it devolves. At the same time, WEA will increase its efforts to diversify its income, and particularly to find other ways of re-building unrestricted income streams to enable greater freedom to invest in its core mission.

WEA is also anticipating that the long term effect of Covid-19 will linger on and the landscape of funding will move in an attempt to adapt to the national need. In light of this, 2020/21 reflects the prudence in funding with a reduced but realistic target figure for the year. Specific campaigns will be launched across new areas of fundraising, beginning with the Digital Lifeline campaign. This and other fundraising campaigns will be embedded as part of an integrated approach to engage members and support learners. WEA is also looking to increase the level of funding from legacies and donations from corporates. Specific campaigns will be launched across new areas of fundraising, beginning with the Digital Lifeline campaign. This and other fundraising campaigns will be embedded as part of an integrated approach to engage members and support learners.

	2018/ 19	2019/ 20	2020/ 21
Unrestricted Income	85%	62%	54%
Restricted Income	15%	38%	46%

Equal opportunities

WEA aims to create conditions that ensure staff, volunteers and learners are treated solely on the basis of their merits, abilities and potential regardless of their gender, race, religious/political beliefs, ethnic or national origin, disability, family background, age, sexual orientation, or other irrelevant distinction.

Having achieved its Investors in People kite mark in 2019, WEA has recently undertaken to work toward an Investors in Diversity award. Through its Human Resources team, WEA is developing an action plan to review, develop and embed the FREDIE (i.e., fairness, respect, equality, diversity, inclusion and engagement) principles in line with the latest Ofsted inspection framework, and to ensure that these principles are fully integrated through all aspects of business planning.

WEA's Board of Trustees will continue to monitor, scrutinise and constructively challenge WEA leadership on its effective support and development of WEA staff at all levels, and to ensure WEA remains an inclusive employer.

EDI learner data demonstrates that WEA courses engage a significantly higher number of students from disadvantaged backgrounds and/or with protected characteristics compared to the national demographic profile, including learners from BAMER backgrounds, those with low incomes and qualifications, and those who are older and/or disabled.

WEA seeks to welcome and accommodate all learners, volunteers and staff, and is therefore working towards the highest standards of accommodation through implementation of a property strategy. Premises used for learning are fully accessible.

WEA recognises the importance of good mental health support, and is committed to improving mental health through its curriculum and learner-centred teaching. According to our Impact Report 48% of all learners reported improved mental health after their WEA class, rising to 82% of learners with a mental health condition.

WEA encourages staff to be kind to each other and to talk openly about mental health. Managers and staff are therefore encouraged to have regular one-to-one meetings where open conversations can take place. WEA's Human Resources team also run a number of learning and development initiatives including equipping managers with a mental health toolkit, HR drop-in sessions and regular timetabled sessions supporting mental health awareness and management, stress management, and related issues.

As a benefit to employees, WEA has teamed up with BUPA and Westfield Health Care who offer general well-being support. BUPA helps to keep WEA staff well at work, and supports them in looking after their physical wellbeing using clinical professionals to offer health checks and specialist support from qualified specialists offering practical advice and support. Westfield Health Care enables staff to obtain advice from a team of qualified counsellors, medical advisors and lawyers any time of day or night. They offer health and well-being advice and support, telephone and face-to-face counselling, and legal advice for home, work or life issues that can be the cause of stress and anxiety.

Financial review

The financial statements show total income for 2019/20 is £28.8m (2018/19: £27.4m) with expenditure of £27.9m (2018/19: £27.3m)

2019/20 is the first year that the WEA has received funds from devolved MCA areas. The total income received from six MCA areas is £5.4m, which coupled with the ESFA grant of £14.5m makes a total of £19.9m. This is a rise of £0.8m compared to the total ESFA grant in 18/19 of £19.2m. ESF grant income has risen by £1.9m which is mainly due to the first full year of the current Community Grant programmes in the North West Region. In contrast, income from Lottery funded projects have reduced by £0.7m in 2019/20 because many of these grants came to an end in 2018/19. Income has also reduced in unrestricted fees and contracts by £0.7m. The decrease is mainly due to a reduction in student tuition fees following the impact of Covid-19 on course provision in the spring and summer terms.

The largest movement in expenditure of £2.0m is on grant and subcontractor payments, this is a result of the increased grant payments made to smaller organisations in the ESF Community Grant programmes and payments to subcontractors under the MCA agreements with Manchester and Liverpool. Staff costs have decreased by £0.4m, this was partly planned in the budget, but additional savings have arisen in the year, despite the fall the WEA maintained support for tutors who were accustomed to working in the summer term and many tutors were given additional contracts to train on the use of Zoom and Canvas software to enable future online course provision. There have also been reductions in sessional venue, travel, and premises costs as a result of Covid-19, with face to face course delivery ceasing and all staff working from home. These reductions have been offset in part by additional IT purchases to enable online delivery of courses during the summer term and additional Covid-19 support measures for staff, such as homeworker allowances.

The WEA's net movement in funds for 2019/20 is £0.6m (2018/19: £0.1m) after transfers and pension adjustments. There is a surplus of £0.7m on unrestricted funds offset by a deficit of £0.1m on restricted funds. The surplus on unrestricted is higher than the budgeted surplus as a result of the reduced expenditure on face to face course provision. The deficit on the restricted funds is due to timing differences between income and related expenditure.

Reserves policy

The funds at 31 July 2020 were £9.1m (2018/19: £8.6m). This is represented by unrestricted funds of £8.4m and restricted funds of £0.7m.

The closing 2019/20 free reserves balance of £4.1m is as follows:

- ▶ General funds: £2.3m
- ▶ Branch funds: £0.8m
- ▶ Regional branch reserve fund: £1m

For the purposes of this policy, the WEA has defined free reserves as being its unrestricted funds, excluding the pension deficit and designated funds.

The free reserve balance as at 31 July 2020 was £4.1m, exceeding the free reserves target currently set at £3m. The trustees are content with the current position of being in excess of the free reserves target due to the ongoing challenges surrounding the pandemic.

The reserves policy was reviewed by trustees in 2019/20 following the outbreak of Covid-19 and the free reserve target remained unchanged at £3m.

In setting the free reserve at £3m consideration was taken to the following; unrestricted and restricted income risks, covering three months fixed costs and variable costs if the income risks materialise, ensuring branch reserves remained unchanged. Branch reserves are included in the free reserves calculation and are designated for use by branches.

The WEA Reserves Policy is subject to regular review considering new risks and circumstances faced by the WEA. The policy is therefore reviewed by trustees at least annually or more frequently upon advice of senior management in the event of a material change occurring that warrants any earlier or additional review.

The level of free reserves is a Key Performance Indicator set out in the organisation's Business Plan and, as such, progress is monitored regularly at Committee and trustee meetings.

Investments & treasury management

As set out in its Articles of Association, WEA has absolute discretion to invest money not immediately required for expenditure. The responsibility for the performance of investments rests with the Finance & General Purposes Committee, which reports to the Board of Trustees. The objective of WEA's Treasury Management Policy is to optimise returns consistent with cash flow requirements and with an overriding need to protect the capital value of WEA's funds.

Treasury management is carried out within the context of WEA's statutory requirements, its Articles of Association and the Financial Memorandum with the Education and Skills Funding Agency (ESFA). WEA funds are deposited only with UK banks that meet the criteria stated in the Treasury Management Policy. Investments are not made in any other financial instruments. It is important to note that, as in previous years, WEA has had no exposure to any known financial institution at risk.

WEA's Investment Policy is scheduled for review by trustees in 2020/21.

Principal funding sources

WEA receives its principal funding from ESFA, which provided 50% of WEA's income from all sources and activities for the year (2018/19: 70%). There are no outstanding loans against WEA.

Pensions

The valuation of WEA's defined benefit pension scheme at 31 July 2020 (under FRS102 principles) has seen the scheme surplus of £2.8 million reduce to a nil balance. The 2018/19 surplus was not recognised in the accounts as it was not considered to be a recoverable amount, however, an adjustment was made to remove the previously recognised deficit estimates used by the actuary in the calculation of this accounting valuation have been benchmarked by the trustees and are considered appropriate.

Further details relating to the pension schemes operated by the WEA are shown at Note 18 to the accounts.

Cash flow & capital expenditure

In line with the Treasury Management Policy, WEA aims to maintain a healthy cash position, and its cash reserves are sufficient to ensure that balances are not overdrawn. Based on the two-year cash flow projections to July 2022 returned to ESFA in July 2020, WEA does not anticipate any liquidity problems.

Cash and short-term deposits for the year ended 31 July 2020 were £6.6m (2018/19: £5.6m). The increase in cash available is mainly due to net reduction in expenditure as a result of Covid-19.

Funds held as custodian trustees on behalf of others

WEA does not hold funds as Custodian Trustees on behalf of others.

Commercial activities

WEA does not currently engage in any substantial commercial activities. The trading company, WEA Trading Limited, a wholly owned subsidiary of WEA has not traded to date.

Fundraising statement

Fundraising is forming an ever more important part of WEA's work. WEA is dedicated to ensuring its fundraising remains closely aligned with the Association's mission and values, and to ensuring efficiency in its approach. A guiding principle in its fundraising efforts is to work with a range of partners from corporate organisations to a range of charities and associations across the UK. WEA aims to follow its Ethical Fundraising Policy and perform due diligence on all corporate donors including any gifts in kind. WEA does not use professional fundraisers or commercial participators to carry out any fundraising activities and so no monitoring activities are required.

WEA volunteers are supported and guided by the business development and volunteering team who are members of the Institute of Fundraising ("IoF") and follow IoF guidelines. In 2019/20, WEA did not receive any complaints regarding its fundraising activities (2018/19: 0). As of September 2020, WEA is a member of the Fundraising Regulator and as such follows the Code of Fundraising Practice.

To ensure compliance with the Charities Act 2016, WEA follows the guidelines set out by the IoF on all donors with the four guiding principles of respect, fairness, responsiveness and accountability applied for all donors and members of the Association.

WEA also reviews the Code of Fundraising Practice through the Director to ensure any changes are implemented and to ensure WEA remains compliant with the Code. Specifically, WEA uses the guidelines set out by the IoF in their document "Fundraising with people in vulnerable circumstances" to ensure that fundraisers or those who come into contact with donors across the organisation are aware of the standards expected to protect vulnerable people.

Risk management

The Board of Trustees monitors WEA's risk profile as recorded in WEA's corporate risk register ("the risk register"). The risk register is informed by departmental risk registers maintained by the individual members of the Leadership Team and is regularly reviewed and updated by Leadership team as a whole. The systems and procedures established to manage risk are regularly reviewed by the Audit & Risk Committee and reported to the Board of Trustees. The Board of Trustees has also reviewed the adequacy of WEA's internal controls.

The risk register includes action plans for each of WEA's key risks and a summary highlighting the current and changing status of those risks against a target risk score. The Audit & Risk Committee reviews the risk register at each quarterly meeting, receives summary updates on risk management activity, and invites members of WEA management to present on significant issues. The Audit & Risk Committee has previously considered WEA's risk appetite and maintains a commitment to risk awareness in all WEA's undertakings.

The Board of Trustees currently receives the risk register on an annual basis and receives reports from the Audit & Risk Committee on a quarterly basis.

During 2019/20, WEA continued to focus on strengthening its risk management framework and tightening procedures. The Risk Management Policy, reviewed previously in 2018, was reviewed again in September 2019 along with its accompanying risk management procedures. The Audit & Risk Committee oversaw a complete overhaul of the risk register format and scoring of risks at the start of the 2020 calendar year. This has resulted in a new

risk register format that clarifies current risk scores and the actions being taken to meet target risk scores. The new format has also removed areas of duplication between some identified risks. Perhaps most importantly, changes were made to the risk scoring approach on the new risk register.

Whereas the previous risk register had used a four-point scale to measure the impact and likelihood of each risk, the new risk register uses a five-point scale, with the likelihood score multiplied by the impact score to arrive at a total risk score. Total risk scores are then RAG rated according to the level of risk. The effect of this is to create a broader range of amber risks so that red rated risks are those that are truly critical and require immediate attention.

Work continues with the Leadership team to support greater seamlessness between departmental and corporate risk registers.

As at 31 July 2020 there were 37 risks identified across five categories of risk on the risk register. Of these, there were 14 risks associated with responsibilities that trustees are unable to delegate fully, and which are therefore monitored routinely by Audit & Risk Committee. Remaining risks are monitored routinely by the Leadership team, and flagged for review by the Audit & Risk Committee only if elevated to an amber or red RAG rating.

