

THE EDUCATION AND TRAINING FOUNDATION

England & Wales · Charity number 1153859

Details

Other names	EDUCATION AND TRAINING FOUNDATION, THE FOUNDATION, THE E T FOUNDATION
Status	Registered
Legal form	Charitable company
Company number	08540597
Registered	2013-09-19
Register	View on the Charity Commission register

Contact

Address	Education & Training Foundation 157-197 Buckingham Palace Road London SW1W 9SP
Phone	02037408280
Email	enquiries@etfoundation.co.uk
Website	www.etfoundation.co.uk

Activities

Objects: THE COMPANY'S OBJECTS ARE SPECIFICALLY RESTRICTED TO ADVANCING THE EDUCATION OF THE PUBLIC OVER THE AGE OF 14 YEARS, IN PARTICULAR BY:(1) DEFINING, DEVELOPING, SUPPORTING AND ENHANCING FURTHER EDUCATION GOVERNANCE, AND THE PROFESSIONALISM OF FURTHER EDUCATION PRACTITIONERS, LEADERS AND MANAGERS;(2) IMPROVING THE EXPERIENCE AND OUTCOMES OF LEARNING THROUGH THE PROVISION OF SUPPORT TO, AND ENHANCEMENT OF PROFESSIONALISM IN, THE FURTHER EDUCATION WORKFORCE;(3) DEVELOPING AND SUPPORTING A RECOGNISED, PROFESSIONAL AND UP TO DATE WORKFORCE THROUGH ACTING AS A CUSTODIAN OF AGREED STANDARDS FOR STAFF IN THE FURTHER EDUCATION SECTOR, AND ACTING AS A FURTHER EDUCATION STANDARD SETTING BODY FOR RELEVANT QUALIFICATIONS IN RELATION TO TEACHING, LEARNING, ASSESSMENT AND SUPPORTING ROLES;(4) SUPPORTING AND ENABLING HIGH QUALITY, APPROPRIATE AND FOCUSSED CONTINUOUS PROFESSIONAL DEVELOPMENT OPPORTUNITIES FOR EMPLOYEES IN THE FURTHER EDUCATION SECTOR; AND(5) PROMOTING AND CHAMPIONING DIVERSITY AND EQUALITY ACROSS THE FURTHER EDUCATION SECTOR.

Activities: The Foundation was established by and for the education and training sector. Our vision is for all education and training to be of the highest quality and result in the greatest impact for learners, employers, communities and the economy. We are doing this by enhancing professionalism, getting behind staff in colleges and training providers, and supporting them to achieve their own objectives.

Classification

- **How:** Makes Grants To Individuals, Makes Grants To Organisations, Provides Services, Provides Advocacy/advice/information, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Economic/community Development/employment
- **Who:** Children/young People, People With Disabilities, Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£20,397,000	£21,004,000	£9,134,000	149
2024-03-31	£23,570,000	£25,275,000	£9,741,000	180
2023-03-31	£33,189,000	£32,955,000	£11,446,000	194
2022-03-31	£33,358,000	£35,064,000	£11,212,000	185
2021-03-31	£37,960,000	£32,596,000	£12,918,000	141

Trustees

Name	Role	Appointed
Sir Frank McLoughlin CBE	Chair	2024-01-01
Andrew McConnell OBE		2019-07-22
Anthony Carey		2024-12-09
Dr Helen Samantha Parrett		2021-11-11
Fiona Anne Stilwell		2026-06-01
Gerard Paul McDonald		2021-11-11
Lynette Leith		2020-12-11
Mark Malcomson CBE		2024-12-09
Palvinder Singh		2020-12-11
Shazia Ejaz		2024-12-09
Wojciech Ilowski		2022-05-03

Accounts

Company Registration Number: 08540597

Charity Registration Number: 1153859

EDUCATION AND TRAINING FOUNDATION

(Company Limited by Guarantee)

Trustees' Report and Financial Statements

For the year ended 31 March 2025

CONTENTS

		Page
0.	Welcome	3
1.	About Education and Training Foundation (ETF)	4
2.	Strategic report	5
3.	Trustees' report	15
4.	Independent auditor's report to the trustees of ETF	21
5.	Statement of financial activities	25
6.	Balance sheet	26
7.	Statement of cash flows	27
8.	Notes to the financial statements	28

WELCOME

During 2024–25, the Education and Training Foundation (ETF) continued to deliver on its mission as the professional body for the Further Education (FE) and Skills sector. Guided by its strategic plan, ETF has supported teachers, trainers, leaders and governors across the sector through its training and development programmes, professional body membership and professional statuses. The charity's work remains focused on raising professional standards and fostering high-quality teaching in FE and Skills, leading to improved learner outcomes and driving local and national economic growth and prosperity.

This report outlines ETF's performance and impact across its four strategic goals: driving professionalism, improving teaching and learning, championing inclusion, and enabling sector change. Key achievements during the year include the expansion of professional status programmes such as Qualified Teacher Learning and Skills (QTLS) status and Advanced Teacher Status (ATS), the successful launch of the new Specialist Status in Education for Sustainable Development (SSESD), and the delivery of high-quality continuing professional development (CPD) programmes to thousands of practitioners. ETF also strengthened its inclusive practice offer, supported nearly 3,000 participants through its Leadership and Governance programmes, and continued to lead national delivery of Apprenticeship Workforce Development and T Level Professional Development.

