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 2020

CONTENTS

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	13 December 2019	
Mr S R Freer (Senior Independent Director)	1 August 2013	8 December 2016	13 December 2019*
Mr J Graham	27 March 2019		
Prof P Latchford OBE (Chair)	23 October 2019		
Dr N Leigh OBE	1 July 2016	1 March 2019	13 December 2019
Mr A McConnell OBE	22 July 2019		
Mr P Mullins OBE (Chair)	5 December 2013	7 July 2016	23 October 2019*
Ms R Musson (Audit Chair)	13 December 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 D Williams	18 November 2016	1 March 2019	21 May 2020

*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

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). You can find more information about ETF's Public Benefit and Impact on the website: https://www.et-foundation.co.uk/governance/documents/.

2. 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 2020 ("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).

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).

2.1 Purposes and activities

The ETF is the expert body for professional development and standards in 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.

Our role is to commission and deliver Continuous Professional Development (CPD) 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.

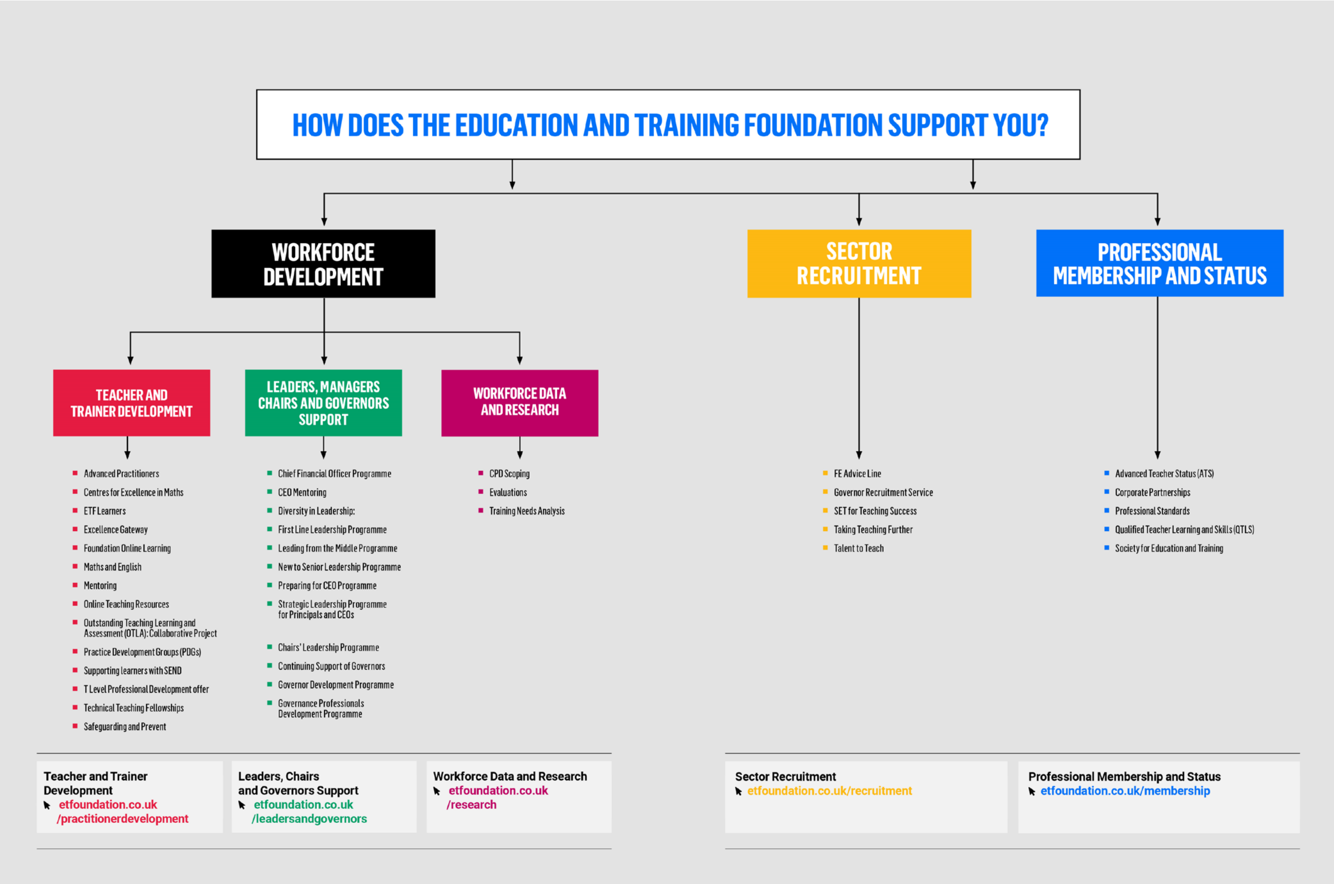
We support the continuing transformation of our country's technical and vocational education system by ensuring the sector has world-class teachers, trainers, assessors and leaders. This leads to ever-improving learner outcomes, a better skilled workforce and a stronger economy, country and society. The ETF believes that the key to improving education and training is to 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 of the sector
- FE as a career of choice for ambitious professionals who want to make a difference.

Since 2013, the ETF has secured significant public investment in the FE workforce. It has worked in partnership with its Founding Members (the Association of Colleges (AoC) and the Association of Adult Education and Training Organisations (AAETO-HOLEX)) and Member organisations (Natspec; National Union of Students (NUS); and the Trades Union Congress TUC)), a wide range of bodies and experts to deliver support and development programmes.

We support the sector with a considered, evidence-based and inclusive approach to CPD. This is underpinned by the sector's Professional Standards, developed under our leadership. In developing our programmes, we work in partnership with circa 20,000 Society for Education and Training (SET) members, expert panels, employers, key sector bodies, and trade unions, as well as a range of government departments, including the Department for Education (DfE).