The level of risk posed by each matter reported in the risk register is assessed by attributing a score based on both the likelihood and impact of the respective risks. The risks with the highest attributed scores are set out below as WEA's principal risks:

Top five risks with mitigating actions taken:

Risk	Mitigating actions taken
Failure to meet ASB, ESFA and/or MCA targets, or failure to meet Scottish government targets	All education staff have been trained in WEA's funding formula, and education project managers have been put in place to support all key projects. Effective and proactive management of WEA's tutor base and close monitoring of provision helps to mitigate this risk. In Scotland, regular meetings with Scottish government are an additional mitigation. A proactive approach to curriculum development responding to need and the development of Canvas blueprints for accredited and non-accredited subjects are mitigations to be rolled out nationally in 2020/21.
Negative judgment by regulator (e.g., Ofsted NI judgment, ESFA financial notice to improve)	The recently appointed Director of Quality & Student Services has strengthened WEA's quality improvement plan and implemented a new, rigorous approach to tutor training and class visits. WEA is increasing its use of Canvas tools to monitor learner progress and engagement and to take feedback from learners on their learning experience. Through the Education Strategy Committee and Scotland Board, trustees receive regular updates and reports on teaching and learning quality and learner welfare. Budget and cash flow are regularly reviewed against the ESFA criteria for a judgment of "good" in relation to finances.
IT failure	The historic disconnect between IT systems and WEA's ambitions is now being addressed through clear enablers built into the 2025 Strategy. WEA is progressively moving its data and systems onto the Cloud to improve resiliency and restoration options, and for the purpose of load balancing across dispersed data centres. Comprehensive back-ups of all data and systems are in place and will be enhanced once the move to Cloud is complete.
Poor succession planning	There is currently no clear plan for succession planning for the Chair of Trustees or the chairs of committees. The appointment of a Deputy Chair of Trustees is provided for by the Articles of Association, and is included among the proposals from the Governance Steering Group currently being deliberated. The Audit & Risk Committee has requested that a vice-chair of the committee is appointed, and this is also being considered.
Insufficient diversity of relevant skills on the trustee body or poor engagement	The outcome of a skills audit undertaken by the Board of Trustees and presented at a meeting on 23 July 2020 revealed that trustees have a good range of relevant skills, although there were some areas where it was determined that greater depth of skill would be of benefit to the organisation. It was agreed that these skills would be enhanced through the normal course of recruitment as vacancies arise on the Board. In the interest of demonstrating greater adherence to the Charity Governance Code, trustees are currently seeking nominees to the Board who have recent, relevant financial experience and formal qualification.

Given WEA's strong reserves and investments made in previous years that enabled WEA's positive response to the Covid-19 crisis, the pandemic does not appear among WEA's top risks. At the point of the first national lockdown in March 2020, Covid-19 was considered among the biggest risks to the organisation. At the time, WEA had no knowledge that its funding would be guaranteed, that the transition to online courses would be successful, or that all operational areas could function on a home-based model. These unknowns were quickly resolved within the period, and WEA is pleased to have demonstrated resilience in response to crisis. WEA's risk register now includes a risk of "operations suspended due to pandemic, natural disaster, civic unrest, etc.", currently assessed at 6/25 and RAG rated green after considering the controls in place. Like all other risks, this risk is routinely monitored by WEA's Leadership team, with any change in the assessment of the risk overseen by the Audit & Risk Committee.

In addition to the top five risks identified, WEA has identified and will monitor the emerging risk of increasing imbalances in its levels of restricted and unrestricted income. Shrinking unrestricted income is considered to weaken WEA's ability to deliver on its core mission to reach and support the learning of the UK's most disadvantaged communities, and has had a demonstrably negative effect on the sustainability of WEA's branch network. Although the emerging risk of increasing imbalance in the levels of restricted and unrestricted income is connected to two risks that do appear on the list of top ten risks – i.e., the risks of a detrimental change in government policy and failure to meet ASB, ESFA and/or MCA targets – the balance of these two distinct classifications of income did not appear on any risk register during the period of this report.

In consideration of this emerging risk, the budget agreed by trustees for the 2020/21 financial year included significantly increased provision for enhancements to WEA's fundraising and business development teams to enable increased focus on attracting voluntary and other unrestricted income. Work to redraft WEA's Financial Regulations, and in particular the Branch Financial Regulations, identified as an initiative arising from the governance review, will also act as a mitigation.

Going concern

The trustees have assessed WEA's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included a review of budgets and cash flow forecasts through to July 2023 and consideration of the key risks, including further devolution areas and the impact of Covid-19.

The global Covid-19 pandemic has significantly changed the landscape in which WEA operates and has had a significant impact on its operations. It is not clear how long the current circumstances will last or what the long term impact will be. At the start of the pandemic, all face-to-face course provision was suspended and moved online where possible. As a result, charitable expenditure reduced, which helped to mitigate the reduction in student fee income. Despite the situation, WEA ended the year with higher free reserves than anticipated at £4.1m compared to a budget of £3.8m.

Since the year-end, WEA has continued to focus its provision online with some post-Covid-19 pilots of face-to-face provision where it has been safe to do so. Whilst WEA continues to see the same trend in expenditure, the risk to fee income remains high. Thus far, WEA has not needed to utilise the government's Coronavirus Job Retention Scheme to furlough any staff as WEA's funders confirmed that 2019/20 funding was secure.

The WEA secures a significant proportion of its income from service delivery contracts and grants awarded by the Education and Skills Funding Agency, MCAs, European Social Fund, Big Lottery, local authorities and other statutory bodies, however, there are further devolution areas on the horizon which pose a further risk to WEA's income streams. From 1 August 2021, the devolved funding will increase to approximately 39% of original ESFA funding (28% 2019/20 and 31% 2020/21).

In light of the key risks, WEA has prepared a number of financial scenarios which reflect potential loss of MCA funding from 1 August 2021 and further loss of student fee income during 2020/21. In all of the scenarios, even the worst-case scenario, with both the loss of the MCA funding and fee income, the free reserves remain above £3m and the WEA continues to be a going concern. With this in mind and the fact that WEA rigorously monitors its financials through robust financial internal controls, regular monitoring of budgets and cash management, the trustees are confident the organisation has adequate resources to operate for the foreseeable future as a going concern and has prepared its financial statement on this basis.

Structure, governance and management

Status

WEA is a charitable company limited by guarantee (number 2806910), incorporated on 5 April 1993 and registered as a charity in England and Wales (number 1112775) and Scotland (number 2806910).

Governing documents

WEA is governed in accordance with the object and powers set out in its governing documents, the Articles of Association (last amended 14 December 2017) and Regulations (last amended 8 May 2019). The governing documents are available to the public through the WEA website at: wea.org.uk/about-us/governance.

Object of WEA

The object for which WEA was established is to promote adult and general education for the benefit of the community, regionally, nationally and internationally based on democratic principles in its organisation and practice, through the participation of its voluntary members. In pursuit of this object, WEA has the following aims:

- ▶ Stimulating and responding to the demand for liberal education, through the direct provision of courses and other activities;
- ▶ Relieving poverty and providing for the needs of working-class people and of those who are socially, economically or educationally disadvantaged and in particular (but without limitation) by providing education and teaching skills for employment, voluntary work and social inclusion;
- ▶ Providing educational programmes for appropriate organisations concerned with collective educational needs in the community and in the workplace;
- ▶ Generally furthering the advancement of education to the end that all people in England, Scotland and other parts of the world may have full access to the education needed for their complete individual and social development; and
- ▶ Promoting the efficiency and effectiveness of charities with similar purposes and the efficient and effective application of resources for such purposes.

WEA operates at local, regional and national levels, providing adult education through its network of nine English regions and Scotland, and with 272 branches and six Local Associations in England and Scotland respectively. Courses are created and delivered in response to local need, often in partnership with local community groups and organisations. There is a proud tradition of voluntary and democratic process within WEA. Association members are involved in the planning and provision of courses as well as in the local and national governance of WEA.

WEA maintains staffed offices in Scotland and the English regions, the largest of which is in Leeds. WEA's registered office is in London.

Public benefit

WEA is a public benefit entity, the charitable object of which is to promote adult and general education for the benefit of the community regionally, nationally and internationally based on democratic principles in its organisation and practice, through the participation of its volunteers and members.

WEA's Trustees confirm that they have due regard for Charity Commission's guidance on public benefit and believe it to have been consistently applied, that the requirements of section 17 of the Charities Act 2011, and the new requirements related to annual reporting within the Protection & Social Investments (Charities) Bill 2016 have been fully met when exercising any powers or duties to which the guidance relates.

Board of Trustees

The Board of Trustees is WEA's governing body, comprising twelve trustees. The Board of Trustees has ultimate responsibility for the strategic direction of WEA. Trustees are also the Directors and Members of the Company.

Per its Articles of Association, the composition of the Board of Trustees is as follows:

- ▶ Four Association Officers (who are the President, two Deputy Presidents, and the Treasurer) elected by the Association Membership in accordance with the Regulations;
- ▶ Four Association Members nominated by the WEA Council and appointed by trustees, comprising one Association Member from WEA Scotland and three Association Members from different English Regions; and
- ▶ Four Co-opted trustees appointed by the trustees.

An additional trustee – WEA's President-Elect – was appointed by Resolution of the Board of Trustees on 13 May 2020 for the purposes of handover in the role of President. This brought the number of trustees to thirteen until 16 September 2020, on which date the incumbent President stepped down from her Association Office and retired as a trustee.

The Board of Trustees meets at least four times a year in order to ensure that WEA's activities carry into effect the charity's object. Their work includes providing strategic oversight, scrutinising WEA's financial performance and the performance of its management, agreeing budgets, monitoring the quality of educational provision and the safeguarding of beneficiaries and stakeholders, and reviewing current policies, initiatives, activities and plans. The Board of Trustees also delegates certain business from time to time to its committees which also meet at least quarterly.

The Board of Trustees is currently chaired by a co-opted trustee. Trustees, whether appointed or elected, serve on the Board for a term of four years, renewable subject to re-election (in the case of Association Officers) or re-appointment.

Committees of the Board of Trustees

Committees of the Board of Trustees are non-executive. Save for the Audit & Risk Committee, the committees do not have delegated authority to undertake investigations or to take independent professional advice without prior authorisation from the Board of Trustees. The committees take responsibility for undertaking detailed scrutiny of matters of strategic importance, providing advice and recommending decisions to the Board of Trustees accordingly.

Committees of the Board of Trustees generally meet on a quarterly basis to receive detailed reports and make detailed enquiries on strategic organisational matters, reporting back to the Board of Trustees at each subsequent meeting. From the end of March 2020, and due to the lockdown imposed to control the spread of Covid-19, much of the Board's committee activity was suspended in lieu of monthly meetings of the Board of Trustees. During the period between 30 March and 31 July 2020, committees convened for the purpose of essential business only, with routine business taken by circulation.

As at 31 July 2020 there were six delegated committees of the Board of Trustees. These are:

Audit & Risk Committee - The Audit & Risk Committee assists the trustees in discharging its oversight responsibilities by reviewing the effectiveness of WEA's internal controls and compliance systems and, on behalf of the trustees, reviews the performance and results of external and internal auditors' work, and reviews and monitors the preparation and production of the trustees' Annual Report and Accounts. On an annual basis, it recommends the appointment of auditors to the Board of Trustees and, on their behalf, approves the auditors' terms of engagement.

Education Strategy Committee - The Education Strategy Committee recommends the educational strategy for approval and adoption by the Board of Trustees and provides oversight of the quality of WEA's teaching, learning, assessment and curriculum development, and ensures that educational developments within WEA adhere to the charitable objects and WEA's strategic aims.

Finance & General Purposes Committee - The Finance & General Purposes Committee oversees the development of sustainable finance and resource strategies, and monitors on behalf of the Board of Trustees adherence to agreed annual budgets. The committee supports the development of policies and systems to ensure appropriate financial controls and other internal systems.

Membership, Volunteering, Governance & Marketing Committee - The MVGM Committee recommends the volunteering and membership strategies for approval and adoption by the Board of Trustees and provides oversight for the development of WEA's campaigning, public affairs and stakeholder engagement strategies. In this regard, it supports the WEA Council and alongside it promotes and supports good governance across the Association.

Scotland Board - The Scotland Board supports and promotes the sustainability, educational provision and profile of WEA in Scotland as part of the wider Association. The Scotland Board uses its Scotland-specific knowledge and presence to enable an effective balance between Scotland-specific matters and support for the organisation as a whole. Members of Scotland Board also serve on other trustee sub-committees to support the Board of Trustees in their scrutiny of how policy-level and strategic decisions may impact on Scotland.

WEA Council - WEA's ethos is strongly based in the collective engagement of the voluntary committees supporting the delivery of education in the English regions and Scotland. Enshrined in its governing documents, the WEA Council's principal function is to promote the democratic involvement of all Association Members and effective communication between all levels of governance within the Association. In practice, WEA Council is an important stakeholder group and a forum for discussion of shared interests across the English regions and Scotland, making representations on their behalf to the Board of Trustees from time to time. At any time there are at least four trustees who are members of WEA Council, two of whom must be Association Officers elected by the Association Members. The President (an Association Officer) chairs the WEA Council.

The four Association Officers (President, two Deputy Presidents, and Treasurer) meet together with the Chair of Trustees from time to time as a Remuneration Panel and/or Appointments Panel.

Each committee of the Board of Trustees includes at least two and ideally three trustees as members of the committee. Other committee members are drawn from the English Regional Committees and/or Scotland Board. Save for the Audit & Risk Committee, the committees do not have delegated authority to undertake investigations or to take independent professional advice without prior authorisation from the Board of Trustees.

Trustee attendance figures of Board and Committee meetings can be found on page 28.

Election of association officers & the Annual conference

Members of the Association make direct contributions to the governance of WEA through the election of Association Officers and the annual conference. In accordance with the governing documents, National Officers are elected to office by the association members and subsequently appointed as trustees, subject to assurance of their statutory eligibility.

The annual conference, organised by the WEA Council, provides opportunity for association members to receive reports from trustees and the WEA Council on the year's activities, and to influence the overall direction of WEA through bringing forward motions for consideration.

Trustee recruitment, induction & training

WEA seeks to encourage diversity in its widest sense within the governance structure. The WEA's Articles of Association set out the categories from which trustees are elected and appointed.

Co-opted trustees: Trustees who are co-opted to the Board are sought through advertisement and/or recruitment search agencies. As part of the process for appointment, the Board of Trustees approves from among themselves a panel to oversee the shortlisting and interviewing of candidates prior to a recommendation to the full Board for approval.

Association officers: Following election by the Association Members to the role of President, Deputy President or Treasurer, an Association Officer is appointed a trustee ex officio, subject to confirmation of their statutory eligibility to serve in that capacity.