The report also provides an overview of ETF's financial position, governance arrangements, and risk management framework. It reflects the charity's commitment to transparency, accountability, and continuous improvement.

Looking ahead to 2025–26, ETF will continue to focus on delivering world-class CPD, growing its membership and professional statuses, enhancing digital infrastructure, and strengthening its profile and partnerships across the sector. The Board remains confident in the charity's ability to respond to sector needs and deliver meaningful impact for the FE and Skills workforce.

1. ABOUT ETF

We are the professional body for the whole Further Education (FE) and Skills sector. Our training and development programmes, professional body membership and professional statuses elevate professionalism. A trusted partner in skills development, we support government and regional bodies with evidence-based workforce strategies. We set the quality standards for teaching and leadership, deliver continuing professional development (CPD) and are home to the QTLS and ATS professional statuses.

Raising teaching standards enhances career opportunities for teachers, improves their students' outcomes and helps them to succeed in sustainable employment. Our approach not only drives national economic growth but also cultivates more prosperous local communities.

Together, we promote professionalism, improve teaching standards and champion inclusion, and so enable sector change.

2. STRATEGIC REPORT

ETF's strategic plan, *Together we transform*, was launched in 2023–24 and outlined four strategic goals (further information on the strategy can be found on our website <https://www.etfoundation.co.uk/about-us/our-strategy/>). Through our strategy we set out how we plan to support everyone working in FE and Skills by championing the vital role of educators and leaders in transforming the lives of learners aged 14 and over. We have prioritised working in partnership for the benefit of the sector, and set out the bold ambition for the charity to drive professionalism, improve teaching and learning, champion inclusion and enable sector change for a thriving FE and Skills sector. The four strategic goals are as follows:

- **Drive professionalism:** we champion professionalism and grow the evidence base of education and leadership practice, making FE and Skills a rewarding career destination
- **Improve teaching and learning:** we ensure consistency in learner experience by setting clear competences and conduct required to enter and maintain professional status within FE and Skills
- **Champion inclusion:** we tackle inequalities in the FE and Skills workforce, supporting routes to employment and career development by providing lifelong learning to all
- **Enable sector change:** we convene sector change and respond to the FE and Skills workforce needs by working in partnership.

In the following sections, you'll find more detail about the impact ETF has made in 2024–25, reporting against our four strategic goals. Section 2.6 of the Strategic Report provides further information about our priorities in 2025–26. If you would like to read more about the charity's impact, our full Impact Report (2024) is available on ETF's website (<https://www.et-foundation.co.uk/about-us/governance/documents/>).

2.1 Drive professionalism

In 2024–25, ETF continued to deliver its flagship professional status programmes, **QTLS** and **ATS**, supporting educators across the FE and Skills sector in evidencing and enhancing their professional practice. This year, **615** FE and Skills practitioners were awarded with QTLS status, while **16** professionals achieved ATS and were conferred Chartered Teacher Status via the Chartered College of Teaching. Following discussions with DfE, all members with QTLS status are listed on the DfE's central record of qualified teachers managed by the Teacher Regulation Agency.

Key achievements included the introduction of more inclusive eligibility criteria and enhanced guidance within the e-portfolio Knowledge Base, resulting in a 26% reduction in resubmission rates at the QTLS application stage. These improvements significantly enhanced the participant experience and reduced pressure on support teams. **99%** of professionals who achieved QTLS said it had a positive impact on their teaching practice and **99%** also agreed QTLS had a positive impact on the outcomes of their learners, with **94%** noting organisational benefits. **100%** of professionals who achieved ATS said that it has had a positive impact on their practice, learners and colleagues. However, ATS portfolio submission rates remain relatively low (48% for the October 2023 cohort, submitting in December 2024), indicating a need for further support and engagement strategies to improve completion. Continued cross-team collaboration will be essential to sustaining progress and addressing these challenges.

In 2024–25, ETF continued to drive professional standards for teachers and leaders through the **Professional Standards** Self-Assessment Tool. This tool supports practitioners to reflect on their practice, values and skills against a nationally recognised framework of 20 professional standards.

A total of 5,874 self-assessments were completed during the year, reflecting substantial sector engagement. Of these, 47% were members of ETF's professional membership body, with 1,623 completions from individuals holding QTLS and 104 from those with ATS. This high level of participation underscores the sector's ongoing dedication to reflective practice and continuous improvement.

The self-assessment tool provided valuable insights into sector-wide confidence and development needs. For those professionals who completed the self-assessment, their top three perceived strengths were:

- Promote and support positive learner behaviour, attitudes and wellbeing
- Value and champion diversity, equality of opportunity, inclusion and social equity
- Inspire, motivate, and raise aspirations of learners by communicating high expectations and a passion for learning.

The top three perceived areas for development were:

- Promote and embed education for sustainable development (ESD) across learning and working practices
- Develop enrichment and progression opportunities for learners through collaboration with employers, higher education and/or community groups
- Critically review and apply your knowledge of educational research, pedagogy, and assessment to develop evidence-informed practice.

The data collected has reinforced the charity's leadership in professional development by informing targeted strategies to enhance teaching quality and learner outcomes. This work exemplifies ETF's strategic role in fostering a confident, skilled, and future-focused education workforce.

In response to sector-wide demand for professional development in sustainability, ETF launched the **Specialist Status in Education for Sustainable Development (SSED)** as a pilot initiative in 2024–25. Developed in collaboration with the Environmental Association of Universities and Colleges (EAUC) and supported by an expert panel, the programme aims to equip professionals in the FE and Skills sector with the knowledge and recognition to lead on sustainability.