An overview of our activity is shown below:



2.2 Overview of our achievements

2019-20 has been a successful year for ETF. The tables below set out an overview of the strategic and operational priorities at the beginning of the year and what we achieved against these areas. In addition, throughout this report (and in section 2.3 in particular), detail is provided regarding how the ETF responded to the Covid-19 pandemic at the end of 2019-20 and into 2020-21.

2.2.1 Achievements against our strategic objectives (GLIDE):

Priority	Plans for 2019-20	Achievements in 2019-20
Grow: the sector's membership body (number of members), professional statuses and high-quality new entrants.	To focus 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.	There was a positive continued growth of SET. A high quality and well received second conference for practitioners cemented SET's role in helping to continue to enhance the professionalism of those teaching and training in the sector. There was a good increase in QTLS take up and development plans are underway to increase applications in ATS in 2020-21.

Lead: enhance the sector's leadership capacity and capability.	To build a seamless and integrated approach to the identification and development of leaders within the FE sector.	A wider offer of support has been delivered with our leadership programmes at Oxford Said Business School (OSBS) which continues to be the 'must-have' development for leaders in the sector.
Inform: decision-makers with data, experience and insights.	To provide insightful and meaningful reporting to actively inform ETF programme design and delivery alongside improving sector understanding and ensure high quality feedback is given to the DfE. This would also form the basis of an annual Public Benefit Report.	The production of ETF Public Benefit Report with key insights shared with DfE and the sector. The production of the ETF's updated effective CPD principles have been shared.
Develop: the workforce's capability to excel in teaching and training.	To boost the sector with support that aims to build capacity. This includes training programmes, online CPD, bespoke support, Professional Exchange Networks, action research and advanced practitioner professional development.	The ETF has delivered very successful initial support for T Levels through the grant-funded T Level Professional Development support programme. Focus and activity increased significantly on our EdTech and online offer for the sector in the latter part of the year. Ongoing support across a range of areas of CPD has also been successfully delivered.
Evolve: ETF to take new opportunities and respond to key challenges.	To continue to enhance our internal capability and capacity to meet our challenges and achieve our strategic aims.	Improvements have continued to be made to our operating model and our organisational structure to achieve One ETF (see detail on this below).

In the following table we outline our operational priorities over 2019-20 and provide some of the highlights.

Area		Priority	Highlights
Workforce Development	Teacher and Trainer Development	To support the sector to be ready to deliver T Levels.	The ETF commissioned, developed and launched a range of resources and provision across five strands: i) an ongoing needs analysis with the first providers to deliver; ii) supporting staff to understand T Levels and the implications for their roles; iii) development for technical teachers; iv) networks and knowledge hubs; and v) support for middle managers and governors. Target numbers have been exceeded and feedback from participants indicates it has helped improve understanding and confidence to deliver T Levels.
		To support high quality, impactful Continued Professional Development for teachers and trainers	This was delivered through a wide range of programmes (including Outstanding Teaching, Learning and Assessment, Professional Exchange Networks, Study Programmes, Teach Too). There was an increased emphasis on gathering a range of key data to drive change and improvement across the ETF and the sector.
		To equip teachers and trainers with the most effective support across maths and English	A wide range of support was provided through grant and contracted-funded programmes including: Regional Specialist Leads, who helped increase collaboration through network opportunities; Shaping Success, which improved ability to engage and motivate students and stronger understanding

			of the curriculum; effective practice for practitioners delivering English to Speakers of Other Languages (ESOL); and Centres for Excellence in Maths, which aims to introduce a step change in maths teaching at Level 2 and increase the evidence base of ‘what works’.
		To provide training to help the sector support SEND learners	The ETF developed three Centres for Excellence in SEND to provide expert support for the workforce to put SEND learners at the centre of their organisation. Further support for teachers of SEND learners was provided through face-to-face and online platforms.
		To 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; support for organisational culture change; and mentoring for BAME staff.
		To support the sector in harnessing new technologies to maximise outcomes	The ETF’s EdTech Strategy was implemented and underpinned by the Digital Teaching Professional Framework. The Enhance platform was expanded, with free online modules to improve practice through technology. The platform was recognised with an EdTech50 2020 award. Continued support was also provided through Foundation Online Learning and Excellence Gateway (containing over 7,500 resources).
		To provide training and support on the Prevent duty	Increased enrolments were achieved on online governor and teacher support modules and the Side by Side learner modules.
	Leaders, Managers, Chairs and Governors’ Support	To develop top leaders – CEOs, CFOs, and aspiring CEOs	The Leadership Excellence Framework was developed and will be tested in 2020-21. Current and aspiring CEOs/Principals completed a bespoke ETF programme at Oxford Saïd Business School (OSBS), with outstanding feedback and extremely positive external evaluation.
		To develop a strong pipeline of talent to senior leadership roles through Middle Management support	This suite of courses included a specific programme for middle managers in the Adult and Community Learning sector.
		To support the development for Chairs and Governors	The ETF delivered the Chairs’ Leadership Programme (with OSBS), with very positive initial feedback. In addition, there was a pilot of 18 online modules for governors, with a further nine modules being rolled out in 2020-21.
	Workforce Data and Research	To support collaboration, evidence-based research and sharing learning amongst the FE practitioner community to improve the quality of teaching and training	The ETF continued to produce independent, impartial and comprehensive workforce data and research. The Staff Individualised Record (SIR) continued to be the leading source of FE workforce data for the ETF, sector and Government. Practitioner research continued, which includes the planning for an international conference.

