

Education and Training Foundation (company number 08540597)

Trustees' Report and Financial Statements

for the year ended 31 March 2019

FINAL

Company Registration Number: 08540597

Charity Registration Number: 1153859

THE EDUCATION AND TRAINING FOUNDATION

(Company Limited by Guarantee)

Trustees' Report

and

Financial Statements

For the year ended

31 March 2019

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1. Trustees and Advisors

1.1 Trustees

The Education and Training Foundation (ETF) is governed by a Board of Trustees. Those Trustees who served during the year and up to the date on which this report was approved are as follows:

	Appointed	Re-appointed	Resigned
Mr Z Azam	21 July 2017		
Ms S Dicketts CBE	8 December 2016		
Mr S R Freer (Senior Independent Director)	1 August 2013	8 December 2016	
Mr J Graham	27 March 2019		
Mr D Hayes MBE	9 July 2013	26 November 2015	1 March 2019*
Ms L Hayward-Smith CBE	9 July 2013	26 November 2015	1 March 2019*
Prof P Latchford OBE (Chair)	23 October 2019		
Dr N Leigh OBE	1 July 2016	1 March 2019	
Mr A McConnell OBE	22 July 2019		
Mr P Mullins OBE (Chair)	5 December 2013	7 July 2016	23 October 2019*
Mr M Ord	18 November 2016	1 March 2019	
Ms F Orban	8 June 2016	1 March 2019	
Dr S Pember OBE	16 June 2016	1 March 2019	5 June 2019
Ms R Spellman OBE	27 March 2019		
Mr M White OBE DL	9 July 2013	26 November 2015	1 March 2019*
Mr D Williams	18 November 2016	1 March 2019	

*Expiry of term of office

1.2 Officers

CEO: Mr D Russell (appointed 27 January 2014)

Company Secretary: Dr G Hobson (appointed 19 June 2014)

1.3 Registered Office

Education and Training Foundation, 157-197 Buckingham Palace Road, London SW1W 9SP

1.4 Auditor

BDO LLP, 55 Baker Street, London W1U 7EU

1.5 Solicitor

Stone King LLP, Boundary House, 91 Charterhouse Street, London EC1M 6HR

1.6 Bankers

Royal Bank of Scotland, 62-63 Threadneedle Street, London EC2R 8LA

Barclays Bank, 1 Churchill Place, London E14 5HP

2. Introduction

The Education and Training Foundation (ETF) is the national expert in designing and delivering effective Continued Professional Learning and Development in Further Education (FE). This ranges from leadership development through maths and English enhancement, to technical education and use of learning technology. We manage professional networks, support recruitment into the sector and provide key workforce data and research.

2018-19 has been another successful year for the ETF. Over the year we have:

- Developed over 100 top leaders (including CEOs, Chairs, CFOs, and aspiring CEOs) through our flagship Senior Leadership Programmes, delivered in partnership with Oxford University's Saïd Business School.
- Begun supporting the sector to be ready to deliver T Levels, including training and developing teachers to deliver the new qualifications (activity which will continue into 2019-20 and beyond).
- Produced independent, impartial and comprehensive workforce data and research, with the Staff Individualised Record (SIR) continuing to be the primary source of FE workforce data for the ETF, the sector and Government.
- Grown the membership of the Society for Education and Training (SET), the national professional membership body for FE, by around 15% to nearly 20,000, thus giving us widespread reach into all areas of the FE teaching workforce.
- Recruited 170 highly skilled professionals and technicians from industry into hard to fill vacancies, especially in STEM and early T Level subjects, alongside helping over 60,000 users of the FE Advice service.
- Provided a wide range of expert support to staff and governors in colleges, adult education institutions, training providers and prisons, meeting their professional development needs through online, blended and face to face training and development.
- Won a significant contract from the DfE to be the national partners supporting Centres for Excellence in Mathematics.

Alongside this sector support, we have also taken the opportunity to review and develop ETF, its governance and its workforce.

Further detail can be found through this Report. Should you have any comment regarding our programmes or the content of this report, please do get in touch with our CEO (david.russell@etfoundation.co.uk).

3. Trustees' Report

The Education and Training Foundation (ETF) is a registered charity and a company limited by guarantee. It is regulated by the Charity Commission.

The Trustees (who are also the Directors for the purposes of the Companies Act 2006) present their report and consolidated financial statements of the results of the charity and its wholly-owned subsidiary (ETF Services Ltd, company number 09511877) for the year ended 31 March 2019 ("the year").

This Report incorporates the Strategic Report and the Directors' Report required under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit and adopted the Charity Governance Code (published in July 2017). In 2017-18 the ETF

Board completed a benchmarking exercise against the Charity Governance Code. It identified priorities to address all elements of the Code over a three-year cycle.

The accounts have been prepared in accordance with the policies set out in note 1 to the financial statements and comply with the ETF's Articles of Association ('the Articles'), applicable law and the requirements of the Statement of Recommended Practice and Financial Reporting Standard (FRS 102).

3.1 Purposes and activities

The ETF is the sector-owned, government-backed workforce development body for the Further Education (FE) and Training sector. This includes colleges, independent training providers, third sector providers, adult community education, employer-providers, offender learning providers and more.

Created in 2013, our role is to design, commission and deliver professional learning and development for teachers, leaders and trainers to support government policy and meet sector needs. Our charitable purpose is to improve education and training for learners aged 14 and over.

The ETF believes that the key to improving education and training is to develop and support teachers and their leaders to excel.

Everything the ETF does is in pursuit of:

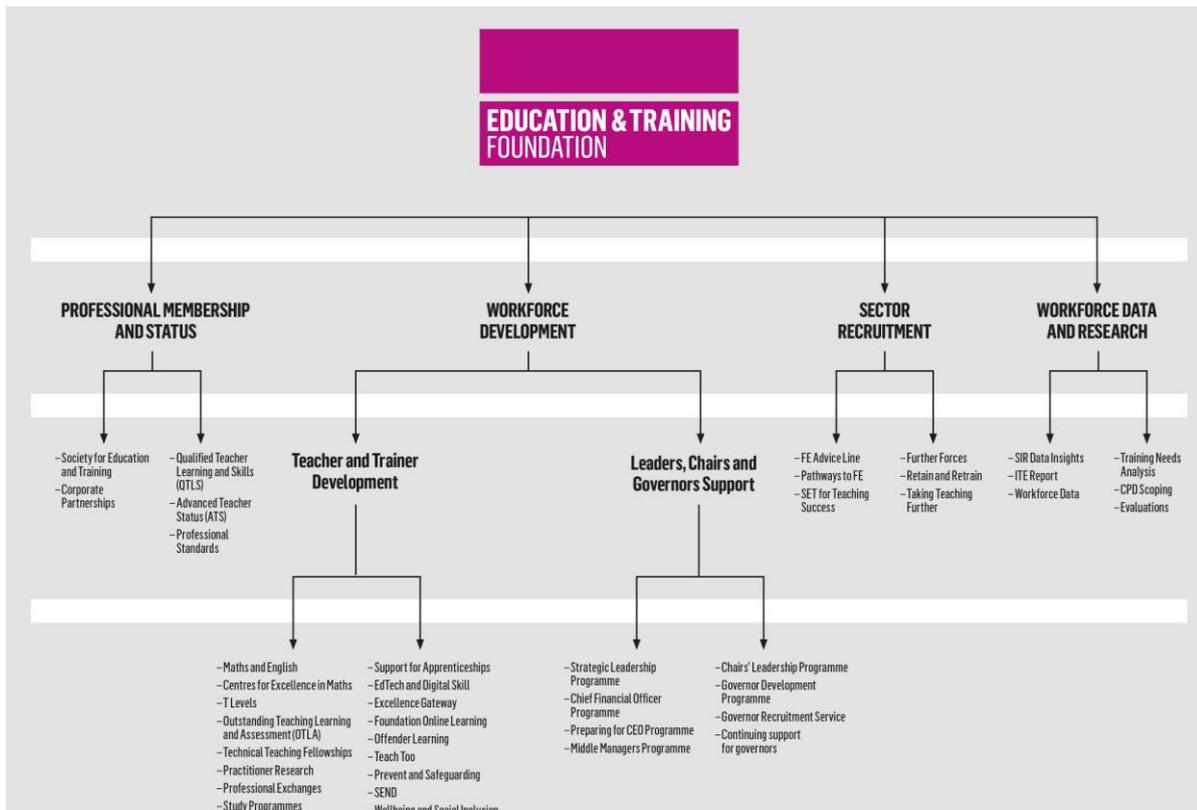
- Highly effective, professionally confident teachers and trainers
- First class leadership
- FE as a career of choice for ambitious professionals who want to make a difference.

In 2018-19, to achieve our vision, we pursued four strategic objectives:

1. Setting and promoting high professional standards
2. Supporting the FE sector to succeed through reform and change
3. Leading professional development for teachers, trainers, leaders and governors
4. Creating independent, impartial and comprehensive workforce data and research.

Since 2013, the ETF has secured significant public investment in the FE workforce. It has worked in partnership with its Founding Member organisations (currently the Association of Colleges and the Association of Adult Education and Training Organisations), a wide range of bodies and experts to deliver support and development programmes.

An overview of our activity is shown below:



I am very grateful to the Education and Training Foundation for their partnership in building upon the successes of previous programmes at the Oxford Saïd Business School. For example, over 3,800 FE teachers have attended other ETF enhancement programmes designed to improve their knowledge and confidence in teaching maths and English GCSE. This is a major investment in sector leadership. It is important to me, as I'm sure it is to you, and I hope you will take advantage of it.