Council nominees: Those trustees who are appointed from Council are nominated by the Council. Council nominee vacancies are open to all members of WEA's Council (apart from the Association Officers, who are ex officio trustees).

Once appointed to the Board, trustees are encouraged to meet members of staff, take part in regional activities, and to undertake a range of online training. A comprehensive handbook for trustees was developed in 2016, setting out the roles and responsibilities of WEA Trustees and providing an overview of the governance structure. The Trustee Handbook will be updated as part of the governance review currently in progress.

Chief Executive & General Secretary ("CEO/GS")

The Board of Trustees agreed by resolution the appointment of the new CEO/GS, Simon Parkinson, to take effect from 9 December 2019. The appointment followed a thorough and competitive selection process, through which WEA was supported by the recruitment firm Odgers Berndtson. A selection panel comprising the Chair of Trustees, WEA President, Association Treasurer and an independent trustee with expertise in HR and recruitment undertook interviews with candidates for the role on 16 and 17 September 2019. Trustees formally approved the offer to Simon Parkinson on 24 October 2019.

In accordance with the Articles of Association, the CEO/GS is appointed by the Board of Trustees to manage the day-to-day operations of WEA, and is accountable to the Board of Trustees via the Chair. Powers delegated to the CEO/GS include the implementation of policy and strategy adopted by the trustees, to be carried out within a budget approved by them from time to time. The CEO/GS has a duty to report back to trustees regularly. In practical terms, this means that the CEO/GS is a regular attendee at meetings of the Board of Trustees, and has a standing reporting item on each agenda. To support the effective coordination of business between trustees and Council, the CEO/GS also meets regularly with the WEA Council to ensure its members, who are the Chairs of the English Regional Committees and Scotland Board, are adequately informed of WEA activities.

The CEO/GS works with the Leadership team as identified in the Reference and Administrative Details on page 4.

Leadership team

Leadership team meets at least monthly and reviews the quality and effectiveness of teaching and learning activity, organisational performance against the strategy and budget agreed by trustees, current and future staffing needs, and forward planning.

The role of reviewing and monitoring WEA's contracts and projects (including the ESFA contract) is performed by Leadership team, which via the CEO/GS, provides regular reports to trustees.

Review & remuneration of senior employees

Review of the pay and conditions for the CEO/GS and members of Leadership team is delegated to a subset of trustees (normally the Association Officers and the Chair) who form a Remuneration Panel. These trustees consider relevant benchmarking information and evidence in considering remuneration proposals for those in leadership positions.

Performance objectives of the CEO/GS and members of the Leadership team are agreed each year as part of the WEA Business Plan and Budget which is approved by the Board of Trustees annually in July for the next financial year.

Remuneration details are set out in Note 6 to the financial statements.

Engagement with employees (CA2006 Section 172 Disclosure)

This report on WEA's compliance with Companies Act 2006, section 172 ("CA2006 s.172") should be read in conjunction with the Strategic Report on pages 10 - 15. CA2006 s.172 as applicable to incorporated charities requires trustees (who are the Directors of the Company under CA2006) to take into consideration the interests of employees and other stakeholders in their decision-making. Trustees continue to have regard to the interests of WEA's employees and other stakeholders, including the impact of its activities on the community, the environment and WEA's reputation, when making decisions. Acting in good faith and fairly between members, the trustees consider what is most likely to promote WEA's success for its students, volunteers and Association Members in the long term. Whilst the importance of giving due consideration to stakeholders is not new, WEA is explaining in more detail this year how the Board engages with stakeholders, thus seeking to comply with the requirement to include a statement setting out how trustees have discharged this duty.

Trustees are fully aware of their responsibilities to promote WEA's success in accordance with CA2006 s.172. To ensure WEA continues to operate in line with good corporate practice, all trustees received refresher training on their duties and responsibilities under the Charities Act 2011 and CA2006 from WEA's legal advisors, BatesWells, on 23 September 2020. This focused activity allowed trustees to reflect (*inter alia*) on how WEA engages with its stakeholders and opportunities for enhancement in future.

The Board has overseen the implementation of a refreshed five-year strategy that ensures stakeholder interests, and particularly the interests of learners, are taken into account. The "We Are One WEA" Strategy responds not only to material changes in the way that WEA receives its funding, but also addresses the reality that the communities WEA serves have different needs requiring tailored solutions. To this end, the Board has worked closely with the CEO/GS to implement a programme of operational change to ensure that regional and national communities and academic expertise have greater influence on decision-making.

The Board continues to enhance its methods of engagement with the workforce.

WEA seeks to engage all employees and volunteers in its activities and achievements, and to this end the "We Are One WEA" Strategy has emphasised the development and improvement of technologies and systems to ensure WEA employees, volunteers, and students, dispersed as they are across the whole of England and Scotland, are able to work together easily and efficiently.

There continue to be a range of regular communication methods including management meetings, team meetings and newsletters on the re-launched staff intranet to ensure that all staff are kept informed of WEA activities and achievements. There is also a monthly e-briefing from the CEO/GS that is distributed as part of the usual monthly newsletters to all staff as well as to the wider community of volunteers and Association members.

WEA's recognised trade union is engaged in consultations on staff terms and conditions, including pay awards, through the Joint Negotiating Consultative Committee.

WEA aims to work responsibly with its sub-contractors, particularly those involved with the delivery of provision and other services relating to WEA's contracts with devolved combined authorities. The 2019/20 financial year was the first year in which WEA relied on sub-contractors to deliver education provision. Throughout the year, WEA has offered support in the on-boarding of its sub-contractors by sharing its delivery needs and the support available within WEA to enable effective relationships. There have been regular meetings with sub-contractors to support them through the Covid-19 pandemic, to understand their challenges and risks, and to provide short-term financial support where needed. Such meetings have enabled WEA to provide short- to medium-term assurances relating to changes in the delivery model or other services offered under the terms of contract.

Charity Code of Governance

The Board of Trustees adopted the Charity Code of Governance (larger charities) in 2018 and have discussed and assessed the organisation's performance against the Code's main principles and recommended practices since that time.

Trustees began the process of a full review of its governance in 2018/19 – a process which was paused initially by earlier than anticipated turnover in the CEO/GS post, and then slowed again following a period of progress between January and March 2020. As a result of these delays, the governance action plan anticipated to be in place in 2019/20 has not yet been agreed. A description of the steps taken to progress the governance review, which is intended to improve WEA's adherence to the Charity Governance Code, follows.

Governance review

At a meeting on 26 March 2020, trustees accepted the principle that WEA's governance should be more firmly positioned as an enabler of the organisation's ambitious, refreshed strategic plan, and to that end, agreed to constitute two steering groups:

- ▶ **Strategic Planning Steering Group** – to support the work of the CEO/GS and the Leadership Team by providing input and guidance on the 2025 Strategy to ensure that its KPIs and balance of priorities remain fit for purpose in a rapidly changing educational and funding environment; and
- ▶ **Governance Steering Group ("GSG")** – to support the work of the Board of Trustees and the Council by providing input and guidance on the maintenance, development and improvement of WEA's instruments of governance and associated governance structures by (inter alia) recommending an approach to optimising the effectiveness of accountability chains and reporting between local and national committees, Council and the Board of Trustees, particularly in relation to quality assurance, internal control, and risk management.

WEA Council supported the trustees' view of governance as an enabler of WEA's strategy and the constitution of the steering groups. The steering groups were formally constituted by circular resolution of the Board of Trustees (agreed 8 April 2020) on a time-limited basis until 10 December 2020.

The Strategic Planning Steering Group presented a refreshed strategic plan, and the 2020-2023 business plan and budget to the Board of Trustees at a meeting on 23 July 2020, and these were approved. Its work having been completed, the Strategic Planning Steering Group did not meet after July 2020, and was dissolved in accordance with its terms of reference on 10 December 2020.

At its meeting in July 2020, the GSG considered a set of proposals relating to the outcomes of the scoping exercise and of discussions among the group during the period March – June 2020. No consensus was reached on the proposals, but they were nevertheless referred to trustees and Council for further deliberation on 23 and 29 July 2020, respectively. A consensus view was reached that further deliberations on the proposals were needed, and a joint meeting of trustees and Council was arranged for this purpose on 23 September 2020.

In preparation for the joint meeting with trustees on 23 September 2020, Council convened two special meetings for detailed discussion of GSG's proposals and whether or how these might be progressed. Council reached a consensus view to take a step back from the proposals put forward by GSG, and instead to propose a series of procedural, communications and policy developments which could be progressed as "quick wins" as well as some longer-term projects centred on the development of governance. These were put to trustees at the joint meeting and accepted.

As all of the "quick wins" proposed by Council were found to fall within the scope of Article 75, it was confirmed that these could be progressed without delay. Most have been progressed in the first half of 2020/21. It was acknowledged that some of the longer-term projects may require changes to the Articles and/or Regulations, and that while as much as possible would be done to advance these projects in the near term, ongoing legal advice would be needed to support the longer-term process. WEA will be supported by its legal advisors, BatesWells, through this process.

Trustees and Council have agreed that a further joint meeting will be arranged early in the 2021 calendar year to ensure continued progress on the "quick wins" and longer-term projects agreed, and to work toward greater overall adherence to the Charity Governance Code (for larger charities).

Attendance at Board and Committee meetings during 2019/20

Abbreviations:

▶ **A&R** - Audit & Risk Committee

▶ **ESC** - Education Strategy Committee

▶ **F&GP** - Finance & General Purposes Committee

▶ **MVGM** - Membership, Volunteering, Governance & Marketing Committee

▶ **SB** - Scotland Board

▶ **WEAC** - WEA Council

Trustee	Board/Committee	2019/20 meetings	Attendance
John Widdowson	Board (Chair)	8	8/8
Cliff Allum	Board	8	8/8
	F&GP (Chair)	7	6/7
	WEAC**	8	4/8
Robin Cook	Board	8	8/8
	A&R	4	4/4
	WEAC**	8	5/8
Michael Crilly	Board	8	7/8
	A&R (Chair)	4	4/4
	SB	6	5/6
Marion Flett	Board	8	7/8
	A&R	4	3/4
	ESC (Chair)	4*	4/4
	SB	6	6/6
	WEAC	8	1/8
Jon Gamble	Board	8	7/8
	F&GP	7	7/7
Pat Kynaston	Board	3 (from 13/05/20)	2/3
	MVGM	3	3/3
	WEAC	8	6/8
Geoff Layer	Board	8	7/8
Lindsay Pearson	Board	8	6/8
	MVGM	3	1/3
	F&GP	7	6/7
	WEAC	8	6/8
Marc Sherland	Board	8	7/8
	MVGM	3	2/3
Lynne Smith	Board	8	8/8
	ESC	4*	4/4
	MVGM	3	2/3
	SB (Chair)	6	5/6
	WEAC (Chair)	8	8/8
Peter Threadkell	Board	8	6/8
	MVGM (Chair)	3	3/3
Narinder Uppal	Board	8	6/8

*Includes one joint meeting with F&GP.

** Non-voting member.

WEA's Board of Trustees and its committees normally meet on a quarterly cycle of meetings so that each group would meet four times per year. The exception to this pattern has normally been the Council, which would hold a face-to-face meeting on a quarterly basis, interspersed with periodic Zoom videoconferences for catching-up business. Council therefore would normally meet eight to ten times during the year.

This year, as a result of Covid-19, the Board agreed to meet monthly from March through to the end of July 2020 (five meetings in all) by Zoom videoconference. The Board held its usual quarterly meetings in the first part of the year, convening in October and then December 2019. An additional meeting on a confidential matter was held in January 2020, bringing the total number of meetings for the year to eight.

Council maintained its usual frequency of meetings throughout 2019/20, although from March, all of its meetings were held by Zoom videoconference.

Both the Audit & Risk Committee and the Education Strategy Committee maintained their normal pattern of four quarterly meetings through the year, with meetings in the second half of the year being held by Zoom videoconference.

The Finance & General Purposes Committee and Scotland Board increased the number of meetings typically held during the year, with additional meetings convened by Zoom videoconference in the second half of the year. For the Finance & General Purposes Committee, the additional meetings were convened primarily to monitor WEA's cash flow and the financial impact and implications of its response to Covid-19. The committee also met to consider the 2020-2023 Business Plan and Budget, approved by trustees at a meeting in July 2020. For Scotland Board, additional meetings were convened to keep members of this committee apprised of WEA's response to Covid-19 and to monitor the impact and implications of any Scotland-specific health advice or restrictions.

The MVGM Committee reduced the number of meetings held during the year. As it had no urgent business in the second half of the year, it took the option to handle its business by circulation.

Average attendance at meetings of the Board of Trustees in 2019/20 was 87%

Average attendance at all Board and Committee meetings in 2019/20 was 83% (2018/19: 77%).

Trustees' declaration

Statement of trustees' responsibilities

The trustees (who are also Directors of the Company for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice ("UK accounting standards").

Company law requires the trustees to prepare financial statements for each financial year. Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

- ▶ Select suitable accounting policies and then apply them consistently;
- ▶ Observe the methods and principles in the Charities SORP;
- ▶ Make judgments and estimates that are reasonable and prudent;
- ▶ State whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- ▶ Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions, disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended), and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Insofar as each of the trustees of the charitable company at the date of approval of this report is aware, there is no relevant audit information (information needed by the charitable company's auditor in connection with preparing the audit report) of which the charitable company's auditor is unaware. Each trustee has taken all of the steps that they should have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

Approved on behalf of trustees on 10 December 2020.