Sector Recruitment	To recruit expertise and talent to the FE workforce	Through various initiatives including: FE Advice; Talent to Teach, which provides opportunities for undergraduate students to experience teaching in FE; SET for Teaching Success which supports new technical teachers; and recruitment and support for new teachers from industry (Taking Teaching Further and Further Forces), which creates a strong pipeline of technical experts into hard to fill teaching roles.
Professional Membership and Status	To grow the Society for Education & Training (SET)	SET membership grew by around 6% to circa 20k. SET held its second annual conference in November 2019, and again achieved outstanding feedback.
	To establish Advanced Teacher Status (ATS) as the career development gold standard in FE teaching and training	The ETF continued to build profile of ATS through a new strategy focused on creating a professional pathway from early career through to ATS. Changes are being introduced to widen the eligibility for ATS in 2020-21.

The above table provides a summary view of the various activities and achievements of the ETF during 2019-2020. For further detail regarding our impact and public benefit, please refer to the corresponding reports available on the ETF website (https://www.et-foundation.co.uk/governance/documents/).

2.3 Organisational development

SHAPE
The Board and Senior Management Team consider continuing organisational and professional development to be vital to the success at the ETF. This development is placed under "SHAPE" which is the ETF's organisational development change programme consisting of strategic and cross cutting projects. It is recognised that with a growing and more regionally based organisation, all employees must continue to share the same values and ways of working. This sits alongside using and creating common operating systems, policies and procedures. The purpose is to ensure the organisation operates internally as "One ETF" and is recognised externally as "One ETF". This is achieved through operating in the most efficient and effective way possible to maximise the impact ETF can have, and ensuring the sector recognises the full range of support the ETF offers.

Key achievements in 2019-20 include:
1. Further developed leadership and management organisational frameworks and policies, addressing how we attract and retain talent and continue to improve staff engagement.
2. We looked at how we can embed sustainability into our internal and external operations.
3. Worked with the mental health charity, MIND, to introduce initiatives and training opportunities for mental health and wellbeing, including benchmarking ETF's practice as an employer.

We engage staff in SHAPE and identify opportunities for organisational improvements through a number of different mechanisms, such as staff surveys and staff away days. We also:
- Considered SHAPE when setting business priorities each year
- Used a formal internal communications strategy
- Introduced Wellbeing Champions and have four registered Mental Health First Aiders.
- Invited staff representatives to contribute to all of the SHAPE groups and staff forums.
- Continued our values awards to recognise staff.

- Designed our new office space with staff, and introduced new initiatives, such as a Wellbeing Wall, to create a collegiate and welcoming office environment.

In addition, a key programme which began in 2018-19 is Transform, which establishes a set of integrated digital systems and business processes to meet the ETF's strategic needs. It is being delivered through a series of projects until early 2021, including a new CRM and SET website. Ultimate oversight of the programme rests with the ETF Board.

In February 2020, the DfE announced it was commissioning the ETF to continue to deliver a T Level Professional Development (TLPD) programme from April 2020 until 2024. The continuing aim of TLPD is to ensure that organisations are equipped to teach T Levels to a high standard. Thus, the technical education workforce has the teaching skills, subject knowledge and confidence to deliver a high-quality T Level. The programme is shaped around the needs of the workforce, alongside relevant regional, employer and curriculum requirements.

TLPD has wide-ranging implications for the ETF, and a number of the organisational development changes detailed are implemented to prepare the business for this new activity.

<u>ETF's response to Covid-19</u>
As a result of the Covid-19 pandemic and UK Government advice, the ETF's physical office was closed on 19 March 2020. In the run up to the office closure, the ETF's Business Continuity Plan was enacted and was escalated to Incident Response through March and April 2020. From 19 March 2020, all staff were tasked to work from home; this was quickly and successfully introduced across the business. No ETF staff were furloughed. The CEO and Governance Director held weekly calls with the Chair and Audit Chair throughout the Incident Response period to ensure that the Board kept oversight of the charity's response to the pandemic.

One of our first responses to the UK lockdown was to review and, where possible, move our support for the FE and training workforce online. In most cases it was possible to do so (with the main exception being the OSBS delivered leadership programmes). We also created a campaign called #ETFSupportsFE which showcased the support that the ETF provided during this period. A range of bespoke webinars were also commissioned to support the sector. In our planning for delivery across 2020-21 we have considered the new priorities and challenges being faced by the sector, the impact on the workforce, and how our support can be best tailored to meet these new needs. We have been in close contact through this period with the DfE; our relationship continues to be positive and secure, as does our grant and contract funding.

Following preparations to establish a 'Covid-secure' workplace, on 15 June 2020 the ETF office was partially reopened to allow staff to come into the office to work where the following criteria were met:

1. The activities to be done met the ETF definition of being essential to be undertaken in the office (determined by SMT);
2. The staff member was happy to come into the office; and
3. The ETF continued to apply Government guidance and advice.

A Covid-19 office risk assessment has been drawn-up and published on the ETF website.

Through the period of home working, a package of support (through SHAPE) was put in place for ETF staff which provided tips, resources and ideas to support wellbeing and mental health, including:

- A video pal scheme to help to keep staff in touch across the business

- Practical tips for working from home and an acts of kindness initiative
- Internal social media pages to boost staff morale and engagement
- Mindfulness sessions

2.4 Financial review

The ETF's total income from its charitable activities in the year was £29.7m (2018-19: £20.6m) and £0.2m from trading activities (2018-19: £0.2m), a total of £29.9m. Income included, amongst others:

- £22.8m from Government grant (2018-19: £17.4m)
- £4.4m from Government contract (2018-19: £0.8m)
- £1.5m from membership and accreditation income (2018-19: £1.6m) and
- £1.0m from providers, practitioners and non-government grants (2018-19: £0.8m).