Rt Hon Anne Milton MP, Apprenticeships and Skills Minister, speaking November 2018

3.2 Achievements and Performance

2018-19 has been another successful year for ETF. The table below sets out the priorities at the beginning of the year and what we achieved against these areas:

	Area	Priority	Highlights
Workforce Development	Teacher and Trainer Development	Support the sector to be ready to deliver T Levels.	Commissioned and developed range of resources and provision across five strands, to be launched in 2019-20
		Support high quality, impactful Continued Professional Development for teachers and trainers	Through a wide range of programmes, with increased emphasis being placed on gathering a range of key data to drive change and improvement across the ETF and the sector.
		Improve the quality and effectiveness of maths and English teaching	Wide range of support provided through grant and contracted-funded programmes including Regional Specialist Leads, Shaping Success, and Centres for Excellence in Maths, with external evaluation confirming the positive impact.
		Provide training to help the sector support SEND learners	Includes support for teachers of SEND learners through face-to-face and online platforms.
		Maintain a focus on the sector diversity of staff and learners (i.e. BAME)	Diversity is embedded within the design fabric of the ETF's programmes to help support individuals with a BAME background. Specific support included training to recognise and address unconscious bias; and mentoring for BAME staff.
		Support the sector in harnessing new technologies to maximise outcomes	EdTech Strategy launched in spring 2018, underpinning Digital Teaching Professional Framework. Enhance platform launched, with 40 free online modules to improve practice through technology – nearly 7,000 sessions in three months. Continued support through Foundation Online Learning (FOL; 87k users) and Excellence Gateway (200k users).
		Provide training and support on the Prevent Duty	Over 74k enrolments on online governor and teacher support modules and 160k on the Side by Side learner modules.
		Work with all prisons in England to support their education and training programmes	100% of prisons in England supported. 6,500 people accessed the online support.
	Leaders, Chairs and Governors' Support	Develop top leaders – CEOs, Chairs, CFOs, and aspiring CEOs	Around 100 current and aspiring principals completed a bespoke ETF programme at Oxford Saïd Business School, with outstanding feedback provided.
	Sector Recruitment	Recruit expertise and talent to the FE workforce	Through various initiatives e.g. over 60k users of FE Advice; nearly 300 placements in Pathways to FE; and recruitment and support for 150 new teachers from industry.
	Workforce Data and Research	Produce independent, impartial and comprehensive workforce data and research	The Staff Individualised Record (SIR) continues to be the leading source of FE workforce data for the ETF, sector and Government. The ETF Training Needs Analysis (TNA) informs a range of ETF activity.

Professional Membership and Status	Grow the Society for Education & Training (SET)	SET membership grew by around 15% to nearly 20,000
	Establish Advanced Teacher Status (ATS) as the career development gold standard in FE teaching and training	Continue to build profile of ATS through a new strategy focused on creating a professional pathway from early career through to ATS.

The Education and Training Foundation provides crucial training and support for colleges and other providers. Every college works strenuously to improve teaching, learning and the student experience, so the ETF's support and investment, particularly on common issues and challenges, can help enormously. All of this is important because, ultimately, improved quality in colleges benefits students, employers and communities.

David Hughes, Chief Executive, Association of Colleges

3.2.1 Workforce Development: Leaders, Chairs and Governors' Support

Develop top leaders – CEOs, Chairs, CFOs, and aspiring CEOs

So much of the future of the FE and Training sector is dependent on the quality of the middle and senior leadership within providers.

Our provision for senior leaders has expanded and includes options for current CEOs/Principals and those preparing to step into these roles, delivered with our strategic partner Oxford University Saïd Business School. We have added further modules to both in response to demand. Around 100 current and aspiring CEOs/principals completed the programme in 2018-19. Feedback has been outstanding. In 2019-20 we plan to add technical modules for strategic leaders, develop an alumni network to maximise the impact of the CPLD, and provide opportunities for mentoring.

Probably the best day's development I've had. This @E_T_Foundation Strategic Leadership programme @OxfordSBS is excellent.

Ian Pryce CBE, Chief Executive, Bedford College,

We also delivered CPLD for people in senior finance roles to an additional cohort. The feedback from participants in the first cohorts has been very positive. The content will be reviewed, and it will be rolled out to additional cohorts in 2019-20.

I'm clearer about what can cause change programmes to falter, how to get projects back on track, and how to deal with the barriers to change that we come across. I also think the programme has increased my awareness of the importance of the role of CFO and the influence that a CFO can exert across the whole organisation.

David Moir, Deputy Principal, Finance & Resources, Basingstoke College of Technology

In 2018-19 we developed programmes to support increased diversity in leadership in the sector. This has included training to recognise and address unconscious bias, and mentoring for BAME staff. We recognise the importance of this work to create strong and resilient leadership teams, and plan to expand and continue the programmes in 2019-20.

We launched a programme targeting middle leaders across the sector to help develop a strong pipeline of talent to senior leadership roles. This provides face to face workshops over a nine week period, supported by online content, mentoring, webinars and focussed learning activity to

meet specific organisational challenges. The middle leaders programme has also been tailored to meet the needs of staff working in one of the Opportunity Areas.

Our governance work has included running two cohorts of the Chairs' Leadership programme, delivered by Oxford Saïd Business School, and the initial feedback has been very positive with chairs identifying the opportunity to focus on their role and to network with other chairs as particularly beneficial. In 2019-20 we plan to build on this and explore the development of an alumni network to maximise the potential for sharing effective practice and supporting new chairs, particularly in colleges facing challenges.

The Education and Training Foundation's Strategic Leadership course with the Oxford Saïd Business School provided a brilliant opportunity to develop my skills as Chair of a college. In particular it provided development time to strengthen my understanding of good governance and provide an ideal opportunity to create learning networks with other chairs – all with top tutors in ideal surroundings.

Stephen Barnes, Chair of Governors, Nelson and Colne College

Activity focused on the recruitment of governors has been received positively by the sector and the self-service 'Inspiring FE Governance portal' has enabled providers to access a much wider pool of prospective governors. The portal has engaged over 1,800 potential candidates for governance roles and almost half of colleges in the sector are using it.

We also piloted the first eight online modules for governors. Formative feedback on the effectiveness of the initial modules indicates a positive impact. A further 16 modules will be developed and rolled out in 2019-20.

3.2.2 Workforce Development: Teacher and Trainer Development

Support the sector to be ready to deliver T Levels

T Levels are a national priority for the Government and ensuring the workforce is ready to teach them will be crucial to their success. We received an in-year addendum to the grant letter to develop and deliver support for teachers, trainers and managers who will be delivering T Levels. There are five strands of support: an ongoing needs analysis with the first providers to deliver, supporting staff to understand T Levels and what the implications are for their roles, development for technical teachers, networks and knowledge hubs, and support for middle managers. This programme runs to March 2020. In 2018-19 we have focussed on commissioning and developing a wide range of resources and provision which will be rolled out and expanded in 2019-20.

We have announced the investment of £8m in a new bespoke T Level Professional Development offer, led by the Education and Training Foundation, to help staff prepare for the change and successfully deliver the first T Levels. This will be vital training to build on the expertise we currently have, so we are ready for the future.

Apprenticeships and Skills Minister, Rt Hon Anne Milton MP

Support high quality, impactful Continued Professional Development for teachers and trainers

Adult Community Learning leaders and teachers value the work of the ETF. They have helped ensure teachers are ahead of the game and ready to take on the next curriculum change before it happens. They are particularly grateful for the work on Governance through the National Leaders of Governance Initiative, Apprenticeship Reforms, maths and English, and Prevent.

Dr Sue Pember OBE, Director of Policy and External Relationships, Hoxex

Teaching, Learning and Assessment

Collaboration, evidence-based research and sharing learning amongst the practitioner community is vital in continuing to improve the quality of teaching and training. The ETF plays a key role in joining up the sector's practitioners so they can own and work together to this effect.

Our support for teaching, learning and assessment has included regional and national programmes. Outstanding Teaching, Learning and Assessment (OTLA) funded projects have focused on the development of technical skills, digital skills, apprenticeships and learner progress. Around 3,500 practitioners benefited directly from the programmes with nearly 8,000 people benefiting indirectly through participants in turn sharing their learning more widely.

Our Professional Exchange programme increased its reach to cover all English regions and provided the opportunity for over 800 practitioners to collaborate and develop solutions to common challenges. A further 1,400 people benefited indirectly from the work. The Exchanges have improved the ability of teachers and trainers to deal with challenges such as motivating students in maths and English classes, supporting the wellbeing of adults, and stretch and challenge.

We continued to deliver the Advanced Practitioner programme which includes a three-day CPLD programme, collaborative projects, communities of practice and a toolkit. Around 500 people accessed the programme with an additional 1,700 benefiting from colleagues sharing their experiences.

We provided support packages to embed maths and English within work experience to 950 teachers and trainers to strengthen delivery of study programmes. Providers involved in the wrap-around support have told us how these resources have provided the impetus for joint working and planning of sessions, giving learners a real sense of purpose and drive, removing barriers and reducing working in isolation.

We ran a series of conferences in 2018-19 in partnership with the Association of Colleges (AoC) which focussed on data science, curriculum planning, A Levels and quality. In total over 150 people attended the conferences. Feedback was positive, and we will work with AoC in 2019-20 to build on this and deliver additional conferences to cover the topics identified as important by the sector.

Our work to support practitioner researchers continues with the SUNCETT delivered MA and MPhil programmes. Our first cohort of MPhil students have recently graduated, with four out of five choosing to progress to full PhD studies. In total 49 individuals graduated from the programme or progressed to higher levels of research. Practitioner researchers have presented their ideas at a range of major conferences this year, including the Association for Research in Post Compulsory Education (ARPCE) conference in Oxford, and continue to grow links to wider sector research organisations such as the Learning and Skills Research Network (LSRN), the British Education Research Association (BERA) and FE Research meets. We have commissioned an evaluation of the programme which will start in 2019-20.

We were asked by DfE to carry out a training needs analysis in the East of England Opportunity Areas to identify the specific needs of practitioners. This resulted in three case studies which are being used to inform a programme which will focus on supporting teachers and middle managers to be rolled out in 2019-20.

Technical Education

To support providers and employers to develop strong collaborative partnerships to co-design and deliver effective technical education we implemented the next phase of the Teach Too programme focussed on T Level preparedness. This utilised the Teach Too framework and resources developed in earlier phases of the work. We funded eight organisational development projects and ten projects which worked across local and regional areas. The targets for the programme were significantly exceeded with over 1,000 people benefiting directly and over 10,000 indirectly.

In 2019-20 we will build on this and fund a series of projects aligned to Government priorities about apprenticeships, FE and HE collaborative planning, and supporting progression to higher technical study and employment. The focus will be on collaboration, knowledge transfer and dissemination of effective practice, through practitioner events.