Signed: John Widdowson
Chair of Trustees

Statement of corporate governance & internal control

The following statement is provided to enable readers of the Annual Report and Accounts of the Charity to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the Annual Report and Financial Statements.

The Charity endeavours to conduct its business:

- i. In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. In accordance with the governance requirements in the Companies Act 2006 and the Charities Act 2011; and
- iii. With due regard to the guidance and principles set out in the UK Corporate Governance Code 2016.

The Charity is committed to exhibiting best practice in all aspects of corporate governance and, as a registered charity follows compliance guidelines set by the Charity Commission. We have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the further education sector and best practice.

The Board of Trustees recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times.

The Board of Trustees confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

Approved by order of the Board of Trustees on 10 December 2020 and signed on its behalf by:



John Widdowson, CBE
Chair of Trustees



Simon Parkinson
CEO/GS

Governing body's statement on the regularity, propriety and compliance with funding body terms and conditions of funding

The Charity has considered its responsibility to notify the Education and Skills Funding Agency ("ESFA") of material irregularity, impropriety and non-compliance with the ESFA terms and conditions of funding, under the financial memorandum in place between the Charity and the ESFA. As part of our consideration, we have had due regard to the requirements of the financial memorandum.

We confirm, on behalf of the Charity, that after due enquiry, and to the best of our knowledge, we are not able to identify any material irregular or improper use of funds by the Charity, or material non-compliance with the ESFA's terms and conditions of funding under the Charity's financial memorandum.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Approved by order of the Board of Trustees on 10 December 2020 and signed on its behalf by:



John Widdowson, CBE
Chair of Trustees



Simon Parkinson
CEO/GS

Independent auditor's report to the members and trustees of the Workers' Educational Association ("WEA")

Opinion

We have audited the financial statements of WEA for the year ended 31 July 2020 which comprise the statement of financial activities, the balance sheet, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland is the United Kingdom Generally Accepted Accounting Practice (UK GAAP).

In our opinion, the financial statements:

- ▶ Give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- ▶ Have been properly prepared in accordance with UK GAAP; and
- ▶ Have been prepared in accordance with the requirements of the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and Regulation 8 of the Charities Accounts (Scotland) Regulations 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

- ▶ The Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ The Trustees have not disclosed in the financial statements any identified material

uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- ▶ The information given in the Trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ▶ The strategic report and the directors' report included within the Trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the Trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Accounts (Scotland) Regulations 2006 require us to report to you if, in or opinion:

- ▶ Adequate and proper accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- ▶ The financial statements are not in agreement with the accounting records and returns; or
- ▶ Certain disclosures of Trustees remuneration specified by law are not made; or
- ▶ We have not received all the information and explanations we required for our audit.

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 25, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 44(1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the charitable company's Members, as a body, in accordance with Chapter 3 of part 16 of the Companies Act 2006, and to the charitable company's Trustees, as a body, in accordance with Regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charitable company's Members and Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company, the charitable company's Members as a body and the charitable company's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Nicola May
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP

Statutory Auditor
London

Date: 16 December 2020

Independent reporting accountant's report on regularity 31 July 2020

To the Trustees of the Workers' Educational Association (the WEA) and Secretary of State for Education, acting through Education and Skills Funding Agency (the ESFA) and the Greater Manchester Combined Authority, Liverpool City Region Combined Authority, West of England Combined Authority, West Midlands Combined Authority, Tees Valley Combined Authority and Greater London Authority (referred to as "the Authorities" below).

In accordance with the terms of our engagement letter dated 6 November 2018 and further to the requirements and conditions of funding in the ESFA's grant funding agreements and contracts, or those of any other public funder, including the Authorities we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest, in all material respects, the expenditure disbursed and income received by the WEA during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the post-16 audit code of practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record data returns, for which the ESFA or devolved authority has other assurance arrangements in place.

This report is made solely to the trustees of WEA and the ESFA and the Authorities in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Trustees of the WEA and the ESFA and the Authorities those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept, or assume, responsibility to anyone other than WEA and the ESFA and the Authorities for our work, for this report, or for the conclusion, we have formed.

Respective responsibilities of the WEA and the reporting accountant

The trustees of the WEA are responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed, and income received, are applied for the purposes intended by Parliament, and the financial transactions conform to the authorities that govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received, during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA and in accordance with any guidance provided by the Authorities. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity of the WEA's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of WEA's internal controls and review processes on regularity, supported by detailed tests on sample of costs incurred by the college and specific transactions identified from our review.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Crowe U.K. LLP

Crowe U.K. LLP
Date: 16 December 2020

Financial statements

Statement of financial activities for the year ended 31 July 2020

	Notes	2019/20 Unrestricted funds £'000	2019/20 Restricted funds £'000	2019/20 Total funds £'000	2018/19 Unrestricted funds £'000	2018/19 Restricted funds £'000	2018/19 Total funds £'000
Income from:							
Donations and legacies		95	3	98	42	2	44
Charitable activities	2	16,861	10,914	27,775	22,271	4,193	26,464
Investments	19	954	-	954	904	-	904
Other		14	1	15	17	1	18
Total income		17,924	10,918	28,842	23,234	4,196	27,430
Expenditure on:							
Charitable activities	3	15,900	11,117	27,017	21,885	4,488	26,373
Other	18b	864	-	864	884	-	884
Total expenditure		16,764	11,117	27,881	22,769	4,488	27,257
Net income/(expenditure)		1,160	(199)	961	465	(292)	173
Transfers between funds	13	(80)	80	-	(63)	63	-
Other recognised losses:							
Adjustment for defined benefit pension scheme	18e	(409)	-	(409)	(85)	-	(85)
Net movement in funds		671	(119)	552	317	(229)	88
Reconciliation of funds:							
Total funds brought forward		7,767	783	8,550	7,450	1,012	8,462
Total funds carried forward		8,438	664	9,102	7,767	783	8,550

The statement of financial activities includes all gains and losses recognised in the year. All incoming resources and resources expended derive from continuing activities. The notes on pages 39 to 65 form part of these accounts.

Balance sheet as at 31 July 2020

	Notes	2019/20 £'000	2018/19 £'000
Fixed assets			
Tangible assets	8	4,420	4,692
Total fixed assets		4,420	4,692
Current assets			
Debtors	9	1,531	969
Investments	16	1,590	1,543
Cash at bank and in hand	16	4,980	4,094
Total current assets		8,101	6,606
Liabilities			
Creditors: amounts falling due within one year	10	(2,828)	(2,587)
Net current assets		5,273	4,019
Total assets less current liabilities		9,693	8,711
Creditors: amounts falling due after more than one year	10	(9)	(21)
Provisions for liabilities	22	(582)	(140)
Total net assets		9,102	8,550
Funds of the Charity			
Unrestricted funds	13	4,142	3,210
Designated funds	13	4,296	4,557
Total unrestricted funds	13	8,438	7,767
Restricted funds	13	664	783
Total charity funds		9,102	8,550

The financial statements on pages 36 to 65 were approved by the Board of Trustees and authorised for issue on 10 December 2020, and are signed on its behalf by:



John Widdowson CBE
Chair of Trustees



Simon Parkinson
CEO/GS

Cash flow statement for the year ended 31 July 2020

	Notes	2019/20 £'000	2019/20 £'000	2018/19 £'000	2018/19 £'000
Cash flows from operating activities:					
Net cash provided by operating activities	14		1,395		898
Cash flows from investing activities:					
Interest received	19	15		16	
Purchase of tangible assets	8	(477)		(213)	
Net cash used in investing activities			(462)		(197)
Cash flows from financing activities:					
Net cash provided by / (used in) financing activities			-		-
Change in cash and cash equivalents in the reporting period			933		701
Cash and cash equivalents at the beginning of the reporting period			5,637		4,936
Cash and cash equivalents at the end of the reporting period			6,570		5,637

	2019/20 £'000	2018/19 £'000
Notes to the cash flow statement		

Analysis of cash and cash equivalents

Investments - short term deposits	1,590	1,543
Bank and cash	4,980	4,094
Total cash and cash equivalents	6,570	5,637

Notes to the financial statements for the year ended 31st July 2020

1. Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Companies Act 2006, Charities: Statement of Recommended Practice (FRS102) applicable in the UK and Republic of Ireland, the Charities Act 2011 and UK Generally Accepted Accounting Practice as it applies from 1 January 2015. We believe this is the most appropriate basis of accounts preparation.

The trustees have assessed WEA's ability to continue as a going concern. The trustees have considered several factors when forming their conclusion as to whether the use of the going concern basis is appropriate when preparing these financial statements. This has included a review of budgets and cash flow forecasts through to July 2023 and consideration of the key risks, including further devolution areas, forecast changes in the split between restricted and unrestricted income and the impact of the coronavirus.

The global coronavirus pandemic has significantly changed the landscape in which WEA operates and has had a significant impact on its operations. It is not clear how long the current circumstances will last or what the long term impact will be. At the start of the pandemic all face-to-face course provision was suspended and moved online where possible. As a result, charitable expenditure reduced which helped to mitigate the reduction in student fee income. The WEA ended the year with higher free reserves than anticipated at £4.1m compared to a budget of £3.8m.

Since the year-end, WEA has continued to focus its provision online with some post-Covid-19 pilots of face-to-face provision where it has been safe to do so. Whilst WEA continues to see the same trend in expenditure, the risk to fee income remains high. Thus far, WEA has not needed to utilise the government's Coronavirus Job Retention Scheme to furlough any staff as WEA's funders confirmed that 2019/20 funding was secure.

The WEA secures a significant proportion of its income from service delivery contracts and grants awarded by the Education and Skills Funding Agency, MCAs, European Social Fund, Big Lottery, local authorities and other statutory bodies, however, there are further devolution areas on the horizon which pose a further risk to WEA's income streams. From 1 August 2021, the devolved funding will increase to approximately 39% of original ESFA funding (28% 2019/20 and 31% 2020/21).

In light of the risk to funding, WEA has prepared a number of financial scenarios which reflect potential loss of MCA funding from 1 August 2021 and further loss of student fee income during 2020/21. In all of the scenarios, even the worst-case scenario, with both the loss of the MCA funding and fee income, the free reserves remain above £3m, and the WEA continues to be a going concern. With this in mind and the fact that the WEA rigorously monitors its financials through robust financial internal controls, regular monitoring of budgets and cash management, the trustees are confident the organisation has adequate resources to operate for the foreseeable future as a going concern and has prepared its financial statements on this basis.

Cash management and working capital controls are in place to ensure restricted and unrestricted assets and reserves are appropriately managed.

Accordingly, the accounts have been prepared on the basis that the Charity is a going concern.

The WEA's charitable objective is to promote adult and general education. The WEA meets the definition of a public benefit entity.

Fund accounting:

General funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objectives of the Charity, and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The funds are maintained on a project by project basis or in accordance with the agreed restrictions on their use. The movement on restricted funds is shown on a region by region basis in the notes to the accounts.

Incoming resources

All incoming resources are included in the Statement of Financial Activities (SOFA) when the Association is entitled to the income, its receipt is probable, and the amounts can be quantified with reasonable accuracy.

Notes to the financial statements for the year ended 31st July 2020

1. Accounting policies (continued)

Voluntary income is received by way of donations and gifts and is included in full in the SOFA when receivable.

Volunteer time

WEA benefits from the active participation of volunteers, as referred to in the Trustees' Report. The financial statements do not quantify any financial value on this contribution.

Grants receivable are recognised when the conditions for receipt have been met and there is reasonable assurance of receipt, unless these relate to a specific future period in which case they are deferred.

Service level agreements are recognised in line with performance. These relate to fees and contract income.

ESFA Grants are recognised on an accruals basis.

Capital grants received towards the cost of tangible fixed assets are credited to the SOFA in full in the year in which they are received and treated as restricted or designated funds according to the nature of the grant. A transfer is made annually to the General Fund in equal instalments on the same basis as the depreciation of the asset concerned.

Resources expended

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Governance costs comprise management of the Charity's assets, organisational management and compliance with constitutional and statutory requirements.

Cost allocation

The Association has considered that it has just one activity, which is Education Provision, to which the majority of costs are directly attributable. Where costs cannot be directly attributed to particular headings, they have all been allocated to activities on a basis consistent with their use.

Branches

The Charity carries out much of its activities through a national network of non-autonomous branches which operate under the Charity's registration number. These run courses locally and receive support from Central Services relating to advice, publicity and meeting tutor costs. Branch activities are included in the Charity's accounts.

Fixed assets and depreciation

Tangible fixed assets costing more than £1,000 are capitalised and included at cost including any incidental costs of acquisition. Computers, regardless of cost, are capitalised.

Capital project items are capitalised and depreciated over 3 years from the time when the project commenced or in line with the life of the project.

Software costs (excluding maintenance costs), costing £1,000 or more are capitalised over 3 years in line with the Association's policies.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold land	Nil
Freehold buildings	over 50 years
Improvement to buildings	over 10 years
Grant funded equipment	over the life of the project
Other equipment	over 3 years
Computer software	over 3 years

Investments and management of liquid resources

The Association's Treasury Policy allows investment in UK institutions that meet rating requirements from a recognised rating agency. The Association's cashflows comprise increases or decreases in cash. Cash includes cash in hand and at bank. Investments are short term deposits of up to 95 days notice, held as part of the Association's treasury management activities. Movements in all short term investments, deposits and cash repayable at the end of the investment periods are reported under cash and cash equivalents in the cash flow statement.

Notes to the financial statements for the year ended 31st July 2020

1. Accounting policies (continued)

Provisions and contingencies are recognised when the following three conditions are met: the Association has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economical benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. The amount of the provision represents the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

Contingent liabilities, including liabilities that are not probable or which cannot be reliably measured, are not recognised but are disclosed unless the possibility of settlement is considered remote. Contingent Assets are not recognised but are disclosed where an inflow of economic benefit is probable.