The ETF's total expenditure for the year was £27.9m and included:

- £25.6m for Programme & Development (2018-19: £18.7m)
- £0.5m for Research & Data (2018-19: £0.5m)
- £1.8m for Membership & Accreditation (2018-19: £1.8m)

This resulted in a surplus for the year of £1.99m, made up of an unrestricted surplus of £2.66m and a restricted deficit of (£0.67m), mainly arising from the use of brought-forward balances.

A breakdown of Government grant income of £22.8m for the year is shown below:

Analysis of Government Grants (£m)	**2019-20**	**2018-19**
Leaders, Chairs and Governance Development		
- Management & Leadership	2.0	2.0
- Governance	1.1	1.1
Teacher & Trainer Development		
- Basic Skills & Learning	7.5	9.5
- SEND	1.2	0.7
- T-Levels	6.6	1.5
- Other	0.1	0.2
Sector Recruitment		
- Taking Teaching Further	3.2	1.1
- Other	0.5	0.6
Other grant areas	0.6	0.7
Total Government Grants	**22.8**	**17.4**

Section 162A of the Charities Act 2011 requires charities to make certain statements in their annual report in relation to their fundraising activities. The charity did not undertake any fundraising activities for the purposes of that section in the financial year and, accordingly, the Trustees confirm that:

- There were no activities carried out by a commercial participator or professional fundraiser in the period;

- Neither the charity nor any person acting on behalf of the Charity were subject to any undertaking to be bound by any voluntary scheme for regulating fundraising in the financial year
- The Charity did not monitor any fundraising activities carried out by any person on behalf of the Charity; and
- There were no complaints received by the Charity or person acting on behalf of the Charity for the purpose of fundraising.

2.4.1 Reserves policy and going concern
Restricted reserves at the end of the year were £0.4m (2018-19: £1.1m). This represents funds that ETF has received, and which are to be used and earmarked for specific purposes. These mostly arise where contracts require some payment in advance to be made.

Unrestricted reserves carried forward at the end of the year were £7.1m (2018-19: £4.5m). 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 unrestricted reserves required to cover fluctuations in working capital is kept at £0.6m (same as prior year). A further £2.5m is earmarked for an orderly wind down of the ETF, should that be necessary at any stage. The remaining £1.3m will be used in future financial years to invest and deploy in pursuit of the ETF's charitable purposes, including improvement to digital and IT resources.

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

2.4.2 Investment policy
The ETF holds its funds with AAA-rated banks. Most are held in immediate access accounts. In July 2020, the Board approved and introduced a new Treasury and Investment Policy, which outlines the level of reserves to be held by the ETF and the investment allowed, both in terms of liquidity and business development. 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.

2.4.3 Grant making
Under the DfE's Taking Teaching Further scheme, the ETF makes grants to providers to help fund innovative projects attracting 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 Commission's rule on public benefit.

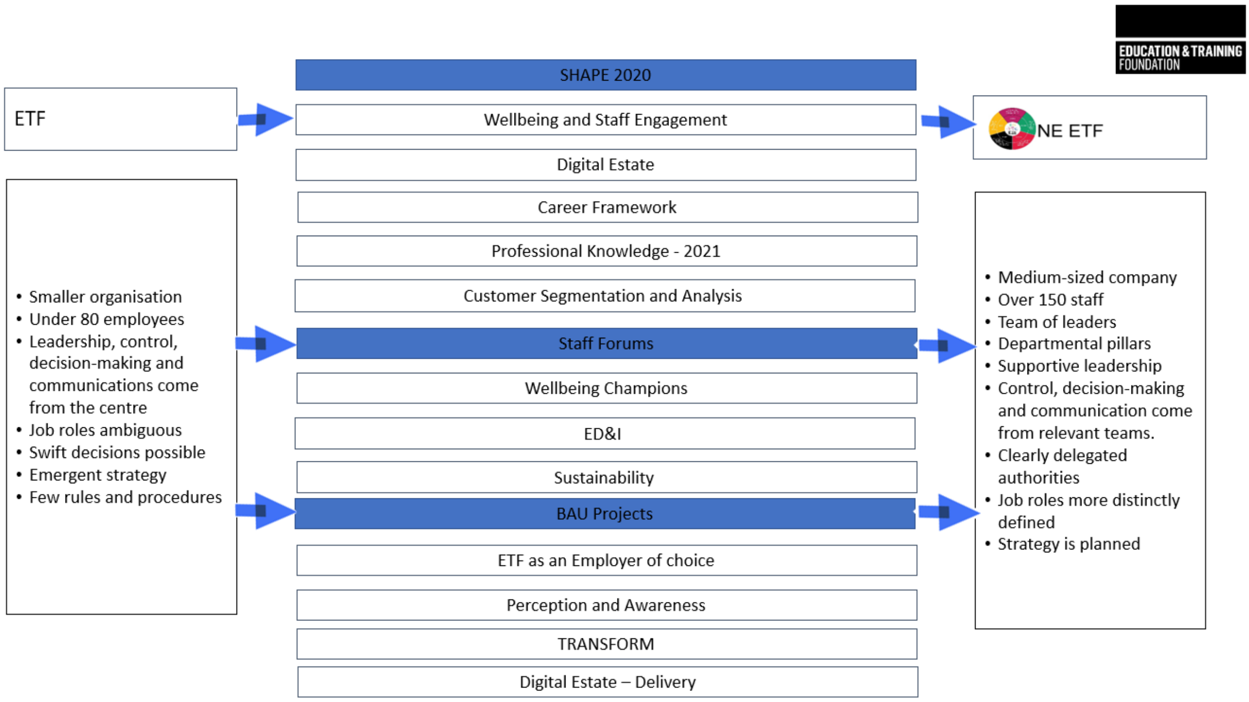
2.5 Plans for 2020-21

We are in the process of confirming our long-term strategic objectives, which will be centred around the GLIDE principles:

- Grow: the capacity of the sector
- Lead: the sector's own development activities
- Influence: the system's priorities, thinking and behaviour

- Develop: the capability of the sector
- Evolve: the ETF to continuously adapt and thrive

A key focus for 2020-21 is One ETF, as described earlier in this report.