The Future Apprenticeship programme ended in March 2018. We ensured that the legacy of the programme could be utilised by developing resources to support providers delivering apprenticeships. This includes an updated version of the Future Apprenticeships provider toolkit, an online module for apprenticeship staff and a toolkit to support staff with employer engagement. The resources have been accessed by nearly 22,000 people.

The Technical Teaching Fellowship programme is funded by a partnership between the ETF and the Royal Commission for the Exhibition of 1851 to promote excellence in industrial and technical education. Successful applicants receive an award of between £5k and £15k to support their research activity. They are supported through developmental workshops and a mentor. Three fellowships were awarded in 2018-19. In 2019-20 the programme will be expanded and it is anticipated that three additional fellowships will be awarded.

The courses are lively and engaging, and offer a range of strategies to make effective change in our students and the way we tackle resistance to learning. We have taken away a wealth of practical ideas that have already made an impact to learner engagement in our classrooms, and our planning of activities to achieve learning outcomes has become more creative.

Natalie Morton, English Teacher, Croydon College

Improving the quality and effectiveness of maths and English teaching

Ensuring learners have core maths and English skills is essential for social mobility, employability and life in general. Equipping teachers and trainers with the most effective support in this area has remained a key ETF priority.

The Shaping Success maths and English programme has continued to be successful and has offered a range of face-to-face and online courses to develop the subject knowledge and personal skills of teachers and how they then teach maths and English to their students. An external evaluation of our work in this area identified that the impact on participants included improved ability in planning of sessions to engage and motivate students, stronger understanding of the curriculum and access to high quality resources. Around 5,000 people accessed support through Shaping Success. We will continue to evolve Shaping Success in 2019-20 to offer more opportunities for providers to access a flexible package which meets their needs.

Regional Specialist Leads (RSLs) are an important part of the maths and English support programmes. In 2018-19 the RSL function has continued to work well. RSLs help to drive up collaborative approaches through offering network opportunities and raise awareness of the range of support available from the ETF. RSLs also undertake strategic visits to providers which

provide more in-depth support and signposting. The evaluation report shows that the RSLs have had a positive impact on supporting collaboration and extending reach.

In 2018-19 we worked in partnership with the Education Endowment Foundation (EEF) to develop new guidance on the role of Learning Support Assistants in the FE and Training sector. The guidance is aimed at leaders and managers and makes key recommendations designed to maximise the impact of Learning Support Assistants and help improve learner outcomes.

We have provided a support programme around functional skills including the use of phonics. This included face to face support for use of phonics and the new functional skills qualifications, a series of collaborative projects to embed learning, development of materials and resources including a toolkit, and online CPLD. Nearly 2,500 people accessed this in 2018-19.

The ETF has also worked with the Home Office and the DfE to develop a series of effective practice resources for practitioners delivering English to Speakers of Other Languages (ESOL) courses. This includes a diagnostic tool and case studies. The resources have been positively received and we are in discussion with the Home Office about providing follow up research and development of materials in 2019-20.

Coming from a small training provider, the ETF courses are invaluable for opportunities to meet other teachers and share ideas, experiences and learning activities. The courses are always practical and inclusive. I have come away with a bank of knowledge and new resources which enable me to feel encouraged and freshly motivated in my teaching.

Lizzie Gregory, Senior Team Leader, Elevate Programme, CXK Ltd

Centres for Excellence in Maths

The Centres for Excellence in Maths programme is a DfE contract won by the ETF in December 2018. The main aims of the programme are:

- A step change in mathematics teaching at Level 2 within the sector
- An increase in the evidence base of 'what works'

Both of these aims are part of a contractual ambition to improve attainment for students re-sitting their GCSE maths (currently resit pass rates are approximately 23% nationally). This activity is framed within four themes identified by the DfE, Mathematics Mastery (adapted for FE), Contextualisation of Maths for FE Learners, Motivation and Engagement of FE Learners, and, the use of Technology in Maths Teaching.

There are 21 Centres for Excellence across the country who have been in receipt of grant funding since September 2018, charged with building networks of partnerships across their region with the ambition of 100% General FE and Sixth Form College coverage by end of 2020. The programme has focused on preparing for longer term activity and success in the first year, with teachers and middle managers from the Centres and wider partner organisations taking part in CPLD and events to build a national body of activity. The programme to date has worked with over 32 providers of FE, 130 teachers and 31 education leaders, and in the Autumn we are beginning four national trials across the themes and 21 Regional Action Research programmes.

As our first large scale contract with the DfE, we have also been working to maximise learning from this programme to support future growth in contract delivery as opposed to grant working. To date the programme has successfully delivered all expected KPIs and supporting activity, despite extremely challenging timelines. The team delivering the contract management of the programme are working as part of the new Insights team of ETF to link more closely with wider

practice and operational change as we learn what will be most effective in delivering contracts in the future.

Support the sector in harnessing learning technologies to maximise outcomes

We have significantly developed support for teachers to better utilise learning technologies which is a key DfE priority across the whole education sector.

Our EdTech Strategy, released in Spring 2018, is a three-year road map for digital technology to support improvements in teaching, learning and assessment. The ETF's Digital Teaching Professional Framework (DTPF), produced in November 2018, is underpinned by the strategy. The DTPF helps to define what good pedagogy looks like and what digital skills progression means in three stages of personal development.

In January 2019 we launched the new Enhance Digital Teaching Platform (Enhance). Enhance offers free to use modules which are mapped to the DTPF. The 40 modules are designed to help develop teaching and training practice using technology, and users who undertake multiple modules gain online badges. Initial take up was very good with 452 user registrations, 580 badges awarded and over 6,900 total sessions taking place by the end of March. In 2019-20 Enhance will be expanded to a total of 100 modules. We are also piloting and rolling out a dashboard to enable providers to view activity related to Enhance across their organisation.

We've asked all of our staff at Waltham Forest College to use the Enhance modules because we want to achieve a level playing field where everyone understands how technology can enhance teaching and training.

Darren Kirwin, Head of Quality, Waltham Forest College

We also continued to offer longer online courses to provide different options for teachers to develop their own personal digital skills, and to apply these in their teaching. Over 1,200 people participated in the programme to develop their personal digital skills, and over 1,000 people participated in the courses to support them to apply digital skills in teaching.

We continued to update and develop Foundation Online Learning (FOL) and the Excellence Gateway. FOL is an online learning environment where people can access a wide range of support to improve organisational performance and learning delivery. The Excellence Gateway is a portal containing over 7,500 resources, covering a broad range of topics and including guidance, effective practice, teaching materials, research and CPLD materials. In 2018-19 FOL received around 87,000 new users across 120 individual courses performing over 2.6 million activities. The Excellence Gateway was visited by over 200,000 users. In 2019-20 we will gain further feedback from users to provide a basis to explore future developments of FOL and the Excellence Gateway.

To support the embedding of learning we carried out two sets of collaborative projects related to learning technologies, four projects focussed on staff student partnerships and the other nine on use of learning technologies more generally. In total over 350 people were directly involved and over 3,000 benefited indirectly.

Provide training to help the sector support SEND learners

The ETF has a number of different support programmes in this area. We have continued to develop the support to learners with SEND through enhancing the knowledge, skills and understanding of practitioners and managers to embed the SEND reforms and to share examples of effective practice. We reached nearly 200 people through face to face courses

focussing on the development of leadership skills and support for learners with specific needs. There were nearly 1,500 users of the FOL SEND courses. In 2018-19 we reviewed and updated the SEND exhibition site on the Excellence Gateway and there were just under 15,000 users of the site over the year. The site includes the resources we have developed in response to demand from the sector.

In 2019-20 we are developing three SEND Centres of Excellence to offer expert support for leaders, managers and practitioners to put learners with SEND at the centre of their organisation. Each Centre will host a SEND Strategic Leadership Hub supporting leaders from all types of FE provider, and communities of practice will support managers and practitioners. We will also continue to develop and provide support for managers of SEND and teachers of learners with specific needs in 2019-20.

Provide training and support on the Prevent Duty

The ETF has continued to support the sector in complying with the statutory Prevent Duty. In 2018-19 there were over 169,000 enrolments on the Side by Side learner modules and over 74,000 enrolments on the online Prevent Duty staff and governor modules. In 2018-19 there were over 52,000 sessions on our Prevent for FE and training website.

Work with all prisons in England to support their education and training programmes

The ETF's workforce-led offender learning programme (funded by HMPPS) has provided support to 100% of prisons in England. In 2018-19 it included support for learning and skills managers, a new comprehensive health and safety induction package, and practice development groups focussed on Information and Communication Technologies (ICT), and maths and English. We have developed a range of resources for people working in the offender learning sector over the last few years. Over 6,500 people accessed resources in 2018-19 viewing over 14,000 pages. This brings the total users to over 15,500 viewing over 46,000 pages since inception in 2015.

3.2.3 Sector Recruitment

Recruit expertise and talent to the FE workforce

In order to face modern economic and social challenges, the sector needs to increase the supply and quality of its teachers and leaders. We facilitate programmes and initiatives to promote the teaching profession, inform those who are interested in joining, and attract new teachers through different pathways.

ETF's FE Advice service provides information to people considering teaching in the sector and opportunities for the existing workforce. In 2018-19 the website had over 60,000 users, around 4,000 enquiries were made and over 4,000 emails were sent. Excellent feedback is received about the service. For example, 99% of survey respondents were satisfied with the service (84% strongly agree, 15% agree, 1% neither agree nor disagree) and 99% would recommend it (91% strongly agree, 8% agree, 1% neither agree nor disagree). The FE Advice service will continue in 2019-20.

What a wonderful service – the information I received was invaluable and will really help me get into teaching in the FE sector. My advisor was so friendly and helpful – I would recommend this service to everyone considering this career path.

FE Advice line caller

We continued and expanded the Pathways to FE scheme to provide opportunities for final year undergraduate students to experience teaching in the FE sector. There was significant interest

in the scheme with 271 participants undertaking a placement at a college or provider in 2018-19. This will continue in 2019-20 (re-named Talent to Teach) with increased numbers of 360 across England and an added facility to provide participants with details about local teaching vacancies to maximise the number of people taking up teaching roles in the sector.

We developed an online version of a programme to support people to teach Higher Education in Further Education settings. We ran three face to face courses to Train the FE Teacher Trainer and this programme is now being converted to an online course to provide wider and more flexible access. We piloted a module that can be taken as part of the Diploma in Education and Training (DET) which focusses on supporting learners with SEND. This will also be converted to an online programme.