Financial instruments

WEA has financial assets and liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transition value and subsequently measured at the settlement value. At the balance sheet date, the WEA held financial assets at amortised cost of £7,930,502 (2018/19: £6,411,857) and financial liabilities at amortised cost of £2,684,050 (2018/19 £,1,975,299).

Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due, or discount offered.

Creditors

Creditors and provisions are recognised where the Association has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Cash at bank and in hand

Cash at bank and in hand includes cash and investments available within 24 hours.

Investments

Investments are short-term, highly liquid investments with a short maturity of 95 days or less.

Key judgements and assumptions

In the application of the charity's accounting policies, trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects the current and future periods.

Redundancy

The WEA recognises a provision for redundancy costs when they are committed to a programme of redundancy at the balance sheet date. This can be recognised while a consultation process is underway as long as the redundancy programme has been announced. The provision is measured at the best estimate of the redundancy liability accrued to the end of the accounting period. No provision is made for the cost of salary and notice periods that will need to be worked after the end of the accounting period.

Dilapidation provisions

Provisions are made when a legal or a constructive obligation, is identified and the liability can be reasonably quantified. This year the need to increase the provision has become apparent. Following two dilapidations demands, which were higher than previously provided for, for properties to be vacated in the year 2020/21. The WEA has therefore changed the method of estimating potential demands to the estimate from the landlord or to a benchmarked market rate per square foot of the leased property.

Notes to the financial statements for the year ended 31st July 2020

2. Incoming resources from charitable activities

	Unrestricted 2019/20 £'000	Restricted 2019/20 £'000	Total 2019/20 £'000	Total 2018/19 £'000
Educational provision				
Fees and contracts	2,351	4,814	7,165	3,583
Education and Skills Funding Agency (ESFA) grant	14,479	-	14,479	19,151
Other grants receivable	27	6,100	6,127	3,718
Other income from activities	4	-	4	12
Total incoming resources from charitable activities	16,861	10,914	27,775	26,464

2a. Analysis of income from charitable activities

	Total 2019/20 £'000	Total 2018/19 £'000
ESFA unrestricted grants		
ESFA contract	14,148	19,147
Other ESFA grants and contracts	331	4
ESFA unrestricted grants	14,479	19,151
Total ESFA restricted grants	-	-
Total ESFA contracts & grants	14,479	19,151
Other unrestricted grants		
Local authority grants	-	24
Sundry other grants	27	45
Total other unrestricted grants	27	69
Total other restricted grants	6,100	3,649
Total other grants	6,127	3,718

3. Resources expended on charitable activities

	Unrestricted 2019/20 £'000	Restricted 2019/20 £'000	Total 2019/20 £'000	Total 2018/19 £'000
Educational Provision				
Tutor Costs - staff	3,411	1,588	4,999	5,246
Tutor Costs - travel & subsistence	248	50	298	356
Regional costs - staff	3,799	2,911	6,710	7,160
Regional costs - other	1,528	599	2,127	2,877
Grants and subcontractor payments	9	3,353	3,362	1,396
Total educational activity costs	8,995	8,501	17,496	17,035
Governance Costs (note 4)	198	17	215	262
Support Costs (note 5)	6,707	2,599	9,306	9,076
Total resources expended on charitable activities	15,900	11,117	27,017	26,373

Notes to the financial statements for the year ended 31st July 2020

4. Governance costs

	Total 2019/20 £'000	Total 2018/19 £'000
External audit fees		
Crowe U.K. LLP (note 7)		
Current year	50	52
Prior year	-	(12)
Other assurance fees		
Crowe U.K. LLP (note 7)	16	-
Legal and professional fees	2	94
Trustees meetings and other costs (note 17)	10	15
Governance costs - staff	137	113
Total governance costs	215	262

Legal and professional costs in 2018/19 represented the cost of providing support on pension changes, HR, projects and ICT.

5. Support costs

	Total 2019/20 £'000	Total 2018/19 £'000
Support costs - staff	5,148	4,762
Support costs - other	1,741	2,139
Facilities management	1,133	871
IT & communications	1,284	1,304
Total support costs	9,306	9,076

Notes to the financial statements for the year ended 31st July 2020

6. Staff costs

	Total 2019/20 £'000	Total 2018/19 £'000
Wages and salaries	14,538	14,830
Social security costs	1,083	1,066
Pension costs	1,373	1,385
Redundancy costs	140	288
Total staff costs	17,134	17,569

The above figure does not include agency staff employed by the Association at a cost of £106,967 (2018/19: £197,794). At the year end £nil (2018/19: £116,583) of the redundancy costs remained unpaid.

The average number of employees during the year was as follows:	2019/20	2018/19
Staff	382	402
Tutors	884	1,033
Total average number of employees	1,266	1,435

Number of employees earning £60,000 per annum and above are as follows:	2019/20	2018/19
£60,001 - £70,000	1	2
£70,001 - £80,000	3	2
£90,001 - £100,000	1	1
£120,001 - £130,000	-	1
	5	6

Pension benefits are accruing for all 5 (2018/19: 6) higher-paid employees. Total employer pension contributions of £42,923 (2018/19: £43,873) have been made in relation to higher-paid employees.

The key management personnel of the Charity comprise the Board of Trustees (12) and the Senior Leadership team (6). The total employee remuneration and benefits, employer NI and pension contributions of the key management personnel were £577,025 (2018/19: £643,173).

7. Analysis of charitable expenditure

Charitable expenditure includes:	Total 2019/20 £'000	Total 2018/19 £'000
External auditors' remuneration (note 4)	50	40
Other assurance services performed by external auditors*	16	-
Depreciation	746	704
Loss on disposal of tangible assets	3	34
Operating lease charges	262	353

* Other assurance services performed by the external auditors include regularity audit to meet the conditions of the ESFA contract.

Notes to the financial statements for the year ended 31st July 2020

8. Tangible fixed asset schedule

	Land and Buildings £'000	Education Equipment £'000	Other Equipment £'000	Total 2019/20 £'000
Cost				
At 1 August 2019	5,857	1,538	4,302	11,697
Additions	21	288	168	477
Disposals	(5)	(20)	(270)	(295)
At 31 July 2020	5,873	1,806	4,200	11,879
Depreciation				
At 1 August 2019	1,797	1,513	3,695	7,005
Charge for the year	205	131	410	746
Disposals	(2)	(20)	(270)	(292)
At 31 July 2020	2,000	1,624	3,835	7,459
Net book value				
At 31 July 2020	3,873	182	365	4,420
At 1 August 2019	4,060	25	607	4,692

There is a charge granted over the freehold property 4 Luke Street, London, EC2A 4XW in favour of The Pensions Trust. At 31 July 2020, the charge is capped at £2,500,000.

9. Debtors: amounts falling due within one year

	2019/20 £'000	2018/19 £'000
Trade debtors	230	157
Other debtors	1,059	479
Prepayments	170	195
Other grant income receivable	72	138
Total	1,531	969

10. Creditors: amounts falling due within one year and after more than one year

Amounts falling due within one year	2019/20 £'000	2018/19 £'000
Trade creditors	535	236
Accruals	1,656	1,295
Social security & other taxes	484	423
Deferred income (note 10a)	153	633
Total	2,828	2,587

Creditors: amounts falling due after more than one year relate to a rent rebate for office accommodation.

Notes to the financial statements for the year ended 31st July 2020

10a. Deferred income

	2019/20 £'000	2018/19 £'000
Opening balance	633	308
Amounts released	(633)	(308)
Amounts deferred	153	633
Closing balance	153	633

Income received during the year is deferred when the conditions for income recognition have not been fully met. All income deferred in the previous year has been released.

11. Financial commitments - leases

As at 31st July 2020, the charity has annual commitments under non-cancellable leases as follows:

Expiry date:	Land and building leasehold £'000	Total 2019/20 £'000	Total 2018/19 £'000
Within one year	205	205	257
One to five years	160	160	366
Over five years	1	1	1
Total financial commitments - leases	366	366	624

12. Analysis of net assets by fund

	Unrestricted funds 2019/20 £'000	Restricted funds 2019/20 £'000	Total Funds 2019/20 £'000	Unrestricted funds 2018/19 £'000	Restricted funds 2018/19 £'000	Total funds 2018/19 £'000
Net assets						
Tangible fixed assets	4,296	124	4,420	4,557	135	4,692
Net current assets	4,733	540	5,273	3,371	648	4,019
Long term liabilities	(591)	-	(591)	(161)	-	(161)
Net assets	8,438	664	9,102	7,767	783	8,550

Notes to the financial statements for the year ended 31st July 2020

13. Statement of funds

	At 1 August 2019 £'000	Income £'000	Expenditure £'000	Transfers £'000	Actuarial Loss £'000	At 31 July 2020 £'000
General funds	1,549	15,429	(14,641)	(69)	-	2,268
Branch funds	890	1,079	(866)	(284)	-	819
Regional branch reserve fund	771	-	-	284	-	1,055
	3,210	16,508	(15,507)	(69)	-	4,142
Designated funds	4,557	477	(727)	(11)	-	4,296
Pension deficit	-	939	(530)	-	(409)	-
	7,767	17,924	(16,764)	(80)	(409)	8,438
Restricted funds:						
Revenue	648	10,918	(11,095)	69	-	540
Fixed asset fund	135	-	(22)	11	-	124
	783	10,918	(11,117)	80	-	664
Total funds	8,550	28,842	(27,881)	-	(409)	9,102

Designated funds represent the part of the Association's funds balance represented by the fixed assets.

Regional branch reserve fund represents the balance of accumulated funds transferred from branches to regions in line with the Association's policy of ensuring balances of funds at branches are kept at levels that are sufficient, but not excessive. Part of the balance on this fund is made available each year for branches to bid into for the development of local activities supporting the WEA and the Association's regional priorities. This reserve may also be used, at trustees' discretion, to address funding gaps where use of ESFA funds is not permitted.

Transfers between unrestricted and restricted funds:

Fixed asset funds: the transfer of £11,482 from designated funds to the ESFA-funded capital expenditure fund reflects the match funding that the WEA has provided during the year.

Restricted revenue: the transfer of £68,192 from unrestricted funds to restricted funds reflects match funding that the WEA has provided during the year.

Prior year statement of funds

	At 31 July 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Pension adjustment £'000	At 31 July 2019 £'000
General funds	784	20,466	(19,650)	(51)	-	1,549
Branch funds	1,042	1,600	(1,638)	(114)	-	890
Regional branch reserve fund	657	-	-	114	-	771
	2,483	22,066	(21,288)	(51)	-	3,210
Designated fund	5,073	93	(597)	(12)	-	4,557
Pension deficit	(106)	1,075	(884)	-	(85)	-
	7,450	23,234	(22,769)	(63)	(85)	7,767
Restricted funds:						
Revenue	868	4,193	(4,464)	51	-	648
Fixed asset fund	144	3	(24)	12	-	135
	1,012	4,196	(4,488)	63	-	783
Total funds	8,462	27,430	(27,257)	-	(85)	8,550

Notes to the financial statements for the year ended 31st July 2020

13a. Statement of funds (continued)

Lottery funded projects

	At 1 August 2019 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from/(to) General Fund £	At 31 July 2020 £
Eastern						
Big Lottery Fund and ESF Building Better Opportunities Grant - Papworth Community Connections	(12,339)	46,504	-	(31,269)	-	2,896
East Midlands						
Big Lottery Fund and ESF Building Better Opportunities Grant - Vista Will	18,731	122,928	(11,365)	(115,054)	-	15,240
Big Lottery Fund and ESF Building Better Opportunities Grant - Money Sorted in D2N2	(1,611)	52,251	(9,960)	(40,680)	-	-
Big Lottery Fund - Mental Health and Wellbeing	-	20,880	(16,531)	(4,349)	-	-
North East						
Big Lottery Fund Grant - Greening Wingrove	7,835	-	-	(7,000)	-	835
North West						
Big Lottery Fund and ESF Building Better Opportunities Grant - New Leaf Cheshire	2,164	1,922	-	(2,480)	(1,606)	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Sefton Liverpool Digital Inclusion	(6,249)	53,317	-	(41,322)	-	5,746
Big Lottery Fund and ESF Building Better Opportunities Grant - Halton Liverpool Digital inclusion	(4,587)	51,762	-	(36,189)	-	10,986
Big Lottery Fund and ESF Building Better Opportunities Grant - Working Well in Carlisle & Eden Grant	45,065	205,155	55,269	(305,489)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Lancashire Digital Inclusion	-	(56,571)	-	37,969	18,602	-
The Womens' Organisation - ESIF ESCI	12,132	(18,086)	23,467	(17,513)	-	-
Southern						
Big Lottery Fund and ESF Building Better Opportunities Grant - Routes Community Works	13,285	35,432	-	(42,184)	-	6,533
Big Lottery Fund and ESF Building Better Opportunities Grant- Get Socially Active	4,087	11,507	(8,175)	(7,419)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Slough Borough Council-Ways into Work	(78)	25,798	(2,305)	(23,415)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Aspire - Family Learning Surrey	5,312	38,642	(7,978)	(35,976)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Building Family Bridges	(8,000)	347,833	37,213	(386,267)	9,221	-
West Midlands						
Big Lottery Fund and ESF Building Better Opportunities Grant - Accelerate	(10,300)	20,279	(21,227)	(22)	11,270	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Community Matters	(16,907)	9,520	(14,708)	(178)	22,273	-
Balance carried forward	48,540	969,073	23,700	(1,058,837)	59,760	42,236