One ETF is about operating in the most efficient and effective way possible to maximise the impact ETF can have. Part of this work is about internal join up and coordination which involves changes in our ways of working. This has been enabled because of a change to our organisational structure during the last year which has introduced essential new teams and reshaped how we manage design, development and delivery.

We have introduced a more robust procurement function, a new quality assurance team, a new regional team of facilitators and managers who will work directly across England with providers and partners, and a new CPD team who will lead on training the trainers to deliver, initially, the T Level Professional Development Programme.

We have introduced a team with national expertise (largely made up of our previous heads of programmes) who sit in the Design and Development Directorate. We then have a team of performance managers who sit in the Delivery Directorate (alongside the regional, quality, and CPD teams) and are accountable for overseeing and supporting the performance of our delivery partners.

We have also introduced more direct delivery by the ETF through regional teams, and also through our marketing and communications function, which will be accountable for all collateral, marketing and communications activity for the new TLPD contract.

In addition, key focus areas for our organisational development (SHAPE 2020) include the following:

- Wellbeing and staff engagement
- Digital Estate

- Career Framework
- Sustainability
- Equality, Diversity and Inclusion

Finally, in February 2020, the DfE announced the commissioning of TLPD from April 2020. Through the end of 2019-20 and into 2020-21 the ETF will build up its operations and begin delivering the first year of the contract.

2.6 Governance

The ETF is a company limited by guarantee and a registered charity. The ETF was established in 2013. It currently has two Founding Members (AoC and HOLEX). The Association of Employment and Learning Providers (AELP) was previously a Founding Member organisation but resigned in March 2018.

During 2018-19 the ETF Board and Founding Members engaged in a review of the Articles and governance more broadly. At the ETF AGM (1 March 2019) new Articles and a supporting 'Members – roles and responsibilities' schedule were adopted. Following the Articles changes, the following actions have been completed in 2019-20: expanded the ETF Member Group (appointing NUS, Natspec and TUC); implemented the trustee recruitment protocol; recruited new trustees, including a new Chair and Audit Chair; reviewed and updated the management of trustee conflicts of interest; introduced a new process of trustee appraisals, and implemented a new Board committee structure.

Through 2020-21 we continue to embed these governance changes across the business. The Board is focused on moving to becoming a 'high performing board', which includes increasing the diversity of the ETF Board.

2.6.1 Trustee induction and training

New trustees meet with the Chair, CEO, Deputy CEO, Company Secretary and other members of the Senior Management Team as part of their induction. They 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. Trustees' interests are reviewed at every Board and Committee meeting.

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 an annual away day, to consider ETF's operating environment, strategic priorities and opportunities. The most recent away day was held on 10 February 2020; the next will be held on 11 December 2020.

2.6.2 Risk management

The Board has a risk management strategy that comprises:

- A regular review of the principal strategic and operational risks faced by the charity by the ETF Board.
- At least bi-annual consideration by the Audit & Risk Committee of the operation of the risk management policy, along with scrutiny of the key strategic risks and their mitigating actions, making recommendations and reports to the Board where necessary.
- Monthly consideration and update of the ETF's risk register by the Senior Management Team (SMT) as risk owners through the Performance Board. All risks and planned actions are recorded in the risk register, assigned owners and overseen by SMT.

At the end of 2019-20, the Board considered the most significant risks to delivery of the ETF's charitable aims. These are outlined below, alongside the key mitigations and actions:

Risk	**Mitigations and Actions**
Highly impactful global event	• Tried & tested Business Continuity (BC) Plan • BC Plan shared with DfE; review of plan completed in July 2020 and updates made. • Regular Incident Response & BC Team meetings • Additional physical and emotional support provided to staff
Digital systems are not fit for purpose	• Implementation of the digital transformation programme, Transform • Transform project; supplier engaged; development started • Development of digital strategy & increase in internal digital resource capacity • Further project to review and remedy fragmented digital estate
ETF cannot demonstrate impact	• Public benefit report published in Q3 2019 • Continue to evolve our measurement and understanding of impact • Produce Public Benefit Report in Q3 2020 • New evaluation and quality management staff and processes will produce better impact data • Produce Impact Report in Q4 2020 which provides more granular account of programme impacts
General public expenditure cuts hit ETF	• Ongoing dialogue with DfE to understand the financial position and optimise our position in it
IT infrastructure not fit for purpose	• In-house IT expertise and capacity expanded • IT strategy under development

The Board keeps under close review the ETF's responses to the above risks, including Covid-19. In addition, the Executive has introduced a Risk and Opportunities process, which will include any impact due to Covid-19, plus other internal and external factors.

2.6.3 Pay policy
The Board considers the CEO, DCEO 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. As part of the review and updating of the Board's committee structure, a Board Remuneration and Search Committee has been established with terms of reference agreed by the Board.

2.7 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 05 November 2020 by:

Prof Peter Latchford OBE
Chair
05.11.2020

David Russell
Chief Executive Officer
05.11.2020

3. 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 Strategic Report, 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 company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group and 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 Companies Act 2006. 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.

4. 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 2020 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 2020 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.