We continued the SET (Science, Engineering, Technology) for Teaching Success and Further Forces recruitment programmes to create a strong pipeline to technical teaching roles. Both programmes are providing Initial Teacher Education (ITE) and support for new teachers, including technical knowledge skills enhancement and subject specialist mentoring. Seventy-five participants have been recruited to SET for Teaching Success, which exceeded the target set, and nearly 30 have graduated. We are recruiting a further 30 people in the Autumn. There has been an upturn in recruitment to the Further Forces programme with nearly 60 people recruited. The programme aims to recruit and train a further 150 people into teaching roles.

I had thought about going into teaching as I left the forces, but always thought my lack of qualifications would hold me back. The Further Forces Programme has helped me realise that wasn't the case and that there are many teaching roles available to me.... My tutor took the time to chat to me, before I enrolled, to fully explain how my skills would easily transfer into the role of an FE teacher. The support I've been given from the programme with my online learning and assignments has been excellent – it's good to know that the support is there when I need it.

Ben Smith, Former Royal Engineer.

We received an addendum¹ to deliver the Taking Teaching Further programme. This is a pilot run over two years to explore how to attract experienced industry professionals with expert technical knowledge and skills to work in the FE and training sector. There are two strands of work. The first funds training and support for 150 new teachers recruited from industry. The second is a series of 40 development projects which tests approaches to improving the quality of teaching through development of local and employer partnerships. There have been two rounds available for providers to bid into. A total of 74 providers are involved in the pilot which will end in March 2020.

2.3.4 Workforce Data and Research: Produce independent, impartial and comprehensive workforce data and research

The Staff Individualised Record (SIR) continues to be the leading source of workforce data for the sector. SIR 26, covering the 2017/18 academic year, saw an increase in providers participating, with 193 submissions (118 colleges). The insights offered by the SIR continue to be valued by the sector and Government and form the basis of a range of ETF activity. Our Training Needs Analysis (TNA) carried out last year continues to inform a range of ETF activity and programme design, as well as being used by a range of wider stakeholders to support their understanding of the sector.

Evaluation is a key activity of the ETF, working with Programme Heads to understand what impact our work is having in the sector, and to drive evidence-based improvement and change

¹ A full list of the grant addenda received in 2018-19 is available in Annex 2

across the organisation. In 2018-19 we carried out large scale evaluations of Teach Too, our Maths and English programmes, as well as starting evaluations of our Preparation for CEO programme, and our Middle Managers programme.

The ETF remains committed to exemplifying effective practice and being research and/or evidence informed in all that we do. Evidence Informed Practice (EIP) staff are working with colleagues to develop robust principles of activity which will be shared in the coming year with delivery partners and form the guiding principles of how we ensure our work is based on the most relevant and most recent research. Future plans include delivery partner training and support, as well as engaging across the education research landscape to guarantee we remain as connected as possible to high quality, robust and recent learning.

In 2019-20 a newly formed ETF directorate, Insights, will bring together workforce data, research, evaluation, evidence-informed practice, quality, bidding and business development activity, and the Centres for Excellence programme. The aim of the team is to gather together a range of key data that drives change and improvement across ETF and the sector.

3.2.5 Professional Membership and Status

Grow the Society for Education and Training (SET)

The SET is the professional membership body for the sector. SET's mission is to build and promote the professional status of FE practitioners, helping them progress in their careers through wider recognition of their expertise. Qualified Teacher Learning and Skills status (QTLS), administered by SET, is the badge of professionalism in post-16 education and training, helping practitioners advance their careers and demonstrate their expertise. Advanced Teacher Status (ATS) provides advanced practitioners with an opportunity to gain national recognition as a Chartered Teacher, for their exemplary pedagogical and subject specialist skills.

In 2018-19, SET's new strategy was implemented with a core focus on membership growth. The three pillars that underpin this strategy are: 1) being easy to do business with, 2) meeting members' needs, and 3) building a loyal membership base. Our growth areas are centred primarily on student memberships and corporate partnerships. In 2018-19, SET membership grew to 19,685, representing a 14.9% growth on 2017-18 (17,136).

SET held its first annual conference in November 2018, attracting over 300 delegates and a 95% satisfaction rating. 89% agreed the conference would have a positive impact on their professional development. The theme of the conference was "Pride in Professionalism" and it was awarded "Best Conference Development" at the annual UK Association Awards. A second conference is planned for November 2019.

Members benefited from the revamped special interest digests enabling them to access relevant, valuable resources to support their career. A lifestyle scheme called *Playpass* was launched in December 2018 giving SET members free access to a range of products and services benefiting their wellbeing. The Local Network Groups expanded from five to ten and an average attendance of 31 (up from 11 in 2017-18).

A new simplified payment structure was introduced enabling members to benefit by paying just £5.25 on a monthly direct debit. 69% of members now pay by direct debit.

Establish Advanced Teacher Status (ATS) as the career development gold standard in FE teaching and training

In 2018-19 there were 1,097 QTLS completions. 92% of practitioners reported that the professional formation process had a positive impact on their practice, up from 90% the previous year. 92% also reported a positive impact on their learners. There were 51 completions of ATS from the first two cohorts. The number of new applications for ATS during the year was lower than anticipated. A new strategy is in development for 2019-20 to raise the profile and take up of ATS further. This includes consideration of an alternative route through to ATS for experienced teachers who do not already hold QTLS and do not wish to complete QTLS. The strategy will focus on creating a professional pathway to ATS from the early career stage right through to the advanced practitioner. ATS holders will also become 'Chartered Teachers' through the arrangement we have with the Chartered College of Teaching. The first graduation ceremony for Chartered Teachers across the entire education sector took place in July 2019.

ATS means that I am recognised as an advanced practitioner in education locally and nationally. I have received a special recognition award through the college. I now engage with colleagues, managers and senior leaders in developing and improving teaching, learning and assessment. I would recommend ATS to anyone who is driven to have more impact and would like to continue their professional journey. It is an honour to be awarded ATS and it definitely builds up my professional confidence and resilience in working in the education and training sector.

Joyce Chen, ATS, Experienced Lecturer

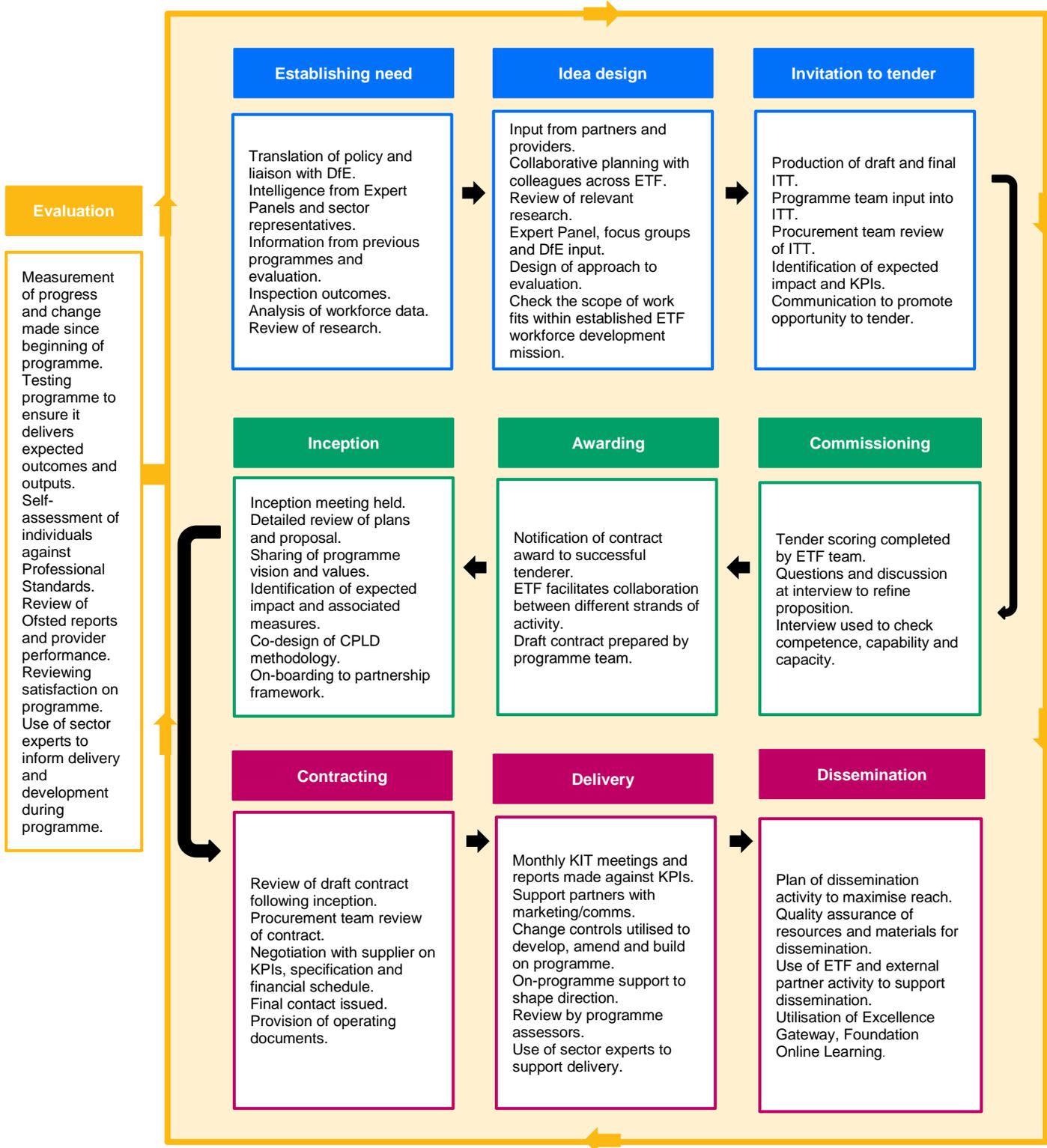
SET has an aspiration to grow toward 25,000 members in 2019-20, with 2,000 QTLS and over 50 ATS submissions.

3.3 Ways of working

Central to our role is to commission and deliver professional learning and development for teachers, leaders and trainers. We do this through commissioning a variety of partner organisations and associates who bring their specific experience, expertise and insight to the delivered programmes.