Notes to the financial statements for the year ended 31st July 2020

13a. Statement of funds (continued)

Lottery funded projects (continued)

	At 1 August 2019 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from/(to) General Fund £	At 31 July 2020 £
Balance brought forward	48,540	969,073	23,700	(1,058,837)	59,760	42,236
Yorkshire & Humber						
Big Lottery Fund and ESF Building Better Opportunities Grant - Action Towards Improvement	(698)	14,219	5,680	(19,201)	-	-
BLF Men's Health Lounge	1,884	-	-	(957)	-	927
Scotland						
Big Lottery Fund - Reach Out Project	67,425	135,499	(1,120)	(102,398)	-	99,406
Total lottery fund projects	117,151	1,118,791	28,260	(1,181,393)	59,760	142,569
Other projects						
ESF (note 13b)	4,915	1,820,749	497,573	(2,522,615)	(161)	(199,539)
Other (note 13c)	526,029	7,263,943	188,885	(7,390,725)	8,592	596,724
Total restricted revenue funds (note 13)	648,095	10,203,483	714,718	(11,094,733)	68,191	539,754

Notes to the financial statements for the year ended 31st July 2020

13b. Statement of funds (continued)

European Social Funds (ESF) and other European funding

	At 1 August 2019 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from / (to) General Fund £	At 31 July 2020 £
Scotland						
Scottish Refugee Council - EU Asylum, Migration and Integration Fund: Rights and Communities Project	2,252	115,790	7,451	(125,493)	-	-
Scottish Refugee Council - EU Asylum, Migration and Integration Fund: Sharing Lives - Sharing Languages	2,663	9,562	-	(7,610)	-	4,615
North West						
ESF 19-21 Community Grants Manchester	-	801,806	382,432	(1,292,799)	-	(108,561)
ESF 19-21 Community Grants Lancashire	-	231,099	(3,576)	(260,006)	-	(32,483)
ESF 19-21 Community Grants Halton	-	75,092	7,150	(89,887)	-	(7,645)
ESF 19-21 Community Grants Liverpool	-	587,400	104,116	(746,820)	(161)	(55,465)
Total European restricted funds (note 13a)	4,915	1,820,749	497,573	(2,522,615)	(161)	(199,539)

Notes to the financial statements for the year ended 31st July 2020

13c. Statement of funds (continued)

Other restricted funds

	At 1 August 2019 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from General Fund £	At 31 July 2020 £
Association Services						
Olive Cordell	5,408	-	-	(666)	-	4,742
Restricted Gift	500	-	-	-	-	500
Digital Lifeline Campaign	-	941	-	(10)	-	931
East Midlands						
Joan Freeman Legacy	2,339	-	-	-	-	2,339
Algy Beaven Legacy	1,375	-	-	-	-	1,375
John Rhodes Fund	9,581	-	-	-	-	9,581
LincHigher - Raising Aspirations	4,332	-	-	(153)	-	4,179
Bailey Thomas Fund - Lets Grow Together	3,000	-	-	(1,455)	-	1,545
Leicestershire PCC - Starting Over!	-	9,949	-	(4,584)	-	5,365
Nottingham City Council - Midlands Engine	-	87,106	(23,167)	(63,839)	(100)	-
Eastern						
The Basil Slaughter Trust for Adult Education	(143)	-	-	143	-	-
Orbit Housing	4,149	-	-	(4,149)	-	-
Lester John Desmond Legacy	1,466	-	-	-	-	1,466
Clarion Housing	4,000	8,000	-	(8,212)	-	3,788
London						
Ilford Legacy	15,386	-	-	(261)	-	15,125
Cottier Legacy	6,103	-	-	(2,350)	-	3,753
ICELP Together We Learn	94,168	635,417	-	(576,613)	-	152,972
GLA - Adult Education Budget	-	1,238,628	(8,714)	(1,229,914)	-	-
GLA - Skills for Londoners - Innovation Fund	-	45,674	-	(20,733)	-	24,941
GLA - Skills for Londoners - Covid-19 Response Fund	-	12,176	-	-	-	12,176
North East						
100 Club	1,818	6	-	-	-	1,824
Unison Bridges to Learn 7	-	(544)	-	-	544	-
Comic Relief- Active Ageing	6,689	37,892	-	(41,007)	-	3,574
NHS Newcastle Workshops	(124)	560	-	(553)	117	-
Unison Bridges to Learn 8	-	78,874	-	(78,861)	(13)	-
Achieving Further	2,221	2,073	-	(4,294)	-	-
Unison Bridges to Learn 9	-	34,791	355	(35,146)	-	-
Carers Trust - Active Ageing	-	1,197	-	(523)	-	674
Tees Valley Combined Authority	-	394,720	15,284	(410,004)	-	-
North West						
RSC - Any Old Ions	15,283	-	-	(412)	-	14,871
RAS - Look Up to the Skies	11,233	6,050	-	(8,836)	-	8,447
Wellcome Trust	(312)	95,108	52	(73,135)	-	21,713
Community Foundation - OneCom	-	5,000	-	(3,592)	-	1,408
Greater Manchester Combined Authority	-	1,603,119	170,521	(1,773,640)	-	-
Liverpool City Region Combined Authority	-	696,893	98,851	(795,744)	-	-
South West						
Gloucestershire County Council - Growing Our Communities	2,132	-	-	(2,132)	-	-
West of England Combined Authority	-	300,717	-	(300,717)	-	-
Southern						
Southampton CC - Writing Courses	3,274	3,955	-	(7,229)	-	-
Fred Adler Legacy	78,880	-	-	(20,919)	-	57,961
Joan Taylor Legacy	812	-	-	-	-	812
K Smith Legacy	31,893	-	-	-	-	31,893
Santander	943	-	-	(333)	-	610
Sport England	13,252	29,419	-	(33,586)	-	9,085
Balance carried forward	319,658	5,327,721	253,182	(5,503,459)	548	397,650

Notes to the financial statements for the year ended 31st July 2020

13c. Statement of funds (continued)

Other restricted funds (continued)

	At 1 August 2019 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from General Fund £	At 31 July 2020 £
Balance brought forward	319,658	5,327,721	253,182	(5,503,459)	548	397,650
West Midlands						
Dudley MBC - Healthy Towns	21,670	48,400	2,000	(48,922)	-	23,148
West Midlands Combined Authority	-	835,160	-	(835,160)	-	-
Nottingham City Council - Midlands Engine	(100)	-	-	-	100	-
Yorkshire & Humber						
Mike Haywood Fund	2,115	-	-	(1,246)	-	869
Yorkshire Adult Schools Union	8,300	-	-	-	-	8,300
Leeds University	-	(22)	-	(4,875)	7,944	3,047
Sheffield City Council	-	1,837	4,475	(3,946)	-	2,366
Refugee Council	-	7,200	-	(6,185)	-	1,015
NHS Confidence to study	25,181	18,109	-	(19,329)	-	23,961
Painted Fabrics	-	6,640	(6,640)	-	-	-
Sport England	20,596	74,651	(5,945)	(86,484)	-	2,818
Scotland						
Scottish Government - Adult Learning and Empowering Communities Fund	-	290,000	-	(290,000)	-	-
Scottish Government - Impact Funding Partners - PEC Fund - Women in the Highlands Project	15,380	77,320	7,680	(75,361)	-	25,019
Scottish Government - Inspiring Scotland - Self Directed Support Project 2015-2018	926	-	-	(926)	-	-
Scottish Government - Health and Social Care - Self Directed Support Project 2018-2020	14,290	104,676	(34,299)	(67,105)	-	17,562
Highland Community Planning Partnership - ESOL Programme	18	-	-	(18)	-	-
Highlife Highland - Open Programme	9,340	7,500	-	(4,553)	-	12,287
Edinburgh Community Learning & Development Partnership - ESOL Programme	4,014	5,600	-	(9,614)	-	-
Falkirk Council - Job Clubs	17,120	22,280	-	(24,547)	-	14,853
Falkirk Council - Employment and Training Unit	-	5,850	450	(6,300)	-	-
Scottish Government - Maths Week Scotland Small Grants Fund	-	800	-	(800)	-	-
North Glasgow Housing Association - Thriving Places - 'Possibilities Project'	-	808	-	(689)	-	119
Aberdeenshire Council - Adult Education Programme	10,272	24,900	(8,300)	(25,932)	-	940
Aberdeen City Council - Parenting Project	12,770	-	-	(510)	-	12,260
Endrick Trust	825	-	-	(825)	-	-
Glasgow City Council-Integrated Grant Fund - Adult Literacies and ESOL 2018-2019	3,877	129,503	-	(114,486)	-	18,894
Reach Out Project - General	6,616	840	-	-	-	7,456
Aberdeen City Council - Fairer Aberdeen Fund	-	4,500	1,500	(6,000)	-	-
North Ayrshire Council - ESOL Programme	1,230	37,080	(145)	(38,165)	-	-
Fife Council - Revenue Grant	-	29,361	-	(29,361)	-	-
Fife Council - Teaching Grant	13,554	13,642	-	(16,713)	-	10,483
Aberdeen City Council - Revenue Grant	-	16,875	5,625	(22,500)	-	-
Aberdeen City Council - Teaching Grant	11,330	8,460	2,820	(19,494)	-	3,116
Glasgow Literacy Partnership - National ESOL Programme	-	12,250	-	(12,250)	-	-
Highland Council - Syrian Re-settlement Project	-	60,507	-	(60,507)	-	-
North East Scotland Colleges - National ESOL Programme	-	67,325	(33,518)	(33,807)	-	-
Aberdeenshire Council - Home Office - ESOL Project	-	16,400	-	(5,839)	-	10,561
Aberdeen University - LEADER - Elphinstone Home Project	-	7,770	-	(7,770)	-	-
Bank of Scotland Foundation	7,047	-	-	(7,047)	-	-
Total other restricted funds (note 13a)	526,029	7,263,943	188,885	(7,390,725)	8,592	596,724

Notes to the financial statements for the year ended 31st July 2020

13d. Statement of funds (continued)

Prior year statement of funds

Lottery funded projects

	At 1 August 2018 £	Received income £	Accrued/Deferred income £	Funded expenditure £	Transfer from/(to) General Fund £	At 31 July 2019 £
Eastern						
Big Lottery Fund and ESF Building Better Opportunities Grant - Papworth Community Connections South	51	23,267	-	(23,236)	(82)	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Papworth Community Connections	-	61,744	-	(74,083)	-	(12,339)
East Midlands						
Big Lottery Fund Funding - Leicester Ageing Together	18,623	-	-	(18,447)	(176)	-
Big Lottery Fund Fund and ESF Building Better Opportunities Grant - Vista Will	-	65,131	11,365	(57,765)	-	18,731
Big Lottery Fund and ESF Building Better Opportunities Grant - Money Sorted in D2N2	-	58,701	307	(60,619)	-	(1,611)
Big Lottery Fund Fund Funding - Mental Health and Wellbeing	16,840	-	16,531	(33,371)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Greater Lincolnshire Engagement Into Learning	-	(1,665)	-	1,665	-	-
North East						
Big Lottery Fund Grant - Greening Wingrove	7,130	-	-	705	-	7,835
Heritage Lottery Fund - North East 1918-1928	(3,386)	3,973	(864)	(3,330)	3,607	-
North West						
Ageing Better Programme - Brightlife Cheshire (Arts of Ageing)	13,699	(5,316)	-	(8,383)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - New Leaf Cheshire	(1,764)	58,617	4,079	(58,768)	-	2,164
Big Lottery Fund and ESF Building Better Opportunities Grant - Sefton Liverpool Digital Inclusion	12,518	41,273	9,282	(69,322)	-	(6,249)
Big Lottery Fund and ESF Building Better Opportunities Grant - Halton Liverpool Digital inclusion	5,286	16,331	595	(26,799)	-	(4,587)
Big Lottery Fund and ESF Building Better Opportunities Grant Liverpool Financial Inclusion	-	-	-	(7,978)	7,978	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Working Well in Carlisle & Eden Grant	19,891	266,979	-	(241,805)	-	45,065
Big Lottery Fund and ESF Building Better Opportunities Grant - Lancashire Digital Inclusion	139,156	582,054	49,300	(810,351)	39,841	-
The Womens' Organisation - ESIF ESCI	5,564	-	12,460	(5,892)	-	12,132
Southern						
Big Lottery Fund and ESF Building Better Opportunities Grant - Oxford and Cherwell Valley College Active Learning	-	1,047	-	(1,047)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Routes Community Works	8,436	40,117	-	(35,268)	-	13,285
Big Lottery Fund and ESF Building Better Opportunities Grant- Get Socially Active	9,857	25,424	8,175	(39,369)	-	4,087
Big Lottery Fund and ESF Building Better Opportunities Grant - Slough Borough Council - Ways into Work	-	2,702	5,557	(8,337)	-	(78)
Big Lottery Fund and ESF Building Better Opportunities Grant - Aspire - Family Learning Surrey	3,358	22,542	11,885	(32,473)	-	5,312
Big Lottery Fund and ESF Building Better Opportunities Grant - Building Family Bridges	-	337,664	(64,219)	(281,445)	-	(8,000)
Balance carried forward	255,259	1,600,585	64,453	(1,895,718)	51,168	75,747

Notes to the financial statements for the year ended 31st July 2020

13d. Statement of funds (continued)

Prior year statement of funds (continued)

Lottery funded projects (continued)