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).

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

for the year ended 31 March 2020

		2019-20			2018-19		
Income:	**Note**	**Unrestricted £000**	**Restricted £000**	**Total £000**	**Unrestricted £000**	**Restricted £000**	**Total £000**
Income from charitable activities:							
Grant Income	4	-	22,865	22,865	-	17,421	17,421
Professional Development		5,346	-	5,346	1,650	-	1,650
Accreditation		760	-	760	781	-	781
Membership		803	-	803	794	-	794
		6,909	22,865	29,774	3,225	17,421	20,646
Income from trading activities:							
Property Rental		106	-	106	112	-	112
Other		33	-	33	82	-	82
Investment Income	5	33	-	33	35	-	35
Total Income		**7,081**	**22,865**	**29,946**	**3,454**	**17,421**	**20,875**
Expenditure:							
Expenditure on charitable activities:	6,7	(4,420)	(23,534)	(27,954)	(3,427)	(17,527)	(20,954)
Total Expenditure		**(4,420)**	**(23,534)**	**(27,954)**	**(3,427)**	**(17,527)**	**(20,954)**
Net (expenditure)/ income and movement in funds for the year		2,661	(669)	1,992	27	(106)	(79)
Reconciliation of funds							
Total funds brought forward		4,469	1,093	5,562	4,442	1,199	5,641
Total funds carried forward		**7,130**	**424**	**7,554**	**4,469**	**1,093**	**5,562**

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

6. Consolidated and Parent Charity Balance Sheets
As at 31 March 2020

	Note	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Fixed assets					
Tangible assets	12	-	-	-	-
Investment in subsidiary	13	-	-	1	1
		-	-	1	1
Current assets					
Debtors	14	997	1,823	1,083	1,910
Cash at bank and in hand		12,788	10,843	12,643	10,611
		13,785	12,666	13,726	12,521
Liabilities					
Creditors: amounts falling due within one year	15	(6,231)	(7,104)	(6,173)	(6,961)
Total assets less current liabilities		**7,554**	**5,562**	**7,554**	**5,561**
Net assets		**7,554**	**5,562**	**7,554**	**5,561**
Unrestricted income funds	18	7,130	4,469	7,130	4,468
Restricted income funds	19	424	1,093	424	1,093
Total funds		**7,554**	**5,562**	**7,554**	**5,561**

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 2020, the charity results showed a surplus of £1,993k (2018-19: deficit of £142k). The financial results of the charity are summarised in note 3.

The notes on pages 23 to 35 form part of these financial statements.

These financial statements were approved by the trustees on 05 November 2020 and were signed on their behalf by:

Prof Peter Latchford OBE
Chair

7. Consolidated statement of cash flows

for year ending 31 March 2020

	Note	Group 2019-20 £000	Group 2018-19 £000
Cash provided by / (used) in operating activities	22	**1,912**	**(2,061)**
Cash flows from investing activities			
Interest income		33	35
Increase / (decrease) in cash and cash equivalents in the year		1,945	(2,026)
Cash and cash equivalents at the beginning of the year		10,843	12,869
Total cash and cash equivalents at the end of the year		**12,788**	**10,843**

8. 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 2020-21 including the reserves that will be available to support trading after that period.

In January 2020, the Board considered the longer-term position of the ETF and its financial strength. The trustees were satisfied that the ETF is in a strong position and were satisfied with the preparation of the accounts on a going concern basis.

Furthermore, considering Covid-19 and the potential financial impact on the ETF (see post-balance-sheet note below), the Board also considered a reverse stress test in July 2020, aimed at defining the strength of the ETF from a liquidity perspective. As such, the Board was satisfied of the ETF's strong financial position and that the accounts are prepared on a going concern basis.

c) Group financial statements

The financial statements consolidate the results of the charity and its wholly-owned subsidiary, ETF Services Ltd (ETFS), 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. The ETF is also fully supportive of ETFS and will not seek to request any payment of debt from the subsidiary in the eventuality of it making a loss.

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.

Income from professional development in recognised on an accruals basis. Income from rental and investment activities is recognised on accrual basis.

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.

Designated funds are available for specific identified purposes by the ETF.

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 income and 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 2019-20, employer's contributions of £13,772 (2018-19: £13,257) were paid to Aviva.

ETF contributes 6% of the employee's pensionable salary into the Standard Life scheme. For 2019-20, employer's contributions of £74,746 (2018-19: £82,254) were paid to Standard Life.

ETF contributes 6% of the employee's pensionable salary into the Aviva auto-enrolment scheme. For 2019-20, employer's contributions of £125,340 (2018-19: £77,109) 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.

	2019-20			2018-19		
	Unrestricted	**Restricted**	**Total**	Unrestricted	Restricted	Total
	£000	**£000**	**£000**	£000	£000	£000
Income:						
Income from charitable activities:						
Government grant	-	22,794	22,794	-	17,421	17,421
Non-Government grant	-	71	71	-	-	-
Government contract	4,439	-	4,439	786	-	786
Professional Development	907	-	907	864	-	864
Accreditation	760	-	760	781	-	781
Administration services to subsidiary	24	-	24	-	-	-
Donation from subsidiary	7	-	7	19	-	19
Other income	14	-	14	20	-	20
	6,151	22,865	29,016	2,470	17,421	19,891
Property rental income	106	-	106	112	-	112
Seconded staff	-	-	-	27	-	27
Investment income	33	-	33	35	-	35
Total Income	6,290	22,865	29,155	2,644	17,421	20,065
Expenditure:						
Expenditure on charitable activities	3,628	23,534	27,162	(2,680)	(17,527)	(20,207)
Total expenditure	3,628	23,534	27,162	(2,680)	(17,527)	(20,207)
Net income and movement in funds for the year	2,662	(669)	1,993	(36)	(106)	(142)
Reconciliation of funds:						
Total funds brought forward	4,468	1,093	5,561	4,504	1,199	5,703
Total funds carried forward	7,130	424	7,554	4,468	1,093	5,561

4. Government Grant

The ETF received a Government grant of £23.0m in 2019-20 (2018-19: £17.2m) from the Department for Education. During the year, £292k relating to unspent 2018-19 grant was repaid.