The ETF's procurement and contract management is designed to deliver value for money and high quality outputs and outcomes. Our professional development reflects a deep understanding of learning generally and of the FE sector, and is underpinned by evidence-based research. It requires partner organisations to prove that their work is accessible to all and encourages a more inclusive and diverse workforce. Equality, Diversity and Inclusion (EDI) is continually reviewed throughout our commissioning activities, through each of the stages outlined over.

Our funding comes principally from government grant, with an increasing proportion of additional income generated from other sources (e.g. contracts, grants from non-governmental organisations, charges for services, the Society for Education and Training (SET) membership and accreditation fees).



3.4 Organisational development

In late 2017, DfE conducted a review of the ETF. They considered five questions and in early 2018, they concluded the following:

- The FE profession does need a Government-funded body to help it raise its standards
- ETF deliver value and can swiftly adapt to changing needs, however, ETF's scope needs to be clearly defined, and delivery which focuses on college improvement would not be considered ETF's core remit
- Current arrangements by which Government facilitate FE profession improvements via ETF need review to encompass multi-year grants
- ETF is in a privileged position to facilitate an effective dialogue with both the sector and Government, not only translating Government priorities into practice, but also providing a feedback loop to help DfE understand how the sector is responding
- ETF can support the sector to drive up standards of teaching and leadership

DfE identified six key areas for ETF to focus on to lead to further improvements in delivery. These were:

- Clarity of mission and vision
- ETF governance
- Our contracting framework
- Our performance management approach
- Evaluation
- Staff skills and capability

These were collated into an agreed action plan which was subject to regular review over the course of the year. Alongside the DfE review, with staff we identified further areas of improvement, which were progressed through our organisational development change programme – SHAPE. The following outlines the organisational progress and achievements in 2018-19:

- A set of organisational values and shared behaviours.
- A seven-stage end-to-end journey for staff.
- A condensed set of policies/procedures and guides in line with HR good practice, including a new Wellbeing Guide, and personal development review form.
- A charter setting out how we work with our partners and a draft partnership framework that will be used by our delivery partners.
- A new expert start-and-finish group focused on impact.
- An independent review of our CRM/CMS which will inform our next steps and IT strategy.
- A balanced scorecard which monitors performance across the business.
- A reviewed income generation strategy.

Alongside the above, a number of initiatives were introduced for ETF staff in 2018-19, including: mentoring opportunities, mental health first aiders, ETF values awards and staff learning hours. The ETF also registered as a Disability Confident employer.

A key programme which began in 2018-19 is Transform, which will establish a set of integrated digital systems and business processes to meet the ETF's strategic needs, as set out in the Digital Strategy. It will be delivered through a series of projects between now and early 2021 and will include a new CRM and SET website. Ultimate oversight of the programme rests with the ETF Board, with more detailed review being conducted by the Finance & Resources Committee.

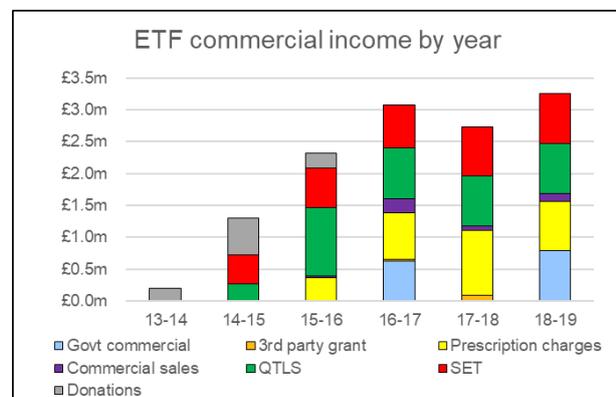
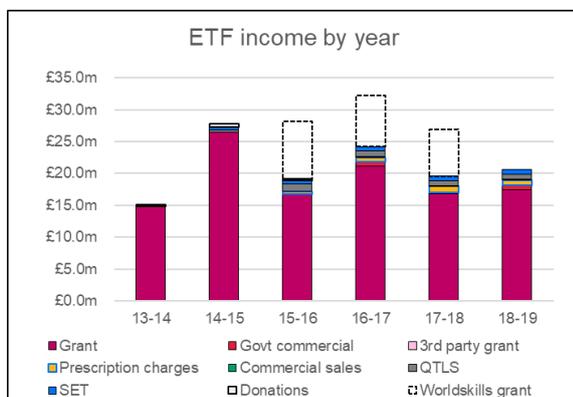
In 2017 we agreed the ETF values behaviours to which the organisation aspires. They encapsulate how we will work with our stakeholders, internally and externally. The values operate together as a set of mutually reinforcing behaviours which: i) maximise our prospects for creating a highly respected organisation; ii) have longevity in the public landscape; and iii) add value to the effectiveness of the FE system, ultimately contributing to social mobility and economic productivity. The values continue to guide us and they are:



3.5 Financial review

The ETF's total income from charitable activities in the year was £20.6m (2017-18 £26.8m). Income in 2017-18 included £7.3m direct grant to WorldSkills UK, which the DfE no longer award through the ETF. For comparison purposes, WorldSkills grant and costs have been excluded from all prior-year data in the rest of this section.

Income included £17.4m Government grant (2017-18: £16.7m), £0.8m from Government contracts (2017-18 nil), £1.6m membership and accreditation income (2017-18 £1.5m), and £0.8m other income from providers, practitioners and non-government grants (2017-18 £1.3m).



Since 2016-17, Government grant agreements have specified the proportion of the grant to be spent on specific programme areas. The trustees therefore consider that these grants should be classified as restricted funds.

Analysis of Government Grant

	2018-19	2017-18
Workforce development: Leaders, Chairs and Governance		
Improving the quality of management and leadership	£2.0m	£2.7m
Improving the quality of governance	£1.1m	£0.8m
Workforce development: Teacher and Trainer Development		
Supporting the quality of teaching basic skills	£5.8m	£5.0m
Supporting the quality of teaching and learning	£3.7m	£4.3m
Increasing awareness and supporting SEND	£0.7m	£0.7m

T Levels	£1.5m	-
Support for Government Agenda on Preventing Extremism	£0.2m	£0.4m
Sector recruitment		
Taking Teaching Further	£1.1m	-
Other projects (e.g. Further Forces)	£0.6m	£0.1m
Workforce Data and Research	£0.5m	£0.5m
Supporting Apprenticeship reform	-	£1.6m
Support for the Justice Sector	£0.2m	£0.6m
	£17.4m	£16.7m

Total expenditure during the year was £21.0m (2017-18 £20.7m). This resulted in an unrestricted surplus of £0.03m (2017-18 £0.5m) and a reduction in restricted funds of £0.1m (2017-18 reduction of £1.0m):

	2018-19	2017-18
Programme development	£18.7m	£18.7m
Research and data	£0.5m	£0.6m
Membership and accreditation	£1.8m	£1.4m
	£21.0m	£20.7m

Included within expenditure is £1.8m for staff directly engaged with the design, delivery, communication and quality assurance of programmes (2017-18 £1.3m), £0.7m for staff directly engaged with membership and accreditation (2017-18 £0.4m) and £2.8m for other staff and overhead (£2.8m).

Other staff and overhead costs represented 13.2% of the cost base and the proportion which related to Government was 12.7% of total grant spend. They fund critical support for our programmes including procurement, planning and senior management. The table below shows comparisons with the previous year (adjusted to exclude WorldSkills):

<u>Indirect cost as a percentage of total costs</u>	2018-19	2017-18 (adjusted)
Total	13.2%	13.6%
Government grant work	12.7%	13.7%

Since 2017-18, the grant agreement has specified the absolute amount which may be spent on indirect staff and overhead.

3.5.1 Reserves policy and going concern

Restricted reserves at the end of the year were £1.1m (2017-18 £1.2m). This represents funds which ETF has received which are to be used for specific purposes and which must be earmarked to be used in that way. These mostly arise where contracts require some payment in advance to be made.

Unrestricted reserves carried forward at the end of the year were £4.5m (2017-18 £4.4m). Unrestricted reserves are available for use in support of ETF's charitable purposes and primarily consist of the excess of income over grants and operating expenditure incurred during the year.

With some Government income moving from grant to contract and payment on arrears, the trustees consider that the unrestricted reserves required to cover fluctuations in working capital should be increased to £0.6m (£0.2m in 2017-18); and that £2.0m is required to facilitate an

orderly wind down of the ETF, should that be necessary at any stage. The remaining £1.9m will be used in future financial years to invest and deploy in pursuit of the ETF's charitable purposes. In 2018-19 unrestricted reserves have been used to continue to develop ATS and plans are in hand to make a strategic investment in systems and process.

The level of reserves carried forward and existing contract and grant agreements mean that the ETF is able to continue as a going concern and meet its liabilities as they fall due.

3.5.2 Investment policy

The ETF holds its funds with AAA-rated banks. Most is held in immediate access accounts. On behalf of the Board, the Audit & Performance (A&P) and Finance & Resources (F&R) Committees reviewed the investment position. The policy was last reviewed in 2016 and it was agreed that, given the maturity and funding cycle of the ETF, this remained an appropriate approach to take. The Board will continue to keep its investment policy under review to maximise the investment return consistent with the trustees' concern to ensure the security of its resources and minimise risk. The next scheduled policy review will take place in 2019-20.

3.5.3 Grant making

Under the DfE's Taking Teaching Further scheme, the ETF makes grants to providers to help fund innovative projects attracting ITE places into the sector and fostering collaboration and secondment with industry. All grant awards are approved by the DfE and they are subject to rigorous checks to ensure the money is being used in accordance with the UK Charity Commissioner's rule on public benefit.

3.6 Plans for 2019-20

In 2018-19 we pursued four strategic objectives:

- Setting and promoting high professional standards
- Supporting the FE sector to succeed through reform and change
- Leading professional development for teachers, trainers, leaders and governors
- Creating independent, impartial and comprehensive workforce data and research

Following a review in early 2019-20, our priorities were updated to:

Priority	Action
Grow: the sector's membership body, professional statuses and high-quality new entrants	Focusing on the career framework for teachers in the FE sector, supporting practitioners through our SET membership body and through making our QTLS and ATS professional statuses as accessible, yet high quality as possible to help with professional development.
Lead: enhance the sector's leadership capacity and capability	Building a seamless and integrated approach to the identification and development of leaders within the FE sector.
Inform: decision-makers with data, experience and insights	Providing insightful and meaningful reporting to actively inform ETF programme design and delivery, sector understanding, feedback loops to DfE and to form the basis of a new annual Public Benefit Report.
Develop: the workforce's capability to excel in teaching and training	Boosting the sector with support that aims to build capacity which includes training programmes, online CPLD, bespoke support, professional exchange networks, action research and advanced practitioner professional development.