The pilot cohort saw 21 registrations, with 17 participants submitting portfolios and 15 being successfully awarded the status following moderation. Participant feedback highlighted high satisfaction with both the content and delivery of the programme. The pilot also informed refinements through evaluation from stakeholders including participants, moderators, and external experts. A key achievement was the successful transition from pilot to commercial delivery, with 64 registrations for the first commercial cohort beginning in April 2025. Areas for improvement include enhancing participant retention and communication. The SSED represents a significant step in embedding sustainability leadership within the sector and aligns with the charity's strategic commitment to enabling sector change.

The **Research Further programme** continues to play a vital role in advancing practitioner-led research within the Further Education (FE) sector. It is a collaborative initiative between the Association of Colleges (AoC), NCFE, Edge Foundation and ETF. In 2024–25, the programme supported 12 scholars to undertake postgraduate research, with four alumni now contributing their expertise to the initiative.

Scholars have made over 60 contributions to sector events, publications, and podcasts, including 42 thought leadership pieces published via the AoC *Think Further* initiative. They have also delivered sessions at the AoC conference, run a series of webinars, and established research groups within their institutions – enhancing CPD and sector-wide dialogue.

2.2 Improve teaching and & learning

In 2024–25, ETF continued to deliver a robust programme of CPD to enhance the teaching of **maths, English and ESOL** (English for speakers of other languages) for post-16 learners. The offer included a wide range of live online sessions, supported by rigorous quality assurance through observations, surveys, and focus groups.

Key achievements included high levels of participant engagement, driven by the use of interactive tools. Trainers were consistently praised for their subject expertise and effective online delivery, contributing to

increased confidence among educators. **94%** of participants reported satisfaction with the overall learning experience, and the programme achieved a Net Promoter Score of 49, indicating strong endorsement.

Areas for improvement were identified through feedback, including the need to streamline session content to allow more time for collaboration and practical application. Greater consistency in referencing ETF Professional Standards during delivery was also recommended. Additionally, the format of National Maths Network sessions will be reviewed to better support peer networking and knowledge exchange. ETF remains committed to refining its offer to ensure it meets the evolving needs of practitioners and supports improved outcomes for learners across the sector.

In 2024–25, the charity maintained a strong and engaged **membership community**, with **22,617** members across England, Wales, Scotland, and the Channel Islands. The annual retention rate rose by five percentage points to 93% between 2023-24 and 2024-25, which is above the industry average for professional bodies¹ and reflects improved member engagement and satisfaction.

Individual membership via 50 ETF partners accounted for 18% of the total membership, demonstrating the value placed on individual membership by our organisational partners and the relevance of the professional development offer for their staff.

Through the year, 24 member events were delivered, attracting 1,410 attendees. Topics ranged from Artificial Intelligence (AI) in education to inclusive teaching practices. Feedback was overwhelmingly positive: **97%** of attendees were satisfied with their experience, and **95%** reported improved knowledge, resulting in a Net Promoter Score of 77, indicating a very high level of customer satisfaction.

While overall membership numbers dipped slightly due to improved data cleansing, the increase in retention and engagement signals a positive trajectory. Future improvements being considered include expanding reach through Communities of Practice and local activity, specifically to engage underrepresented groups, and enhancing the visibility of member benefits to support continued professional growth and impact.

The **T Level Professional Development (TLPD) programme** continues to play a vital role in supporting the delivery of T Levels across the FE and Skills sector. Between 1 April 2024 and 31 March 2025, the programme recorded over **11,800** engagements from more than **6,300** individuals, reflecting strong and sustained demand for high-quality professional development for leaders, teachers, trainers and support staff delivering T Levels.

In 2024–25, the TLPD offer was refreshed to better meet the evolving needs of the sector. New 'Part 2' courses were introduced for all subject-specific T Level areas, alongside enhanced provision for non-subject-specific topics such as assessment and pedagogy. These developments support more experienced providers and promote deeper engagement with T Level delivery.

Accessibility was improved through shorter, more flexible course formats and increased regional and peer networking opportunities. Tailored support for smaller providers, including schools, was also expanded.

Impact data from August 2024 to March 2025 shows that **93%** of TLPD participants reported that the delivery has improved their knowledge, and **94%** said the training would have a positive impact on their practice. The inaugural TLPD National T Level Conference, delivered in partnership with the AoC, attracted over 400 delegates and has led to the planning of two national conferences in the next academic year.

This year's **Teaching and Learning Conference** brought together over 300 educators, policymakers, and sector leaders to explore how teaching excellence and inclusive practice can drive social mobility and economic growth. Held at a pivotal moment in national education policy, the conference addressed key

¹ Industry average is 86% - Memberwise (2025) Membership calculator. Accessed at: <https://memberwise.org.uk/membership-retention-calculator/>

themes including digital transformation, inclusive pedagogy, professional standards, and workforce development.

Highlights included keynote contributions from Ofsted, the Department for Education, and Ofqual, alongside practitioner-led sessions on Artificial Intelligence (AI), neurodiversity, and cultural competence. The event showcased the impact of ETF programmes such as QTLS and ATS, and reinforced the sector's role in tackling socio-economic inequalities.

Feedback praised the conference's relevance, thought leadership, and collaborative spirit. Areas for improvement include expanding opportunities for practitioner voice and ensuring follow-up mechanisms to embed learning. The conference reaffirmed ETF's commitment to sector-led improvement and the centrality of teaching in delivering national opportunity.