	At 1 August 2018 £	Received income £	Accrued/Deferred income £	Funded expenditure £	Transfer from/(to) General Fund £	At 31 July 2019 £
Balance brought forward	255,259	1,600,585	64,453	(1,895,718)	51,168	75,747
West Midlands						
Big Lottery Fund and ESF Building Better Opportunities Grant - Aspire	11,169	-	-	(11,169)	-	-
Big Lottery Fund and ESF Building Better Opportunities Grant - Accelerate	(2,692)	23,711	(14,564)	(16,755)	-	(10,300)
Big Lottery Fund and ESF Building Better Opportunities Grant - Community Matters	1,159	(18,978)	14,708	(13,796)	-	(16,907)
Yorkshire & Humber						
Big Lottery Fund and ESF Building Better Opportunities Grant - Action Towards Improvement	2,633	19,925	(1,854)	(21,402)	-	(698)
Heritage Lottery Fund - Painted Fabrics	6,469	43,000	-	(49,469)	-	-
BLF Men's Health Lounge	-	9,928	-	(8,044)	-	1,884
Scotland						
Heritage Lottery Fund - Bringing to Life the Meaning of Conscientious Objection across Scotland	-	42,886	(9,492)	(33,394)	-	-
Big Lottery Fund - Reach Out Project	-	106,824	-	(39,399)	-	67,425
Total lottery fund projects	273,997	1,827,881	53,251	(2,089,146)	51,168	117,151
Other projects						
ESF (note 13e)	3,317	656,910	(284,803)	(370,509)	-	4,915
Other (note 13f)	590,512	2,054,791	(114,094)	(2,004,605)	(575)	526,029
Total restricted revenue funds (note 13)	867,826	4,539,582	(345,646)	(4,464,260)	50,593	648,095

Notes to the financial statements for the year ended 31st July 2020

13e. Statement of funds (continued)

Prior Year Statement of funds (continued)

European Social Funds (ESF) and other European funding

	At 1 August 2018 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from / (to) General Fund £	At 31 July 2019 £
Scotland						
Scottish Refugee Council - EU Asylum, Migration and Integration Fund: Rights and Communities Project	-	38,052	33,382	(69,182)	-	2,252
Scottish Refugee Council - EU Asylum, Migration and Integration Fund: Sharing Lives Sharing Language	-	3,188	-	(525)	-	2,663
North East						
Erasmus	3,317	4,032	-	(7,349)	-	-
North West						
ESF 16-18 Community Grants Liverpool	-	533,873	(301,184)	(232,689)	-	-
ESF 16-18 Community Grants Halton	-	77,765	(50,682)	(27,083)	-	-
ESF 19-21 Community Grants Manchester	-	-	8,662	(8,662)	-	-
ESF 19-21 Community Grants Lancashire	-	-	12,775	(12,775)	-	-
ESF 19-21 Community Grants Halton	-	-	1,250	(1,250)	-	-
ESF 19-21 Community Grants Liverpool	-	-	10,994	(10,994)	-	-
Total European restricted funds (note 13d)	3,317	656,910	(284,803)	(370,509)	-	4,915

Notes to the financial statements for the year ended 31st July 2020

13f. Statement of funds (continued)

Prior year statement of funds (continued)

Other restricted funds

	At 1 August 2018 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from / (to) General Fund £	At 31 July 2019 £
Association Services						
Olive Cordell	6,008	-	-	(600)	-	5,408
Restricted Gift	500	-	-	-	-	500
ESFA-Flexible Learning Pilot	13,889	329,712	-	(343,601)	-	-
FETL Research Grant	-	39,735	-	(39,735)	-	-
East Midlands						
Joan Freeman Legacy	2,339	-	-	-	-	2,339
Algy Beaven Legacy	1,375	-	-	-	-	1,375
John Rhodes Fund	9,581	-	-	-	-	9,581
Leicester City Council - Shire Community grant	358	7,370	-	(8,234)	506	-
LincHigher - Raising Aspirations	-	4,916	-	(584)	-	4,332
Bailey Thomas Fund - Lets Grow Together	-	3,000	-	-	-	3,000
Nottinghamshire ACLS 18-19 Inspire Learning	-	297	-	(297)	-	-
Eastern						
The Basil Slaughter Trust for Adult Education	-	-	-	(143)	-	(143)
Orbit Housing	-	11,898	-	(7,749)	-	4,149
Lester John Desmond Legacy	1,468	-	-	(2)	-	1,466
Active Practitioners	6,748	2,500	-	(9,248)	-	-
Clarion Housing	-	4,000	-	-	-	4,000
London						
Ilford Legacy	16,271	-	-	(885)	-	15,386
Hackney CVS	1,845	-	-	(1,845)	-	-
Cottier Legacy	10,118	-	-	(4,015)	-	6,103
ICELP Together We Learn	-	413,023	(230,936)	(87,919)	-	94,168
North East						
100 Club	1,803	15	-	-	-	1,818
Unison Bridges to Learn 7	13,695	88,123	(7,381)	(94,437)	-	-
Comic Relief- Active Ageing	17,324	17,355	-	(27,990)	-	6,689
NHS Newcastle Workshops	-	909	-	(1,033)	-	(124)
Unison Bridges to Learn 8	-	36,626	484	(37,110)	-	-
Achieving Further	-	2,800	-	(579)	-	2,221
North West						
RSC - Any Old Ions	15,297	-	-	(14)	-	15,283
RAS - Look Up to the Skies	32,077	6	-	(20,850)	-	11,233
Wellcome Trust	71,928	(2,016)	2,952	(73,176)	-	(312)
South West						
Reuben George Fund	323	-	-	(323)	-	-
Gloucestershire County Council - Growing Our Communities	-	3,255	-	(1,123)	-	2,132
Southern						
Southampton CC - Writing Courses	14,540	3,954	-	(15,220)	-	3,274
Fred Adler Legacy	83,220	-	-	(4,340)	-	78,880
Joan Taylor Legacy	812	-	-	-	-	812
K Smith Legacy	31,862	-	-	31	-	31,893
Santander	2,509	-	-	(1,566)	-	943
HiWCF Solent	1,472	-	-	(1,472)	-	-
Southampton City Council-Community Learning	21,081	(21,081)	-	-	-	-
ESOL Project OCC	4,729	(2,223)	-	(2,506)	-	-
ESOL Pathways	1,579	-	-	(1,579)	-	-
Sport England	-	18,832	-	(5,580)	-	13,252
Balance carried forward	384,751	963,006	(234,881)	(793,724)	506	319,658

Notes to the financial statements for the year ended 31st July 2020

13f. Statement of funds (continued)

Prior year statement of funds (continued)

Other restricted funds (continued)

	At 1 August 2018 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from / (to) General Fund £	At 31 July 2019 £
Balance brought forward	384,751	963,006	(234,881)	(793,724)	506	319,658
West Midlands						
Dudley MBC - Healthy Towns	-	79,800	2,000	(60,130)	-	21,670
Wellcome Trust	-	2,016	-	(2,016)	-	-
Nottingham City Council - Midlands Engine	-	77,428	52,203	(129,731)	-	(100)
Yorkshire & Humber						
Mike Haywood Fund	2,115	-	-	-	-	2,115
Yorkshire Adult Schools Union	8,300	-	-	-	-	8,300
British Council Active Citizens	2,852	12,038	-	(14,890)	-	-
C&G Canal and River Trust	1,382	-	-	(1,382)	-	-
Confidence to study	-	36,000	-	(10,819)	-	25,181
Painted Fabrics	-	3,000	-	(1,919)	(1,081)	-
Voices Doncaster	-	2,500	-	(2,500)	-	-
Sport England	-	59,626	13,826	(52,856)	-	20,596
Scotland						
Scottish Government - Adult Learning and Empowering Communities Fund	-	290,000	-	(290,000)	-	-
Scottish Government - Impact Funding Partners - PEC Fund - Women in the Highlands Project	22,113	83,662	(6,804)	(83,591)	-	15,380
Scottish Government - Inspiring Scotland - Self Directed Support Project 2015-2018	16,698	924	-	(16,696)	-	926
Scottish Government - Inspiring Scotland - Health and Social Care - Self Directed Support Project 2018-2020	-	33,230	34,299	(53,239)	-	14,290
Scottish Government - Vote Centenary Grants Scheme - Highland Womens' Choir	5,000	1,047	-	(6,047)	-	-
Scottish Government - Learning Links Scotland - Home School Link Project	-	4,000	-	(4,000)	-	-
Highland Community Planning Partnership - ESOL Programme	7,839	6,404	(1,994)	(12,231)	-	18
Highlife Highland - Open Programme	5,000	10,000	-	(5,660)	-	9,340
Calouste Gulbenkian Foundation	13,652	3,000	-	(16,652)	-	-
Edinburgh Community Learning & Development Partnership - ESOL Programme	6,600	-	-	(2,586)	-	4,014
Falkirk Council - Job Clubs	12,511	22,280	-	(17,671)	-	17,120
Aberdeenshire Council - Adult Education Programme	21,739	12,450	12,450	(36,367)	-	10,272
Aberdeen City Literacy Partnership - ESOL Programme	3,356	-	(47)	(3,309)	-	-
Aberdeen City Council - Parenting Project	12,770	-	-	-	-	12,770
South Lanarkshire Literacy Partnership - ESOL Programme	800	-	-	(800)	-	-
Endrick Trust	825	-	-	-	-	825
Glasgow City Council - Integrated Grant Fund - Adult Literacies and ESOL 2019-20	-	27,563	-	(23,686)	-	3,877
Glasgow City Council - Integrated Grant Fund - Adult Literacies and ESOL 2018-19	25,157	47,949	-	(73,106)	-	-
British Red Cross Chrysalis Project	-	16,744	-	(16,744)	-	-
Glasgow Literacy Partnership - ESOL Programme	-	12,250	-	(12,250)	-	-
Balance carried forward	553,460	1,806,917	(128,948)	(1,744,602)	(575)	486,252

Notes to the financial statements for the year ended 31st July 2020

13f. Statement of funds (continued)

Prior year statement of funds (continued)

Other restricted funds (continued)

	At 1 August 2018 £	Received income £	Accrued/ Deferred income £	Funded expenditure £	Transfer from / (to) General Fund £	At 31 July 2019 £
Balance brought forward	553,460	1,806,917	(128,948)	(1,744,602)	(575)	486,252
Reach Out Project - General	7,900	-	-	(1,284)	-	6,616
Aberdeen City Council - Fairer Aberdeen Fund	3,457	20,968	-	(24,425)	-	-
Aberdeen City Council - Health & Social Care Partnership	-	26,000	-	(26,000)	-	-
Aberdeen City Council - Education Department	-	8,000	-	(8,000)	-	-
Robert Gordon University	-	1,120	-	(1,120)	-	-
North Ayrshire Council - ESOL Programme	7,456	58,302	55	(64,583)	-	1,230
South Lanarkshire Council - Additional ESOL Programme	-	1,650	-	(1,650)	-	-
Fife Council - Revenue Grant	-	29,361	-	(29,361)	-	-
Fife Council - Teaching Grant	8,913	13,827	-	(9,186)	-	13,554
Aberdeen City Council - Revenue Grant	-	33,750	(11,250)	(22,500)	-	-
Aberdeen City Council - Teaching Grant	9,326	16,920	(5,640)	(9,276)	-	11,330
University of Hertfordshire - Bristol Festival - Everyday Lives in War	-	3,087	-	(3,087)	-	-
Edinburgh College - National ESOL Programme 2018-19	-	-	4,000	(4,000)	-	-
West Highland Council - National ESOL Programme 2018-19	-	6,313	-	(6,313)	-	-
Aberdeenshire Council - Home Office - ESOL Programme	-	6,800	-	(6,800)	-	-
North East Scotland College - National ESOL Programme 2018-19	-	11,526	27,689	(39,215)	-	-
Bank of Scotland Foundation	-	10,250	-	(3,203)	-	7,047
Balance carried forward	590,512	2,054,791	(114,094)	(2,004,605)	(575)	526,029

Notes to the financial statements for the year ended 31st July 2020

14. Reconciliation of change in resources to net cash inflows from operating activities

	2019/20 £'000	2018/19 £'000
Net incoming resources	961	173
Loss on disposal of fixed assets	3	34
Depreciation	746	704
Other finance charges	864	884
(Increase)/decrease in debtors	(562)	284
Increase/(decrease) in creditors and provisions	671	(90)
Interest received	(15)	(16)
Other finance income	(939)	(888)
Non cash movements in respect of FRS 102 s.28	(334)	(187)
Net cash inflow from operating activities	1,395	898

15. Return on investments and servicing of finance

	2019/20 £'000	2018/19 £'000
Income from investments and interest receivable	15	16
Net cash inflow for return on investments and servicing of finance	15	16

16. Analysis of change in net funds

Net cash	At 1 August 2019 £'000	Cash flow £'000	At 31 July 2020 £'000
Investments - Short term deposits	1,543	47	1,590
Bank and cash	4,094	886	4,980
Total net funds	5,637	933	6,570

17. Trustees' expenses and remuneration

The Trustees neither received nor waived any emoluments during the year.

Trustees' expenses	2019/20 £'000	2018/19 £'000
Trustee meetings	3	2
Trustee travel	6	12
Trustee subsistence and accommodation	1	1
	10	15

The number of trustees reimbursed out of pocket travel and subsistence expenses was 9 (2018/19:10).

The Trustees hold indemnity insurance. During the year, the Association spent £1,680 (2018/19: £1,680), to purchase this indemnity insurance policy.

Notes to the financial statements for the year ended 31st July 2020

18. Pension schemes

At 31 July 2020, the pension schemes operated by the Association are the Teachers' Pensions scheme (TPS), the Scottish Public Pension Agency scheme (SPPA) and The People's Pension. Staff are auto-enrolled into these schemes based on job roles and eligibility.