Evolve: ETF to take new opportunities and respond to key challenges	Continuing to enhance our internal capability and capacity to meet our challenges and achieve our strategic aims.
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3.7 Governance

The ETF is a company limited by guarantee and a registered charity. The ETF was established in 2013 by three organisations: the Association of Colleges (AoC), the Association of Employment and Learning Providers (AELP) and the Association of Adult Education and Training Organisations (AAETO HOLEX). In March 2018, AELP resigned as a Member of ETF. AoC and HOLEX are the remaining Founding Members.

During 2018-19 the ETF Board and Founding Members engaged in a review of the Articles and governance more broadly. They aimed to address recent changes, including AELP's resignation, and also continue to ensure that the charity's governance remained fit for purpose, met statutory requirements, while also being sustainable, and providing flexibility, support and challenge. At the ETF AGM (1 March 2019) new Articles and a supporting 'Members – roles and responsibilities' schedule were adopted. The new Articles addressed AELP's resignation (March 2018) and the recommendations emanating from the DfE Review.

Actions in 2019-20, as a result of the Articles changes, include: expanding the ETF Member Group; implementing the trustee recruitment protocol; recruiting new trustees in line with the Board composition template illustration; reviewing and updating the management of trustee conflicts of interest; and reviewing the ETF's committee structure.

3.7.1 Trustee induction and training

New trustees meet with the Chair, CEO, COO and Company Secretary and are briefed on trustee responsibilities, the Articles, the ETF's strategy and business plans, its financial performance, and key risks. On appointment and each year trustees are asked to adopt a Code of Conduct and make a declaration of interests.

All trustees are offered the opportunity to observe and/or attend ETF events, as well as attend external training on various topics linked to trustee responsibilities. Board members attend a residential event, held annually, to consider ETF's operating environment, strategic priorities and opportunities. The most recent residential was held over 15-16 January 2019 at the University of Derby, where the Board developed its understanding of initial teacher education, joined members of the SET Management Board for a joint strategy session, and met with local providers, employers and policy makers.

3.7.2 Risk management

The Board has a risk management strategy that comprises:

- An annual review of the principal risks faced by the charity by the ETF Board.
- Bi-annual consideration by the A&P Committee of the operation of the risk management policy, along with scrutiny of the key strategic risks and their mitigating actions, making appropriate recommendations and reports to the Board where necessary.
- Regular consideration and update of the ETF's risk register by the Senior Management Team (SMT) at risk owners at the Quarterly Performance Board. All risks and planned actions are recorded in the risk register, assigned owners and overseen by SMT.

The Board recognises that the most significant and persistent risks to delivery of the ETF's charitable aims are stability and certainty of funding. In particular: failure to win DfE contracts; reduction in DfE grant; loss of confidence from the sector; and delivery failure.

In addressing this, action plans have been developed to ensure we:

- manage our relationships with stakeholders effectively
- properly address the real issues/needs of the sector
- design and deliver evidence-informed solutions to those issues/needs
- demonstrate our impact and effectiveness

Critical to this is managing the risk of not having correct resource in place:

- ensuring that we have the staff and associates we need
- ensuring we are not too dependent on a few delivery partners
- ensuring that we develop joined up systems and processes

These risks have been used to inform the key activities sitting within the 'Evolve' elements of our planning.

3.7.3 Pay policy

The Board considers the CEO, COO and Executive Directors to comprise the key management personnel of the charity in charge of directing and controlling, running and operating the charity on a day-to-day basis.

The Board has agreed a pay policy. The pay of staff is reviewed annually by the Board taking into account variables including: performance of the organisation; climate in the education and training, public and voluntary sectors; affordability for the ETF; attracting and retaining excellent staff; cost of living indices; and sector benchmarks. The Board has instructed that a Board Remuneration Committee be established in 2019-20. The purposes and terms of reference of the Committee are currently being developed.

3.8 Disclosure of Information to the Auditors

The Trustees who held office at the date of approval of this Trustees' Report confirm that, so far as they are each aware, there is no relevant audit information of which the ETF's auditors are unaware; and each Trustee has taken all the steps that he/she ought to have taken as a trustee to make himself/herself aware of any relevant audit information and to establish that the ETF's auditors are aware of that information.

The Report of the Trustees, which incorporates the requirements of the Strategic Report and the Directors' Report as set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, was approved by the Board, in their capacity as Trustees and company directors, and signed on its behalf on 14 November 2019 by:

Prof Peter Latchford OBE
Chair
14.11.19

David Russell
Chief Executive Officer
14.11.19

4. Statement of responsibilities of the Trustees of The Education and Training Foundation in respect of the Trustees' annual report and the financial statements

The trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity 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 charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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 charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

5. Independent auditor's report to the Members of The Education and Training Foundation

Opinion

We have audited the financial statements of The Education and Training Foundation ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2019 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charity Balance Sheets, the Consolidated Statement of Cash Flows 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* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2019 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements 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 related 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 Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Trustees' Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Report, incorporating the Strategic Report. The Trustees are responsible for the other information.

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 the 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, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

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

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

Responsibilities of Trustees

As explained more fully in the Statement of Responsibilities, 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 determines 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 Group's and the Parent 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 Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Education and Training Foundation (company number 08540597)

Trustees' Report and Financial Statements

for the year ended 31 March 2019

FINAL

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act 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 at the Financial Reporting Council's ("FRC's") website at:
<https://www.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. Our audit work has been undertaken so that we might state to the Charitable Company's members 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 and the Charitable Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

James Aston (Senior Statutory Auditor)
for and on behalf of BDO LLP, statutory auditor
55 Baker Street
London W1U 7EU

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

6. Consolidated statement of financial activities (including income and expenditure account)

for the year ended 31 March 2019

	Note	2018-19			2017-18		
		Un-restricted £'000	Restricted £'000	Total £'000	Un-Restricted £'000	Restricted £'000	Total £'000
Income:							
<i>Income from charitable activities:</i>							
Government grant	4	-	17,421	17,421	-	23,995	23,995
Professional development		1,650	-	1,650	1,187	86	1,273
Accreditation		781	-	781	772	-	772
Membership		794	-	794	755	-	755
		<u>3,225</u>	<u>17,421</u>	<u>20,646</u>	<u>2,714</u>	<u>24,081</u>	<u>26,795</u>
<i>Income from other trading activities:</i>							
Property rental		112	-	112	145	-	145
Other		82	-	82			-
Investment income	5	35	-	35	21	-	21
Total income		<u>3,454</u>	<u>17,421</u>	<u>20,875</u>	<u>2,880</u>	<u>24,081</u>	<u>26,961</u>
Expenditure:							
<i>Expenditure on charitable activities:</i>							
	6,7	(3,427)	(17,527)	(20,954)	(2,428)	(25,086)	(27,514)
Total expenditure		<u>(3,427)</u>	<u>(17,527)</u>	<u>(20,954)</u>	<u>(2,428)</u>	<u>(25,086)</u>	<u>(27,514)</u>
Net income and movement in funds for the year	8	27	(106)	(79)	452	(1,005)	(553)
Reconciliation of funds							
Total funds brought forward		4,442	1,199	5,641	3,990	2,204	6,194
Total funds carried forward	18, 19	<u>4,469</u>	<u>1,093</u>	<u>5,562</u>	<u>4,442</u>	<u>1,199</u>	<u>5,641</u>

The statement of financial activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

7. Consolidated and Parent Charity Balance Sheets

As at 31 March 2019

	Note	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Fixed assets					
Tangible assets	12	0	0	0	0
Investments	13	0	-	1	1
		<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Current assets					
Debtors	14	1,823	1,253	1,910	1,253
Cash at bank and in hand		10,843	12,869	10,611	12,869
		<u>12,666</u>	<u>14,122</u>	<u>12,521</u>	<u>14,122</u>
Liabilities					
Creditors: falling due within one year	15	(7,104)	(8,481)	(6,961)	(8,420)
Total assets less current liabilities		<u>5,562</u>	<u>5,641</u>	<u>5,560</u>	<u>5,702</u>
Net assets		<u>5,562</u>	<u>5,641</u>	<u>5,561</u>	<u>5,703</u>
Unrestricted income funds	18	4,469	4,442	4,468	4,504
Restricted income funds	19	1,093	1,199	1,093	1,199
Total funds	17	<u>5,562</u>	<u>5,641</u>	<u>5,561</u>	<u>5,703</u>

The Statement of Financial Activity for the charity alone has not been presented, as permitted by s408 of the Companies Act 2006. During the year ended 31 March 2019, the charity results showed a deficit of £142k (2017-18: £595k). The financial results of the charity are summarised in note 3.

The notes on pages 32 to 41 form part of these financial statements.

These financial statements were approved by the trustees on 14 November 2019 and were signed on their behalf by:

Prof Peter Latchford OBE
Chair

8. Consolidated statement of cash flows

for year ending 31 March 2019

	Note	Group 2018-19 £'000	Group 2017-18 £'000
Cash (used in)/provided by operating activities	22	(2,061)	157
Cash flows from investing activities			
Interest income		35	21
(Decrease)/increase in cash and cash equivalents in the year		(2,026)	178
Cash and cash equivalents at the beginning of the year		12,869	12,691
Total cash and cash equivalents at the end of the year		10,843	12,869

Notes to the accounts

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) Basis of preparation

The financial statements have been prepared on the basis of historical cost in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS102 (Charities SORP (FRS102)), the Charities Act 2011 and the Companies Act 2006.

b) Going concern

The accounts have been prepared on a going concern basis. The ETF will be able to meet its obligations in full for at least 12 months following the signing of these accounts. The Board has reviewed and approved the budget for 2019-20 including the reserves that will be available to support trading after that period.

c) Group financial statements

The financial statements consolidate the results of the charity and its wholly-owned subsidiary, ETF Services Ltd, on a line-by-line basis. A separate Statement of Financial Activities and income and expenditure Account for the charity has not been prepared because the ETF has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

d) Income

Income is recognised when the ETF has entitlement to the funds, any performance conditions have been met and it is probable that the income will be received.