This year also saw ETF launch the **Initial Teacher Education (ITE) network**, which was established to address a longstanding gap in sector-wide support for teacher educators. Responding to demand identified through the ITE Forum, Universities' Council for the Education of Teachers (UCET) Forum, and direct provider engagement, the network aims to foster professional dialogue, share best practice, and strengthen peer collaboration.

A pilot event for the ITE network successfully brought together **66** attendees from across the sector. Feedback was overwhelmingly positive, with attendees commenting on the value of discussions on AI in teaching and professional practice, and expressing an interest in future topics such as the ITE Inspection Framework and student assessment integrity. The ITE Network represents a promising step towards sustained professional engagement and sector-led improvement in teacher education.

2.3 Champion Inclusion

ETF's national Centres for Excellence in SEND (Special Educational Needs and Disabilities) provide expert support for leaders, managers and practitioners, with the aim of improving their knowledge and confidence in putting in place effective support for learners with SEND. Part of a Department for Education (DfE)-funded national programme, our flagship centres in 2024–25 were Oldham College, City College Norwich, Weston College and Natspec.

2024–25 was a very successful year with the programme exceeding all reach key performance indicators (KPIs) with **3314** engagements across live online and Community of Practice events. In addition, **27** providers completed Peer Reviews, which gave them an insight into their strengths and areas for improvement in relation to provision for SEND learners. The sector continues to value the offer with a **96%** satisfaction rating for the courses. Via the Peer Reviews, providers have reported on increased confidence in the future of their SEND delivery as well as improved employer engagement strategies. The programme overall highlighted the importance of relationship building with learners and parents, across departments and with employers. Employers have seen the positive contribution that learners with SEND have on society and have been more engaged in supporting young people with SEND into the workplace.

Work next year will continue to focus on supporting colleges to improve consistency of teaching, learning and support across all different curricula and sites and promotion of a whole college approach to inclusion.

In 2024–25, ETF launched a new **Cultural Competence** webinar series, engaging over **140** participants. Topics included recruitment, retention, and inclusive leadership, with overwhelmingly positive feedback highlighting the value of lived experience and dynamic, discussion-led formats. The series builds on prior thought leadership pieces published in *FE News*, reinforcing ETF's commitment to inclusive professionalism and anti-racist practice in teaching and leadership in the FE and Skills sector. While early feedback is strong, future improvements include expanding reach, securing long-term impact data, and developing case studies. Future sessions will explore inclusive teaching, curriculum design, and education's role in wider societal change.

ETF has been working in partnership with the **Black Leadership Group** (BLG) since May 2021, contributing to the Inaugural Symposium report “Leading Anti-Racism in Further Education: For Movement Not A Moment” (linked to [here](#)). ETF and BLG have been working together on a range of areas including: improving outcomes and representation for learners, staff and leadership (including governance); enhancing workforce succession planning and the talent pipeline of Black staff in the FE sector; influencing policy and practice; and sharing and cascading excellence and innovation in anti-racist practice. Examples of this work include:

- Leading with integrity in an Ethnically Diverse Britain webinar, attended by 27 Senior Leaders.
- System Leadership: Organisational Allyship session (led by ETF CEO) at the BLG annual conference.
- Support with the Ethnic Equity in education campaign, and more specifically with the Ethnic Representation Index
- Anti racism training, facilitated by BLG for ETF's senior leaders.

In 2024–25, ETF's **Inclusive Leadership** programme supported **599** participants through a multi-strand offer designed to promote equity, wellbeing, and inclusive practice across the FE and Skills sector. The programme included 197 engagements with online Inclusive Leadership workshops, 40 participants in the Equality, Diversity and Inclusion (EDI) coaching programme, and 362 engagements at mental health and wellbeing webinars.

A key achievement this year was the successful transition of the Inclusive Leadership programme from in-person to online delivery. This shift significantly improved accessibility and flexibility, with **100%** of participants reporting satisfaction with their learning experience and feeling better equipped to lead change within their organisations. Similarly, the EDI coaching strand received **100%** satisfaction, while the mental health webinars maintained a strong **98%** satisfaction rate.

The programme continues to address sector-wide priorities by equipping leaders and practitioners with the tools to foster inclusive environments and support staff wellbeing. Feedback indicates that participants value the practical relevance and accessibility of the content. However, opportunities remain to strengthen the programme's long-term impact by developing formal case studies and securing participant consent for follow up. This would enhance the evidence base and support continuous improvement in future iterations of the offer.

2.4 Enable sector change

In 2024–25, ETF supported **3,064** participants through its Leadership and Governance (L&G) programmes, spanning middle and senior leaders, governors, and aspiring leaders. These programmes, delivered through a blend of modular courses and thematic webinars, aimed to build strategic capability, confidence, and resilience across the FE and Skills sector.

Participants reported consistently high satisfaction, with many programmes receiving a **100%** satisfaction rating and very positive Net Promoter Scores. Notably, senior leadership confidence in their roles rose from 94% to 100% post-programme, and the proportion of leaders allocating time and resources to organisational improvement doubled from 44% to 87%.

Key achievements included leaders and governors reporting enhanced strategic thinking, improved change management skills, and increased collaboration across institutions after taking part in the programme. ETF also expanded access by increasing free course places offered from 20% to 50%, contributing to greater participation from underrepresented groups.