The ETF also received grants of £94k (2018-19: £nil) from the Home Office, £nil from the Ministry of Justice (2018-19: £0.23m). This totals net Government grant of £22.8m (2018-19: £17.4m).

All conditions and contingencies attaching to grants receivable have been met. Analysis of movements in grants and other restricted funds received is given in note 19.

5. Investment income

All the group's investment income of £33,329 (2018-19: £35,334) arises from money held in interest bearing deposit accounts.

6. Analysis of expenditure on charitable activities

	Direct cost & grants £000	Direct staff cost £000	Indirect staff cost £000	Overhead cost £000	2019-20 Total cost £000	2018-19 Total cost £000
Professional development	8,390	932	627	320	**10,269**	13,311
Sector development	12,686	1,341	936	456	**15,419**	5,294
Research and data	205	87	142	66	**500**	500
Membership and accreditation	643	984	-	139	**1,766**	1,849
	21,924	**3,344**	**1,705**	**981**	**27,954**	20,954

7. Grants awarded

Grants of £2.8m have been awarded to various providers as part of the Government's Taking Teaching Further Scheme (2018-19: £0.7m).

8. Net income/(expenditure) for the year

This is stated after charging:

	2019-20 £000	2018-19 £000
Operating leases - property	289	237
Auditor's remuneration		
- Audit fees	36	34
- Other advice	5	3

9. Staff

The average monthly headcount was 74 staff (2018-19: 65), and the average monthly number of full-time equivalent employees during the year was 73.2 (2018-19: 60.7).

	2019-20 £000	2018-19 £000
Salaries and wages	3,542	2,996
Social Security costs	405	321
Pension costs	214	173
Termination payments	12	29
	4,173	**3,519**

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

	2019-20	**2018-19**
£60,000 - £69,999	6	4
£70,000 - £79,999	1	3
£80,000 - £89,999	1	-
£120,000 - £129,999	1	1
£140,000 - £149,999	1	1

In 2019-20, ETF restructured its leadership team by introducing a Senior Leadership Team (SLT) and a Senior Management Team (SMT). The trustees consider the key management personnel of the ETF to be the staff comprised in the SLT (Chief Executive Officer, Deputy CEO, Director of Delivery, Director of Business Strategy and Finance Director). Comparison figures for 2018-19 relate to the wider SMT. In 2019-20 this comprised 4.4 FTE (2018-19: 5.1 FTE).

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

	Key management personnel		**Highest paid individual**	
	2019-20	**2018-19**	**2019-20**	**2018-19**
	£	**£**	**£**	**£**
Salaries and wages	487,600	531,707	148,756	148,511
Social Security costs	61,930	67,079	19,338	19,332
Pension costs	43,281	34,920	24,608	13,542
	592,811	**633,706**	**192,702**	**181,385**

10. Trustees' remuneration and expenses

	2019-20	**2018-19**
	£	**£**
S R Freer	6,720	8,000
P Mullins	13,446	20,000
R Musson	6,052	-
P Latchford	16,872	-
Reimbursement of all trustees' expenses	9,265	5,345
	52,355	**33,345**

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 Latchford, previously P Mullins) and the Chair of the A&R Committee (R Musson, previously 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, accommodation, and subsistence expenses were reimbursed to 10 trustees during the year (2018-19: 10 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 2019-20 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, three new Member organisations were appointed at the December 2019 AGM: the National Union of Students, Natspec and the Trades Union Congress. These are also considered to be related parties.

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.

	2019-20 spend £000	2018-19 spend £000	2019-20 balance £000
Activate Learning	77	-	-
Association of Employment and Learning Providers (AELP)	226	-	-
AoC - ACER	-	445	-
Association of Adult Education and Training Organisations (AAETO/HOLEX)	11	1	-
Association of Colleges (AoC)	2,633	1,087	305
AoC Regional Office - East Midlands (EMFEC)	1,596	-	-
Association of South-East Colleges	-	25	-
AoC Create Limited	315	563	169
Candour Collaborations Ltd	97	-	-
Pearson's	907	-	-
Leadership & Work Institute	190	-	108
NatSpec	18	-	8
Third Sector National Learning Alliance	-	20	-
University of Derby	2	103	-
Wakefield College Corporation	85	-	-
Women's Leadership Network	28	25	-
	6,185	**2,269**	**590**

12. Tangible assets – group and charity

	Computer Software £000	Computer Hardware £000	Total £000
Cost			
As at 1 April 2019 and 31 March 2020	87	83	170
Depreciation			
As at 1 April 2019 and 31 March 2020	87	83	170
Net Book Value			
At 31 March 2020	**0**	**0**	**0**
At 31 March 2019	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 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Trade debtors	466	154	466	154
Prepayments	64	625	64	625
Accrued income	430	1,016	430	1,016
Amounts owing from subsidiary company	-	-	79	69
Accrued donation by subsidiary company	-	-	7	19
Other debtors	37	28	37	27
	997	1,823	1,083	1,910

15. Creditors: amounts falling due within one year

	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Trade creditors	3,831	3,964	3,831	3,943
Grants payable	507	426	507	426
Accruals	1,001	1,855	992	1,848
Deferred income	601	581	552	497
Taxation and social security	206	145	206	114
Other creditors	85	133	85	133
	6,231	7,104	6,173	6,961

16. Deferred income

Deferred income comprises the SET membership fees in respect of 2020-21 invoiced before 31 March 2020; workbook submission fees received for QTLS accreditation applications which had not been assessed by year-end; course attendance fees invoiced which relate to courses which were due to take place on or after 1 April 2020.