The WEA pension scheme closed to new accruals at 31 August 2019. The existing scheme funds continue to be managed by The Pensions Trust (TPT) who act as trustee and administrator. Contributors were transferred to the People's Pension scheme. The WEA also left the Now: Pension scheme at 31 August 2019 and contributors were transferred to the Peoples' Pension scheme. During the year all those who met the required criteria and had previously opted out of a pension scheme were re-enrolled in the relevant scheme under the rules of the Government's auto-enrolment scheme.

The TPS and SPPA schemes are unfunded multi-employer defined benefit schemes for teaching staff.

The pension charge for the year includes contributions payable to the TPS of £1,193,975 (2018/19: £1,025,210) and at the year-end £118,606, (2028/19: £82,628) was accrued in respect of contributions to this scheme.

The TPS is an unfunded multi-employer defined benefits pension scheme governed by The Teachers' Pensions Regulations 2010 (as amended) and The Teachers' Pension Scheme Regulations 2014 (as amended). Members contribute on a "pay as you go" basis with contributions from members and the employer being credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

The employer contribution rate is set by the Secretary of State following scheme valuations undertaken by the Government Actuary's Department. The most recent actuarial valuation of the TPS was prepared as at 31 March 2016 and the Valuation Report, which was published in March 2019, confirmed that the employer contribution rate for the TPS would increase from 16.4% to 23.6% from 1 September 2019. Employers are also required to pay a scheme administration levy of 0.08%, giving a total employer contribution rate of 23.68%.

The 31 March 2016 Valuation Report was prepared in accordance with the benefits set out in the scheme regulations and under the approach specified in the Directions, as they applied at 5 March 2019. However, the assumptions were considered and set by the Department for Education prior to the ruling in the 'McCloud/Sargeant case'. This case has required the courts to consider cases regarding the implementation of the 2015 reforms to Public Service Pensions, including the Teachers' Pensions.

On 27 June 2019, the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed pension schemes in 2015 gave rise to unlawful age discrimination. The government is respecting the Court's decision and has said it will engage fully with the Employment Tribunal as well as employer and member representatives to agree how the discriminations will be remedied. A consultation was launched by the government on 16 July 2020, and closed to responses on 11 October 2020.

The TPS is subject to a cost cap mechanism which was put in place to protect taxpayers against unforeseen changes in scheme costs. The Chief Secretary to the Treasury, having in 2018 announced that there would be a review of this cost cap mechanism, in January 2019 announced a pause to the cost cap mechanism following the Court of Appeal's ruling in the McCloud/Sargeant case and until there is certainty about the value of pensions to employees from April 2015 onwards. The pause was lifted in July 2020, and the government is preparing to complete the cost control element of the 2016 valuations, which is expected to be completed in 2021.

In view of the above rulings and decisions, the assumptions used in the 31 March 2016 Actuarial Valuation may become inappropriate. In this scenario, a valuation prepared in accordance with revised benefits and suitably revised assumptions would yield different results than those contained in the Actuarial Valuation.

Until the consultation and the cost cap mechanism review are completed, it is not possible to conclude on any financial impact or future changes to the contribution rates of the TPS. Accordingly, no provision for any additional past benefit pension costs is included in these financial statements.

The pension charge for the year includes contributions payable to the SPPA of £37,870 (2018/19: £27,291) and at the year-end £3,103, (2028/19: £2,219) was accrued in respect of contributions to this scheme.

The employer SPPA contribution rate was 17.2% until September 2019 and then rose to 23.0%. This is a single level contribution and not tiered in the same way as employee contributions which attract rates of between 7.2% and 11.9%.

The People's Pension scheme has replaced the Now: Pension scheme in the year. The lowest permitted employee contributions are 3.5% with the employer contributing 4.5%. This meets the new Government requirements of a workplace pension scheme with minimum contributions of 8% with an employer funding at least 3%. Employees can still choose to make higher contributions, but the employer contribution remains at 4.5%.

The Now: Pension (auto-enrolment) scheme is a defined contribution scheme contracted to Now: Pension, a pension scheme provider to oversee the WEA's legal obligation to enrol into a workplace pension workers who are not already participating in a qualifying workplace pension scheme, and who meet other stipulated criteria as to monthly taxable earnings if aged over 22 years, and their age in relation to State Pension age. The lowest permitted contributions are 2% from the employee and 3% from the WEA. The WEA contribution is set at 1% above that chosen by the employee but with an upper limit of 7%. Employees contributing more than 6% attract no further WEA contribution. This scheme was closed to new contributions at 31 August 2019.

The WEA Scheme is a defined benefit scheme in the UK and provides benefits on a final remuneration basis for service up to 31 July 2016 and on Career Average Revalued Earnings (CARE) basis for service from 1 August 2016. The scheme is funded and is contracted out of the State scheme. A full actuarial valuation was carried out at 30 September 2017 and has been updated to 31 July 2020 by a qualified actuary independent of the scheme's sponsoring employer.

The employer paid contributions at the rate of 8.6% of members' earnings (11.6% for Northern Ireland and North Wales companies). Members contributed at the rate of 5.0% of members' earnings (rising to 7% of members' earnings on the 1 April following a member's 30th birthday. In addition, with effect from 1 August 2014, contributions of £33,475 per month (increasing by 3% each August) to fund the technical provisions deficit as at 30 September 2011 and £8,807 per month towards scheme running expenses are payable by the WEA. This most recent actuarial valuation at September 2019 showed a deficit of £3,766,000. The WEA has agreed with the Trustee that they will aim to eliminate the deficit over a period of 8 years and 10 months by the payment of annual contributions of £493,000 per annum until 1 December 2018 and then £347,000 per annum (increasing by 3% each December).

Employer contributions of 9.3% (CARE 100th members) and 9.1% (CARE 80th members) of pensionable earnings were payable in respect of the cost of accruing benefits up to 31 August 2019. The employer contributes £98,400 per annum towards the scheme expenses and PPF levies. Member contributions are payable in addition at the rate of 7.0% (CARE 100th members) and 8.5% (CARE 80th members) of pensionable earnings. Members below the age of 30 pay a reduced rate of 5% rising to the aforementioned rates on 1st April following the member's 30th birthday.

The principal assumptions used by the actuary in accordance with FRS 102 s.28 are shown below. The Trustees have relied upon advice from the Pensions Trust in determining the financial assumptions.

Notes to the financial statements for the year ended 31st July 2020

18. Pension schemes (continued)

	2019/20	2018/19
Principal assumptions		
Discount rate	1.35%	2.50%
Inflation (RPI)	2.90%	3.30%
Inflation (CPI)	1.90%	2.30%
Deferred Revaluations	2.90%	3.30%
Salary Increases	1% in year, 2% thereafter	3.25%
Allowance for pension in payment increases of CPI, max 5% p.a.	2.00%	2.30%
Allowance for pension in payment increases of CPI, max 3% p.a.	1.75%	1.95%
Allowance for pension in payment increases of CPI, max 2.5% p.a.	1.55%	1.75%
Allowance for commutation of pension for cash at retirement	75% of maximum	75% of maximum
The mortality assumptions adopted at 31 July 2020 (2019) imply the following life expectancies (in years):		
Male retiring at age 65 in 2020 (2019)	22.6	22.1
Female retiring at age 65 in 2020 (2019)	24.3	23.9
Male retiring at age 65 in 2040 (2039)	23.9	23.5
Female retiring at age 65 in 2040 (2039)	25.6	25.1

a) Fair value

	2019/20 £'000	2018/19 £'000
Present value of scheme liabilities	(40,484)	(35,089)
Fair value of scheme assets	41,008	37,911
Effect of asset ceiling	(524)	-
Surplus	-	2,822
Amounts in the balance sheet		
Liabilities	-	-
Assets	-	-
Net liability to be recognised	-	-

The surplus in 2018/19 is not considered a recoverable amount and therefore has not been recognised in the financial statements in accordance with FRS102.

b) Change in liabilities during the period

	2019/20 £'000	2018/19 £'000
Opening scheme liabilities	35,089	33,804
Current service cost	18	244
Interest cost	864	884
Contributions by employees	10	141
Past service cost	-	88
Actuarial loss	5,576	974
Benefits paid	(1,073)	(1,046)
Closing liabilities	40,484	35,089

Notes to the financial statements for the year ended 31st July 2020

18. Pension schemes (continued)

c) Change in assets during the period

	2019/20 £'000	2018/19 £'000
Opening fair value of the scheme assets	37,911	33,698
Interest income	939	888
Expenses	(112)	(138)
Return on assets excluding interest income	2,869	3,711
Contributions by employer	464	657
Contributions by employees	10	141
Benefits paid	(1,073)	(1,046)
Closing assets	41,008	37,911

d) Analysis of amount charged to the income statement

	2019/20 £'000	2018/19 £'000
Current service cost	18	244
Expenses	112	138
Past service cost	-	88
Net interest cost	(75)	(4)
Total amount recognised in the income statement	55	466

e) Statement of other comprehensive income

	2019/20 £'000	2018/19 £'000
Return on assets excluding interest income	2,869	3,711
Experience gains on liabilities	199	92
Loss for change of assumptions	(5,775)	(1,066)
Effect of change in non-recoverable surplus	(524)	-
Net cumulative actuarial (loss)/gain	(3,231)	2,737

The loss for change in assumptions is further analysed below:

(Loss)/gain from change of demographic assumptions	(567)	299
Loss from change of financial assumptions	(5,208)	(1,365)
	(5,775)	(1,066)

Amount recognised in the SOFA

Amount recognised in the SOFA to bring the pension surplus to nil	(409)	(85)
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Notes to the financial statements for the year ended 31st July 2020

18. Pension schemes (continued)

f) Fair value of assets

	Value at 31 July 2020 £'000	Proportion	Value at 31 July 2019 £'000	Proportion
Equity type assets	4,391	10.7%	10,583	27.9%
Bonds	25,432	62.0%	21,326	56.3%
Property	1,699	4.2%	1,976	5.2%
Other	9,486	23.1%	4,026	10.6%
Total value of assets	41,008	100.0%	37,911	100.0%

g) Amounts for the current and previous periods are as follows:

	2019/20 £'000	2018/19 £'000	2017/18 £'000	2016/17 £'000	2015/16 £'000
Present value of scheme liabilities	(40,484)	(35,089)	(33,804)	(34,630)	(34,169)
Scheme Assets	40,484*	37,911	33,698	32,779	30,901
Surplus/(deficit)	-	2,822	(106)	(1,851)	(3,268)

*adjusted for asset ceiling, £524,000 to bring surplus to zero.

Experience adjustments on scheme liabilities	199	92	(630)	783	219
Percentage of the present value of scheme liabilities	0.5%	0.3%	1.9%	2.2%	0.6%
Experience adjustments on scheme assets	2,869	3,711	1,218	1,425	3,256
Percentage of the fair value of scheme assets	7.1%	9.8%	3.6%	4.3%	10.5%

h) Additional information for The Pensions Trust - WEA Pension Scheme

The scheme is a defined benefit (final salary) funded pension scheme. The scheme was closed to further contributions at 31 August 2019. At the time all contributors were transferred to the People's Pension.

The scheme assets do not include investments issued by the sponsoring employer nor any property occupied by the sponsoring employer.

The overall expected rate of return on the scheme assets has been based on the average expected return for each asset class, weighted by the amount of asset in each class.

The scheme holds Contingent Assets in the form of a security in favour of the Trustee over the office property situated at 4 Luke Street, London, EC2A 4XW which was valued at £3,550,000 on 31 March 2019, in respect of all sums which are, or may become due and payable by the sponsoring employer to the Scheme. At the 31st July 2020, the charge is capped at £2,500,000.

The scheme holds quoted securities, and these have been valued at bid-price.

Notes to the financial statements for the year ended 31st July 2020

19. Investment income

	2019/20 £'000	2018/19 £'000
Interest on cash deposits	15	16
Interest on pension scheme assets	939	888
	954	904

20. Investments in subsidiaries

At 31st July 2020, the Association owned the entire issued share capital of 1 ordinary shares (2018/19: 1 share) of WEA Trading Ltd. At 31st July 2020, the aggregate of share capital and reserves of WEA Enterprises Limited was £1. (2018/19: £1).

The company has not traded during the period and has nil assets at 2019/20 (2018/19: nil). Consolidated accounts have not been prepared given that the results of the company and its aggregate reserves and capital are immaterial in the opinion of the trustees.

21. Related party transactions

Owing to the nature of the Association's operations and the composition of the Board of Trustees, being drawn from local, public and private sector organisations, it is likely that transactions will take place from time to time with organisations in which a member of the trustees may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Association's Financial Regulations and normal procurement procedures. During the year there were related party transactions of £29,921 (2018/19: £9,675).

Odgers Berndtson has charged the Association £29,921 in 2019/20 which is the remaining payment of a contract to recruit a new CEO. Narinder Uppal, a WEA trustee, is an employee of a company within the Odgers financial group.

22. Provisions

	2019/20 £'000	2018/19 £'000
Leased property dilapidation	£'000	£'000
At 1 August	140	150
Provisions charged	462	-
Provisions released	(20)	(10)
At 31 July	582	140

Provisions are made when a legal or constructive obligation is identified, and the liability can be reasonably quantified. These provisions are reviewed annually as at the year end date and are adjusted to reflect the latest best estimate of the present obligation concerned. These adjustments are reflected in the statement of financial activities for the year.

The WEA
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 @WEAadulted
 weaadulteducation



INVESTORS
IN PEOPLE

The WEA is a charity registered in England and Wales (no. 1112775) and in Scotland (no. SC039239).