Areas for improvement include strengthening long-term impact tracking and further embedding equity and diversity across all leadership pathways. Nonetheless, the programme's experiential design, peer learning networks, and mentorship opportunities have proven instrumental in developing confident, reflective, and future-ready leaders.

The ETF **Further Forward Leaders Conference**, held in March 2025, brought together senior professionals from across the FE and Skills sector to explore the role of skills in driving national renewal and economic growth. The event focused on systems leadership and the importance of collective action in ensuring the sector's impact is recognised and understood by policymakers, employers, and the wider public. Delegates engaged in thoughtful dialogue on how to better communicate the sector's value and align efforts to meet future challenges. The conference reflected growing momentum behind the skills agenda and a shared commitment to sector-wide collaboration.

In 2024–25, ETF continued to lead a strong consortium of delivery partners in providing CPD for **Apprenticeship Workforce Development (AWD)**. Our diverse offer reached a wide range of approved providers while delivering targeted, tailored support to those most in need.

Engagement in our live online and on-demand online courses confirmed the ongoing value and relevance of the programme. Participant feedback consistently highlighted that learners appreciated both the flexibility of our on-demand courses and the opportunity provided by live sessions to work closely with peers and share valuable experiences. All eight on-demand courses experienced increased volumes, with enrolments reaching 3,268 and completions at 1,449 – doubling participation compared to 2023–24. Our 127 live sessions reached over 1,550 individuals from approximately 650 providers, with a total of 2,840 participations marking a 78% increase over 2023/24.

Bespoke support assisted 31 organisations, each receiving an average of 13.9 days of CPD. An additional 51 providers benefited from tailored in-house support delivered through 54 sessions, averaging 36 participants per session. Despite challenges with assignment approval processes, this support resulted in measurable improvements, including Qualification Achievement Rate gains of 52% to 70%, reduced withdrawal rates, improved functional skills pass rates, and enhanced governance.

Our Apprenticeship Action Groups were streamlined from 10 to 7 to ensure value for money. In total, 259 participants were supported in identifying changes to enhance Apprenticeship Accountability Framework markers, particularly in areas such as retention and achievement, with 93% reporting that their engagement helped advance their implementation plans.

Satisfaction ratings exceeded 93% across programme areas and reached **95%** overall, with **96%** of respondents indicating that they would apply their learning to influence future planning and share insights with colleagues. These outcomes reflect the quality and impact of our provision, comprising well-developed content delivered by skilled facilitators and underpinned by a strong quality assurance framework.

In 2024–25, four **Technical Teaching Fellowships** were awarded, each delivering innovative projects to advance technical education across the sector. The initiative is funded by a partnership between ETF and the Royal Commission for the Exhibition of 1851, who aim to increase the means of industrial education and extend the influence of science and art upon productive industry through postgraduate fellowships and scholarships. Fellowship project topics included embedding sustainability across the technical curriculum, AI in education (and whether this could impact teacher retention), and 3D modelling for teaching, learning and assessment in rural Wales. The projects have contributed to ETF's strategic aims of championing inclusion, sustainability, and digital innovation.

Fellows shared their expertise nationally and internationally, including at the Festival of Education and through global partnerships. Notably, Jen Deakin presented her AI work to HRH Princess Anne and published two books, while William Davies disseminated his practice across the UK, India, and Germany.

The full impact data will be available in November 2025, and early indications suggest Technical Teaching Fellowship projects have positively impacted colleagues, other providers and educators regionally. Potential future improvements to the Fellowship programme include aligning the reporting cycle with ETF's impact framework and introducing pre- and post-programme evaluation to better capture outcomes

2.5 Overview of performance against 2024–25 key objectives

In 2024–25, ETF implemented a new set of Objectives and Key Results (OKRs) aligned with its four strategic goals and business plan. These guided internal priorities and supported Board oversight during a period of strategic transition.

Priority targets for 2024/25

Target 2024/25	Area	Position at end March 2025	Commentary
Income from membership, CPD and accreditation: £2.2m	Membership, Accreditation and CPD	£2.1m of income achieved in Membership, Accreditation and CPD	Individual membership income target met. Partner membership income and numbers were less than forecast. Uptake of some new CPD launches was lower than expected, accreditation over-performed.
Income from contract-funded CPD: £16.6m (Government) £1.3m (non-Government)	Contracts	Contract income target met	Majority of contract KPIs met or exceeded. Financial targets met.
Participation in QTLS and ATS: 740 participants	Status and Standards	804 participants registered for 2024 cohorts - 8% over target	As well as exceeding targets for existing statuses, 2024/25 saw the launch of the new specialist status for sustainability in education.

ETF also enhanced its digital infrastructure with the rollout of a new Learning Management System and improved CRM (Customer Relationship Management) and data capabilities. While some income and activity targets were not fully met, lessons learned are informing 2025–26 planning. Governance and employee engagement were strengthened through a new pay framework, regular staff surveys, and continued implementation of recommendations from the 2023–24 governance review.

2.6 Plans for 2025–26

The strategic goals will continue to drive ETF's activities in 2025–26, focusing on the impact we have on professionals working within the FE and Skills sector. When considering the charity's updated three-year business plan and financial model (at the end of 2024–25), the Board and Executive reflected on the dynamic external operating context (including across policy, FE and Skills workforce, and providers), which was creating an evolving demand for high-quality development for teachers and leaders. It noted that this presented both challenges and opportunities for ETF.