Income from Government and other grants is recognised when the ETF has unconditional entitlement to the funds. Income is deferred and recognised as a liability when grants are received in advance of the period in which the donor has specified that the expenditure is to take place. Where specific instructions are received from the grant maker relating to the use of the funds for specific purpose, the amounts are accounted for within restricted income.

Income from membership subscriptions is recognised evenly over the period of membership. Income from registration onto accreditation schemes is recognised on receipt; income from submission of accreditation workbooks is recognised after evaluation has been completed.

e) Expenditure and liabilities

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

Direct costs include all costs relating directly to delivering charitable activities. Staff costs include staff delivering charitable services (allocated directly) and those providing back-office services (apportioned based on the costs directly allocated to each activity). Support costs include accommodation, depreciation, IT, stationery, general office expenses and governance. These are also apportioned in line with direct cost allocation.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

f) Fund accounting

Grants or donations received for specific projects are treated as restricted funds. Since April 2016, grant agreements with central government departments have been specific about how much of the grant is to be applied to each programme area. Since then these have been included within restricted funds.

Unrestricted funds are available for general use by the ETF or to meet possible shortfalls in revenue or unforeseen increases in expenditure.

g) Taxation

The charity meets the requirements as set out in Paragraph 1 Schedule 6 of the Finance Act 2012 as a charitable company for UK corporation tax purposes. As such it is potentially exempt from income tax in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the corporation tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively for charitable purposes.

The wholly-owned subsidiary, ETF Services Ltd, pays all of its profits to the charity under the gift aid scheme.

No tax charge has arisen in the year.

h) Fixed assets and depreciation

Individual fixed assets or groups of assets costing in excess of £5,000 are capitalised at cost and are depreciated over their estimated useful life on a straight line basis as follows:

Computer hardware	3 years
Computer software	3 years
Office equipment and furniture	5 years
Intangible fixed assets	3 years

A full year's depreciation is charged in the year an asset is commissioned, irrespective of the precise date during the year.

i) Operating leases

Rental costs arising under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

j) Financial instruments

The ETF only has financial assets and liabilities which qualify as basic financial instruments, initially recognised at transaction value and subsequently measured at their settlement value.

k) Pensions

The ETF operates three pension schemes: staff transferred under TUPE regulations from LSIS are entitled to belong to an Aviva defined-contribution scheme; staff who joined before October 2017 were offered ETF's defined-contribution scheme operated by Standard Life; and new employees join ETF's auto-enrolment defined-contribution scheme operated by Aviva.

ETF contributes 6% of the employee's pensionable salary into the Aviva/LSIS scheme. For 2018-19, employer's contributions of £13,257 (2017-18 £13,802) were paid to Aviva.

ETF contributes 6% of the employee's pensionable salary into the Standard Life scheme. For 2018-19, employer's contributions of £82,254 (2017-18 £91,162) were paid to Standard Life.

ETF contributes 6% of the employee's pensionable salary into the Aviva auto-enrolment scheme. For 2018-19, employer's contributions of £77,109 (2017-18 £19,775) were paid to Aviva.

Arrangements exist which, under certain circumstances, allow staff to sacrifice some of their remuneration in exchange for an equivalent increase in employer's pension contribution.

l) Staff termination costs

Statutory redundancy and ex-gratia payments being made to staff are recognised in the accounts when the decision about staff leaving has been made, it is likely that such payments will be required and the amount to be paid can be reliably assessed.

2. Legal status of the ETF

The ETF is a company limited by guarantee and a registered charity. It has no share capital. In the event of being wound up, the liability in respect of the guarantee is limited to £1,000 per member of the charity.

3. Financial performance of the charity

The consolidated statement of financial activities includes the results of the charity's wholly-owned subsidiary, ETF Services Ltd (company number 09511877), which operates the Society for Education and Training and provides administration in relation to ETF's accreditation services.

The summary financial performance of the charity alone is:

	2018-19			2017-18		
	Un-restricted £'000	Restricted £'000	Total £'000	Un-restricted £'000	Restricted £'000	Total £'000
Income:						
<i>Income from charitable activities:</i>						
Government grant	-	17,421	17,421	-	23,995	23,995
Government contract	786	-	786	1,187	86	1,273
Professional Development	864	-	864	-	-	-
Accreditation	781	-	781	772	-	772
Donation from subsidiary	19	-	19	-	-	-
Other income	20	-	20	20	-	20
	<u>2,470</u>	<u>17,421</u>	<u>19,891</u>	<u>1,979</u>	<u>24,081</u>	<u>26,060</u>
Property rental income	112	-	112	145	-	145
Seconded staff	27	-	27	-	-	-
Investment income	35	-	35	21	-	21
Total income	<u>2,644</u>	<u>17,421</u>	<u>20,065</u>	<u>2,145</u>	<u>24,081</u>	<u>26,226</u>

Expenditure:*Expenditure on charitable activities:*

	(2,680)	(17,527)	(20,207)	(1,735)	(25,086)	(26,821)
Total expenditure	(2,680)	(17,527)	(20,207)	(1,735)	(25,086)	(26,821)

Net income and movement in funds for the year

	(36)	(106)	(142)	410	(1,005)	(595)
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Reconciliation of funds:

Total funds brought forward

	4,504	1,199	5,703	4,094	2,204	6,298
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Total funds carried forward

	4,468	1,093	5,561	4,504	1,199	5,703
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4. Government Grant

The ETF received a Government grant of £17.191m in 2018-19 via the Department for Education (2017-18 £23.995m). £584k is still retained within restricted funds (2017-18 £928k) pending receipt of services to which the grant related and a further £292k represented savings achieved and will be repaid in 2019-20. Otherwise all conditions and contingencies attaching to the grant have been met in the year.

The ETF also received a grant of £0.23m from the Ministry of Justice (2017-18 nil). All contingencies attaching to this grant have been met.

5. Investment income

All the group's investment income of £35,334 (2017-18 £21,321) arises from money held in interest bearing deposit accounts.

6. Analysis of expenditure on charitable activities

	Partner cost & grants £'000	Direct staff cost £'000	Indirect staff cost £'000	Over- head cost £'000	2018-19 Total cost £'000	2017-18 Total cost £'000
Professional development	10,305	1,225	1,037	744	13,311	12,080
Sector development	4,328	401	448	117	5,294	6,562
Research and data	214	202		84	500	588
Skills shows and competitions	-	-	-	-	-	6,845
Membership and accreditation	842	665	-	342	1,849	1,439
	15,689	2,493	1,485	1,287	20,954	27,514

7. Grants awarded

Grants of £745k have been awarded to various providers as part of the Government's Taking Teaching Further Scheme (2017-18 nil)

Government has awarded grant directly to WorldSkills UK in 2018-19, and so ETF was no longer required to award grant to the organisation (2017-18 £6.845m).

8. Net income/(expenditure) for the year

This is stated after charging:

	2018-19 £'000	2017-18 £'000
Operating leases – property	237	243
Depreciation	-	2
Auditor's remuneration		
Audit fees	34	34
Other advice	3	6

9. Staff

The average monthly headcount was 65 staff (2017-18 55), and the average monthly number of full-time equivalent employees during the year was 60.7 (2017-18 50).

	2018-19 £'000	2017-18 £'000
Salaries and wages	2,996	2,442
Social security costs	321	272
Pension costs	173	120
Termination payments	29	85
	<u>3,519</u>	<u>2,919</u>

The number of employees whose emoluments fell within the following bands was:

	2018-19	2017-18
£60,000 - £69,999	4	5
£70,000 - £79,999	3	1
£90,000 - £99,999	-	1
£120,000 - £129,999	1	-
£140,000 - £149,999	1	-
£150,000 - £159,999	-	1

The trustees consider the key management personnel of the ETF to be the Chief Executive Officer, the Chief Operating Officer and the Executive Directors. In 2018-19 this comprised 5.1 FTE (2017-18 5.4 FTE).

The total cost of employing the key management personnel and the highest paid employee was as follows:

	<u>Key management personnel</u>		<u>Highest paid individual</u>	
	2018-19 £	2017-18 £	2018-19 £	2017-18 £
Salaries and wages	531,707	571,111	148,511	152,151
Social security costs	67,079	70,168	19,332	19,665
Pension costs	34,920	28,628	13,542	7,407
	<u>633,706</u>	<u>669,907</u>	<u>181,385</u>	<u>179,223</u>

10. Trustees' remuneration and expenses

	2018-19 £	2017-18 £
Trustee's remuneration:		
S R Freer	8,000	7,883
P Mullins	20,000	20,000
Reimbursement of all trustees' expenses	5,345	7,150
	33,345	35,033

The Articles of Association, as agreed with the Charity Commission, permit remuneration of up to three independent trustees who manage significant and complex activities on behalf of ETF, requiring significant amounts of time. The Chair (P Mullins) and the Chair of the A&P Committee (S Freer) are contracted and remunerated. No pension contributions are made on their behalf.

No other trustee received any remuneration or received any other benefit from ETF.

Travel and accommodation expenses were reimbursed to 10 trustees during the year (2017-18 9 trustees).

11. Related party transactions

The Association of Colleges (AoC) and the Association of Adult Education and Training Organisations (AAETO HOLEX) were the Members of the ETF throughout 2018-19 and are considered to be related parties by virtue of their rights, under the Articles of Association, to be consulted about the appointment of Board members.

In addition, a number of trustees and executive directors were employed by or held unremunerated positions in a variety of organisations, which are also considered to be related parties. The Board considers this to be appropriate and requires that trustees comply with its conflicts of interest policy.

The ETF has entered into arms-length contractual arrangements with the following organisations which fall within the definition of related parties under FRS102.

The Board has no involvement in any of the ETF's processes for assessing tenders. Similarly, no potentially conflicted trustees take part in supplier performance reviews when the supplier is a related party.