	Group £000	Charity £000
Balance at 1 April 2019	581	497
Amount released to income earned from charitable activities	(581)	(497)
Amount deferred in year	601	552
Balance at 31 March 2020	**601**	**552**

17. Analysis of group net assets in funds

	Unrestricted £000	Restricted £000	Total £000
Cash in bank and in hand	12,364	424	**12,788**
Other net assets (liabilities)	(5,234)	-	**(5,234)**
	7,130	**424**	**7,554**

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
2019-20					
Society for Education and Training	19	822	(839)	18	**20**
Designated funds, of which:					
- Wind-down of ETF	2,550	-	-	-	**2,550**
- Strategic investment reserve	1,300	-	(100)	-	**1,200**
General fund	600	6,259	(3,481)	(18)	**3,360**
	4,469	**7,081**	**(4,420)**	**0**	**7,130**
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**
	4,442	**3,454**	**(3,427)**	**-**	**4,469**

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.

There are two 'designated funds'

- £2.55m which represents the cost of facilitating an orderly wind down of the ETF, should it be necessary;
- £1.2m strategic reserve, which has been generated through commercial activity and donations received. The fund is being 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. In 2019-20 £100k of a total £1m commitment was applied on the strategic IT transformation programme.

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 £000	Incoming resources £000	Resources expended £000	Transfers £000	Funds at end of year £000
2019-20					
DfE grant	876	22,700	(23,369)	-	**207**
Home Office grant	-	94	(94)	-	**-**
BIS winter grant	217	-	-	-	**217**
Gatsby Foundation	-	45	(45)	-	**-**
Royal Fellowship	-	26	(26)	-	**-**
	1,093	**22,865**	**(23,534)**	**-**	**424**
2018-19					
DfE grant	928	17,191	(17,243)	-	**876**
MoJ grant	-	230	(230)	-	**-**
BIS winter grant	217	-	-	-	**217**
Matched Funding	54	-	(54)	-	**-**
	1,199	**17,421**	**(17,527)**	**-**	**1,093**

Of the total 2019-20 DfE grant, £207k of Taking Teaching Further grants to FE providers remained unclaimed. Of this, £168k will be refunded to the DfE and £39k will be spent in 2020-21. The 2018-19 DfE grant, primarily for leadership development programmes, was paid in full but part had been accounted for as a prepayment to reflect the timing of delivery. A final £292k represented savings, which was paid back to the DfE in 2019-20.

The BIS Grant is for Set for Success, one of the Winter Addendum programmes that involves 2-year teacher training.

20. Lease commitments

ETF and the charity had the following lease commitments as at 31 March 2020:

	2019-20 £000	2018-19 £000
Operating lease - property rental		
Payments due within one year	547	237
Payments due in 2-5 years	1,279	316
	1,826	**553**
Operating lease - sub-rental income		
Payments due within one year	(199)	(89)
Payments due in 2-5 years	(66)	(118)
	(265)	**(207)**

21. Subsidiary company

ETF Services Limited (ETFS) is a wholly-owned subsidiary of the charity, which operates SET.

The retained profit of the subsidiary alone is:

	2019-20 £000	2018-19 £000
Turnover		
Membership subscriptions	803	794
Provision of administration services	-	270
	803	1,064
Other Income	19	55
	822	1,119
Cost of sales and administration cost	(815)	(1,038)
Excess of income over expenditure	7	81
Gift aid donation to parent charity	(7)	(19)
Retained Profit/(Loss)	**0**	**62**

The assets and liabilities of the subsidiary are:

	2019-20 £000	2018-19 £000
Current assets	145	232
Current liabilities	(144)	(231)
	1	**1**
Aggregate share capital and reserves	**1**	**1**

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

	Group 2019-20 £000	Group 2018-19 £000
Net movement in funds	1,992	(79)
Deduct interest received	(33)	(35)
Decrease/(increase) in debtors	826	(570)
(Decrease) in creditors	(873)	(1,377)
Net cash provided by /(used in) operating activities	**1,912**	**(2,061)**

23. Post balance-sheet events

a) On 19th March 2020, the ETF closed its office temporarily following the announcement from the UK government to introduce a lockdown nationwide due to the presence of the Covid-19 virus.

   For 2020-21, there were no financial consequences registered on the remaining income streams, namely the grant letter and the TLPD contract. Some financial impact is expected for both membership, accreditation and CPD activities income.

   To determine the financial strength of the ETF, the Board considered a reverse-stress test in July 2020. The Board concluded that the ETF was financially resilient and confirmed the decision to prepare these accounts on a going concern basis.

b) The Board of ETFS met in July 2020 and considered a potential transfer of all assets and liabilities to the ETF and become a dormant company as a result. If endorsed by the ETF Board in November 2020, the last financial year for ETFS would be 2020-21.

9. 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
BERA	British Education Research Association
BAME	Black, Asian and Minority Ethnic
CCT	Chartered College of Teaching
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CPD	Continued Professional Development
CMS	Content Management System
CRM	Customer Relationship Management
DCEO	Deputy Chief Executive
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
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
LSIS	Learning and Skills Improvement Service
LSRN	Learning and Skills Research Network
OSBS	Oxford Said Business School
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

TNA	Training Needs Analysis
WLN	Women's Leadership Network