Business planning enhancements were made in 2024–25 that were translated in 2025–26 into improvements in performance measurement and reporting. The Board and Executive have agreed new objectives for 2025–26, which will help the charity to prioritise and ensure a continued focus on achieving the strategic goals:

1. Deliver world-class contract and grant funded CPD through high quality provision, including Apprenticeship Workforce Development, TLPD and Leadership and Governance.
2. Support professionalism by delivering effective communities and professional networks through the growth of our membership for practitioners and partnerships with sector organisations.
3. Increase the number of professionals holding an ETF status.
4. Provide high-quality CPD for individuals and organisations aligning with sector need.
5. Build and maintain the profile and reputation of ETF in the sector and with key stakeholders and decision makers.
6. Deliver a roadmap of digital transformation, improving the customer journey and internal processes and reporting.
7. Engage, inform, develop and retain our people, through an enriching internal communications plan and engagement programme to enhance staff understanding of their role in achieving ETF's strategic objectives, creating a sense of purpose and empowering high impact teams to drive results.

2.7 2024-25 financial summary

ETF's total income from its charitable activities in the year was £20.0m (2023–24: £23.3m) and £0.4m from trading activities (2023–24: £0.3m). Total: £20.4m (2023–24: £23.6m).

ETF's activities in the year generated cash and cash equivalents of £0.4m (2023-24: £1.1m) resulting in an end of year cash balance of £9.9m (2023-24: £9.5m). Debtors at the end of the year were £2.9m (2023-24: £4.8m) and creditors were £4.0m (2023-24: £5.4m).

Total income for the charity comprises:

- £0.0075m from government grant (2023–24: £0m)
- £16.6m from government contracts (2023–24: £19.9m)
- £1.3m from non-government contracts (2023–24: £1.1m)
- £2.1m from membership and accreditation (2023–24: £2.3m)
- £0.4m from other income and non-government grants (2023–24: £0.3m).

ETF's total expenditure for the year was £21.0m (2023–24: £25.3m) and included:

- £18.9m for programme and sector development (2023–24: £23.5m)
- £0.5m for research and data (2023–24: £0.4m)
- £1.6m for membership and accreditation (2023–24: £1.4m).

Overall, ETF is reporting a deficit for the year of £0.6m (2023–24: £1.7m deficit).

2.8 Policies: reserves, going concern and investment

Restricted reserves at the end of the year were £0.2m (2023–24: £0.6m). This represents the balance on unspent grants from DfE and income from leadership and governance courses run by ETF and funded by DfE to be spent as agreed with DfE.

Unrestricted reserves carried forward at the end of the year were £8.9m (2023–24 £9.1m). Unrestricted reserves are available to support ETF's charitable purposes and strategy, and to provide financial resilience and flexibility.

The reserves level of £5.3m set last financial year is still in place and will support the charity to be financially resilient and flexible, and secure the charity against sudden loss of income or provide for an orderly wind-down in the unlikely event this should be necessary. Total unrestricted reserves of £8.9m include this reserves policy of £5.3m. The Board continues to monitor the reserves, mindful of the future economic sustainability challenges of the organisation, seeking to move away from primary reliance on Government contract delivery, into a much more diverse revenue and surplus generating charity supporting education and training delivery for the FE and Skills sector and beyond. The current reserves level enables

the Board to support the Executive to make the right investment choices whilst transforming its business operating model.

The level of reserves carried forward, together with the level of cash resources and the existing contractual agreements in place, mean ETF can continue as a going concern and meet its liabilities as they fall due. A robust three-year business plan update has been undertaken, which shows that reserves and cash reserves are not expected to fall below the agreed policy levels.

During the financial year, the Board agreed that the VAT rebate of £224k received from HMRC in the 2023–24 financial year should be offered as a refund to our members. Members requested their rebates to the sum of £42k and the balance of this fund of £182k has been used to create a designated fund to be used for the future development of membership services.

Free reserves at year end were £8.4m (2023–24: £8.4m) (free reserves being total reserves, less restricted reserves, designated reserves and fixed assets).

Year ending 31 March 2025 £'000	
Total reserves held	9,134
Restricted reserves	239
Unrestricted funds	8,895
Designated funds	182
Reserves held in fixed assets and investment in ETFS	272
Free reserves	8,441

2.9 Investment policy

ETF holds its funds with A-rated banks, with sufficient funds for operational need held in immediate access accounts. A sweep facility operates with each of these banks to ensure that cash in excess of this operational need is moved to higher interest-earning deposit accounts on a daily basis.

ETF maintains a Treasury and Investment Policy which outlines the investments allowed, both in terms of liquidity and business development. ETF also maintains a Reserves Policy and a Cash Reserves Policy. The Board will continue to keep its investment policy under review to maximise the investment return, with targets set within the budget, consistent with the concern to ensure the security of its resources.

The investment target for 2024–25, based on expected interest rates and average cash balances, was set in line with prevailing UK interest rates. ETF's surplus funds were held in cash during the period, and investment income totalled £313k (Prior year £215k). Interest rates on the accounts ranged between 1.5% and 3.75% (gross). This performance reflected the effective use of sweep facilities and compliance with the policy's principles of security, liquidity, and return.

2.10 Grant making

As part of its charitable purpose to support the Further Education (FE) and skills sector, ETF makes grant payments to providers to enhance the quality and impact of teaching and learning. During the year, ETF awarded grants under the Apprentice Workforce Development (AWD) contract to support training and development for staff delivering apprenticeships in the sector. These grants enable providers to access targeted workforce development opportunities, directly contributing to ETF's objective of building the capability and capacity of the FE workforce.