	2018-19 spend £'000	2017-18 spend £'000	Mar 2019 balance £'000
Activate Learning	-	2	-
AoC - ACER	445	n/a	117
Association of Adult Education and Training Organisations (AAETO/HOLEX)	1	11	-
Association of Colleges (AoC)	1,087	1,719	575
Association of South-East Colleges	25	-	-
AoC Regional Office - East Midlands (EMFEC)	n/a	281	-
AoC Create Limited	563	85	216
Association of Employment and Learning Providers (AELP)	n/a	1,314	-

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Sussex Downs College	-	2	-
Third Sector National Learning Alliance	20	61	10
University of Derby	103	193	103
Women's Leadership Network	25	44	
	<u>2,269</u>	<u>3,712</u>	<u>1,021</u>

12. Tangible assets – group and charity

	Computer Software £'000	Computer Hardware £'000	Total £'000
Cost			
As at 1 April 2018 and 31 March 2019	<u>87</u>	<u>83</u>	<u>170</u>
Depreciation			
As at 1 April 2018 and 31 March 2019	87	83	170
Net book value			
As at 31 March 2019	0	0	0
As at 1 April 2018	0	0	0

13. Investments – charity

The charity holds the entire allotted share capital of £1,000 in its wholly-owned subsidiary, ETF Services Ltd, which is incorporated in the United Kingdom. The shares are called-up and fully-paid. The activities and results of this company are summarised in note 21. A copy of the directors' report and financial statements of ETF Services Ltd can be obtained from the Company Secretary at 157-197 Buckingham Palace Road, London, SW1W 9SP.

14. Debtors

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Trade debtors	154	265	154	265
Prepayments	625	967	625	967
Accrued income	1,016	-	1,016	-
Amount owed by subsidiary company	-	-	69	-
Accrued donation by subsidiary company	-	-	19	-
Other debtors	28	21	27	21
	<u>1,823</u>	<u>1,253</u>	<u>1,910</u>	<u>1,253</u>

15. Creditors: amounts falling due within one year

	Group 2019 £'000	Group 2018 £'000	Charity 2019 £'000	Charity 2018 £'000
Trade creditors	3,964	6,691	3,943	6,643
Grants payable	426	-	426	-

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Amounts owed to subsidiary undertaking	-	-	-	230
Accruals	1,855	1,016	1,848	1,005
Deferred income	581	541	497	359
Taxation and social security	145	144	114	94
Other creditors	133	89	133	89
	<u>7,104</u>	<u>8,481</u>	<u>6,961</u>	<u>8,420</u>

16. Deferred income

Deferred income comprises the SET membership fees in respect of 2018-19 invoiced before 31 March 2019; workbook submission fees received for QTLS accreditation applications which had not been assessed by year-end; and course attendance fees invoiced which relate to courses which were due to take place on or after 1 April 2019.

	Group £'000	Charity £'000
Balance at 1 April 2018	541	359
Amount released to income earned from charitable activities	(541)	(359)
Amount deferred in year	<u>581</u>	<u>497</u>
Balance at 31 March 2019	<u>581</u>	<u>497</u>

17. Analysis of group net assets in funds

	Inrestricted £'000	Restricted £'000	Total £'000
Cash in bank and in hand	10,564	279	10,843
Other net current (liabilities)	(6,095)	814	(5,281)
	<u>4,469</u>	<u>1,093</u>	<u>5,562</u>

18. Analysis of movements in unrestricted funds

	Funds at start of year £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Funds at end of year £'000
2018-19					
Society for Education and Training	-	794	(713)	(62)	19
Designated funds	4,200	-	(54)	(296)	3,850
General fund	242	2,660	(2,660)	358	600
Total	<u>4,442</u>	<u>3,454</u>	<u>(3,427)</u>	<u>-</u>	<u>4,469</u>
2017-18					
Society for Education and Training	-	755	(713)	(42)	-
Designated funds	3,750	-	(126)	576	4,200
General fund	240	2,125	(1,589)	(534)	242
Total	<u>3,990</u>	<u>2,880</u>	<u>(2,428)</u>	<u>-</u>	<u>4,442</u>

The trustees have agreed that any reserves generated by the Society for Education and Training will be used for the benefit of SET's members. The surplus generated in ETF

Services Limited in 2018-19 has offset the cumulative deficit of £61k, allowing £19k to be donated to the charity.

There are two 'designated funds'

- £2.00m which represents the cost of facilitating an orderly wind down of the ETF, should it be necessary;
- £1.85m strategic reserve, which has been generated through commercial activity and donations received. The fund will be used for programmes to enable the ETF to invest and manage change in an orderly and professional manner, as it becomes less reliant on government grants. £54k was used to complete the initial development of ATS. The trustees have agreed in principle to release funds from this reserve for a strategic IT transformation programme, expert bidding staff for expected tenders and to continue establishing ATS.

The General fund has been increased to reflect a need for working capital as Government grant (paid in advance) is partly replaced by contracts (paid in arrears).

19. Analysis of movements in restricted funds

	Funds at start of year £'00	Incoming resources £'000	Resources expended £'000	Transfers £'000	Funds at end of year £'000
2018-19					
DfE grant	928	17,191	(17,243)	-	876
MoJ grant	-	230	(230)	-	-
BIS winter grant	217	-	-	-	217
Matched funding	54	-	(54)	-	-
Total	1,199	17,421	(17,527)	-	1,093
2017-18					
DfE grant	296	23,995	(23,363)	-	928
BIS winter grant	1,908	-	(1,691)	-	217
Matched funding	-	86	(32)	-	54
Total	2,204	24,081	(25,086)	-	1,199

Since April 2016, grants received from central government have been specific about how the grant is to be spent in each programme area, requiring them to be treated as restricted funds.

£584k from the 2018-19 DfE grant, primarily for leadership development programmes, had to be paid in full but has been accounted for as a prepayment to reflect the timing of delivery. The remainder of the £876k balance represents savings which have been achieved and which Government may require to be repaid.

Set for Success, one of the Winter Addendum programmes involves 2-year teacher training; the £217k balance reflects fully-committed cost to the end of that programme.

20. Lease commitments

ETF and the charity had the following lease commitments as at 31 March 2019:

	2019 £'000	2018 £'000
Operating lease – property rental		
Payments due within one year	237	243

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Payments in 2-5 years	316	580
	<u>553</u>	<u>823</u>

21. Subsidiary company

ETF Services Limited (ETFS) is a wholly-owned subsidiary of the charity, which operates SET. ETFS also provides administration and customer service on behalf of the charity for its QTLS accreditation.

The summary financial performance of the subsidiary alone is:

	2018-19 £'000	2017-18 £'000
Turnover		
Membership subscriptions	794	755
Provision of administration services	270	270
	<u>1,064</u>	<u>1,025</u>
Other income	55	-
	<u>1,119</u>	<u>1,025</u>
Cost of sales and administration cost	(1,038)	(983)
Excess of income over expenditure	<u>81</u>	<u>42</u>
Gift aid donation to parent charity	(19)	
Retained profit/(loss)	<u>62</u>	<u>42</u>
The assets and liabilities of the subsidiary were:		
Current assets	232	229
Current liabilities	(231)	(290)
	<u>1</u>	<u>(61)</u>
Aggregate share capital and reserves	<u>1</u>	<u>(61)</u>

22. Reconciliation of net movement in funds to net cash flow from operating activities

	Group 2018-19 £'000	Group 2017-18 £'000
Net movement in funds	(79)	(553)
Add back depreciation charge	-	2
Deduct interest received	(35)	(21)
(Increase)/decrease in debtors	(570)	473
(Decrease)/increase in creditors	(1,377)	256
Net cash (used in)/provided by operating activities	<u>(2,061)</u>	<u>157</u>

10. ANNEX 1

Acronyms

AAETO HOLEX	Association of Adult Education and Training Organisations
ARPCE	Association for Research in Post Compulsory Education
ATS	Advanced Teacher Status
AoC	Association of Colleges
AELP	Association of Employment and Learning Providers
A&P	Audit & Performance (Committee)
BERA	British Education Research Association
BAME	Black, Asian and Minority Ethnic
CCT	Chartered College of Teaching
CEO	Chief Executive Officer
CFO	Chief Finance Officer
COO	Chief Operating Officer
CPLD	Continued Professional and Learning Development
CMS	Content Management System
CRM	Customer Relationship Management
DET	Diploma in Education and Training
DfE	Department for Education
DTPF	Digital Teaching Professional Framework
EEF	Education Endowment Foundation
ESFA	Education and Skills Funding Agency
ETF	The Education and Training Foundation
ETFS	ETF Services Ltd
EDI	Equality, Diversity and Inclusion
ESOL	English to Speakers of Other Languages
F&R	Finance & Resources (Committee)
FD	Finance Director
FTE	Full Time Equivalent
FE	Further Education
GAAP	Generally Accepted Accounting Principles
HMPPS	Her Majesty's Prison and Probation Service
HR	Human Resources
ICT	Information and Communication Technologies
ITE	Initial Teacher Education
ITT	Initial Teacher Training
KIT	Keep In Touch
KPI	Key Performance Indicator
LSRN	Learning and Skills Research Network
OTLA	Outstanding Teaching Learning and Assessment
PCSPS	Principle Civil Service Pension Scheme
QTLS	Qualified Teacher Learning and Skills
RSL	Regional Specialist Lead
SMT	Senior Management Team
SET	Society for Education and Training
SEND	Special Educational Needs and Disabilities
SIR	Staff Individualised Record
TVET	Technical and Vocational Education and Training
TSNLA	Third Sector National Learning Alliance

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TNA	Training Needs Analysis
WLN	Women's Leadership Network

11. ANNEX 2

Grant addenda 2018-19

23.04.18	Up to £24k for the Flexible Learning Fund
18.06.18	Up to £1.9m for the Taking Teaching Further programme
15.08.18	Up to £77.5k for extending the Prevent programme
6.09.18	FE Strategic Leadership Programme (no additional funding)
30.10.18	Up to £1.45m for the T Level Professional Development programme
5.11.18	Up to £125k to support ESOL and Functional Skills
15.11.18	Up to £796k for the new Governance Development Programme
20.02.19	Up to £25k for the Opportunity Areas regional Training Needs Analysis and up to £75k for the Opportunity Areas FE Middle Management Programme

Copies of the Grant letter(s) and addenda are available on the ETF website (<https://www.etf-foundation.co.uk/governance/our-funding/>)