All grant awards are approved by the DfE and are subject to robust due diligence and monitoring processes, ensuring funds are used effectively and in line with UK Charity Commission guidance on public benefit.

2.11 Statement on Trustee Duties and Stakeholder Engagement (aligned with Section 172 CA 2006)

In fulfilling their duties as directors of a charitable company, the trustees of ETF have acted in a way that promotes the success of the charity and delivers public benefit in accordance with Section 172 of the Companies Act 2006. Trustees consider the long-term impact of their decisions on ETF's strategic goals, beneficiaries, employees, funders, and partners across the FE and Skills sector.

Decisions are taken with careful regard to ETF's charitable purpose, the sustainability of services, responsible stewardship of public funds, and maintaining the trust of stakeholders. Trustees receive regular reporting on stakeholder feedback, operational delivery, risk, and financial performance, and they engage directly with key government departments, sector representatives, and delivery partners. Environmental, social, and ethical considerations are also taken into account in strategic planning, digital investment, and procurement activity. Trustees remain committed to ensuring ETF upholds high standards of transparency, integrity, and public accountability.

3. TRUSTEES' REPORT

This Trustees' Report supports the Statutory Report by providing an overview of the charity's governance, the critical risks and their management, along with key policies and legal and compliance matters. In the interest of brevity, this report is kept at a high level. Those interested in the charity's governance arrangements will find further information on ETF's website and are welcome to contact the Company Secretary (Dr Gina Hobson) for more information.

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 financial statements of the results of the charity for the year ended 31 March 2025 ('the year'). The trustees confirm that they have referred to the Charity Commission's guidance on public benefit and adopted the Charity Governance Code.

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

3.1 Governance

The ETF Board aspires to be a high performing board. It takes its responsibilities seriously and aims to demonstrate good practice in its ways of working. This section provides some highlighted detail on the Board's responsibilities, the Members and their responsibilities, and how trustees are supported by the charity.

ETF's Board members are the charity's trustees. The Board oversees the work of ETF. It sets strategic direction, ensures proper financial and governance arrangements are in place, and ensures that ETF remains focused on supporting educators and leaders working in the FE and Skills sector.

As a charity and a company limited by guarantee, ETF also has Company Members. The Company Members of ETF are representative organisations with a unique stake in ensuring that FE and Skills professionals get the support and development they need and deserve. Company Members have a meaningful role in the stewardship of ETF and help to shape the FE and Skills sector workforce strategy. The six Company Members are the Association of Colleges (AoC, Founding Member), HOLEX (Founding

Member), AELP (Founding Member), the National Union of Students (NUS), NatSpec and the Trades Union Congress (TUC).

Trustees are appointed and reappointed by the ETF Board. A recruitment procedure outlines how the Board seeks the input of ETF's Members in the recruitment of new trustees. Trustees may serve a maximum of two three-year terms on the Board (with a third term permitted in exceptional circumstances). Further detail is available in the Articles. The beginning-to-end process as a trustee, including a comprehensive induction, training and appraisal, is described in ETF's trustee journey. On appointment and each year, trustees are asked to adopt a code of conduct and declare their interests. Trustees' interests are reviewed at each Board and committee meeting. Trustee and Board effectiveness is routinely reviewed, including through meeting review discussions at the end of every Board and committee meeting, plus surveys. In 2024/25 ETF's trustees (and particularly the Chair) undertook increased and visible external and stakeholder engagement, recognising the critical ambassadorial role which trustees hold.

In 2023–24 an external governance review was completed by the National Council for Voluntary Organisations (NCVO); it reported positively on the charity's governance arrangements. An action plan to respond to the report recommendations and further strengthen the charity's governance was developed and implemented through 2024–25. Some of the highlighted improvements include:

- Strengthening of trustee and committee chair role descriptions
- Increased diversity of the Board through the recruitment of four new trustees
- Introduction and appointment of a lead trustee for safeguarding, people and culture
- Reviewed and assessed all committees
- Updating of the committee terms of reference
- Introduction of a new committee (Education, Quality and Standards; EQS) which will oversee and ensure the quality and standards of the charity's educational provision (e.g. training and development, statuses, membership). Its main responsibilities are to oversee and advise the ETF Board on the quality of provision, outcomes and impact.
- Expanded remit of the Finance Committee to now include performance oversight (now Finance and Performance (F&P) Committee).

The delivery of the governance action plan is being led by the Company Secretary and overseen by the Chair of the Audit and Risk Committee.

As a result of the introduction of the new EQS Committee and the expansion of the role of the Finance and Performance Committee, which has brought together the oversight of all aspects of the charity's provision, the SET Management Board (SMB) was disbanded at the end of 2024. The significant work of the SMB was recognised through a joint event involving ETF's Company Members, Board and the SMB.

In 2024–25, a growth programme was introduced to support the delivery of the strategic and business plans. The programme focused on three areas critical to the delivery of the strategy: commercial readiness; digital transformation; and people and culture. Capability and capacity in these areas were increased, business plans developed and, in 2025–26, these functions were moved into business as usual activities.

The key outcomes from the strands include:

- Commercial readiness: introducing processes and systems to strengthen financial sustainability and income diversification. It has focused on new product and service development and positioning membership at the heart of the charity.
- Digital transformation: enhancing the quality and effectiveness of technology used across our operations, focusing on improving the customer experience, supporting growth, and future-proofing the charity.
- People and culture: implementing a cultural programme, through a new People Plan, which enables a productive and positive culture and supports the achievement of our strategic objectives.

3.2 Key risks and risk management

Through 2024–25 a review of risk management and reporting was undertaken. The purpose was to ensure the charity continued to: i) have a strong system of risk management embedded in the organisation and ii) increase the resilience of the organisation to prepare and respond to known and unknown risks in a measured way. At the end of 2024–25 a streamlined Corporate Risk Register (CRR) was introduced.

The Board's oversight of risk comprises:

- a regular review of the principal strategic and operational risks faced by the charity
- at least twice per year consideration by the Audit and Risk Committee of the operation of the risk management policy, along with scrutiny of the CRR, key strategic risks and the mitigating actions, making recommendations and reports to the Board where necessary
- delegation of the day-to-day oversight of risk to the CEO
- monthly consideration and update of ETF's corporate risk register by the Executive Board and Leadership Team.

All risks and planned actions are recorded in the risk register, assigned owners and overseen by the Executive Board.

In 2024–25, the Board and Executive identified and monitored key risks to ETF's strategic delivery:

Summary risk description	Gross risk score*	Mitigations	Net risk score*
Need to adapt quickly to strategic change and implement & communicate new strategy effectively	25	Investment in people plan and external and internal communications	20
Contracts (including TLPD) ending, impacting sustainability of the organisation	20	Detailed contract exit planning Diversification of income streams New business development	20
Potential reductions in government funding and/or changes in policy	16	Enhanced financial modelling Strengthened funder relationships	12

* Combines impact and likelihood ratings, with a max score of 25

Risks related to organisational resilience (such as an unforeseen macro-environmental event or cultural challenges) were addressed through tested business continuity plans, cyber security training, and a People Plan focused on staff engagement and capability. Oversight by the Audit and Risk Committee ensured risks were actively managed and aligned with strategic priorities.

3.3 Streamlined Energy and Carbon Reporting (SECR)

ETF continues to voluntarily report under the Streamlined Energy and Carbon Reporting (SECR) framework. This reflects our strong commitment to transparency and our strategic alignment with the UK's net-zero ambitions. Our electricity supply is 100% renewable and backed by Renewable Energy Guarantees of Origin (REGO), certified by The Carbon Trust.

Emissions and energy consumption summary:

Emission source	2024–25	2023–24	2022–23	Unit of measurement
Combustion of gas (Scope 1)	55,926	51,623***	35,202***	kWh
	10.23	9.44	6.44	tCO ₂ e
Purchased electricity (Scope 2)	38,723	41,517	44,074	kWh
(market based)	0	0	0	tCO ₂ e
Waste (Scope 3)	1.85	1,710	1,777	kg
Waste water (Scope 3)	192.69	98.31	76.69	m ³
	0.04	0.05	0.04	tCO ₂ e
Water (Scope 3)	192.69	98.31	76.69	m ³
	0.07	0.02	0.01	tCO ₂ e
Business travel – employee-owned vehicles (Scope 3)	12.41	19.25	22.94	tCO ₂ e
Business travel – public transport (Scope 3)	6.37	4.37	5.26	tCO ₂ e
Total gross based on above	29.12**	33.13	34.69	tCO₂e
Normalisation metric	162	156	193	Headcount
Intensity ratio	0.18	0.21	0.18	gross tCO₂e/Headcount

**ETF's greenhouse gas emissions on the above categories for 2024–25 were 29.12 tCO₂e, representing a 12% reduction from 2023–24 and a 16% reduction from the 2022–23 baseline. This improvement reflects the ongoing effectiveness of our energy management and sustainability measures.

*** The figure for gas was stated incorrectly for the last few years as the wrong calculation method was applied to the data provided. The figure has been restated here to facilitate comparison.

Key observations:

- Scope 1 emissions (from gas combustion) increased modestly to 10.23 tCO₂e, due to higher gas usage during the heating season.
- Scope 2 (market-based electricity emissions) remained at zero, as ETF continues to procure 100% REGO-backed renewable electricity.
- Business travel using employee-owned vehicles declined significantly, continuing a multi-year downward trend, while public transport emissions increased slightly, indicating a modal shift toward lower-carbon travel options.
- Water and wastewater emissions increased due to higher consumption, which will be a focus area for further review.
- ETF's carbon intensity ratio improved from 0.21 to 0.18 tCO₂e per FTE, reflecting continued operational efficiency and more targeted emissions reduction.

Looking ahead ETF remains committed to continuous improvement in our carbon performance. In 2025–26, we will:

- Investigate increases in gas and water consumption and introduce targeted efficiency measures.
- Enhance staff engagement around commuting choices, guided by the findings from our 2024 commuting survey.
- Use insights from our supply chain emissions assessment to identify reduction opportunities and engage suppliers in climate action.
- Strengthen Scope 3 data coverage and quality, particularly in categories like home working and procurement.
- Continue integrating carbon considerations across operations to support our long-term contribution to the net-zero transition within the FE and Skills sector.

3.3.1 Fundraising statement

ETF had no fundraising activities nor links with third-party fundraising organisations requiring disclosure under Section 162A of the Charities Act 2011. No fundraising complaints have been logged in this year or the prior year.

3.4 Policies report, including pay policy

The Board keeps an overview of ETF's policies, procedures and processes; it routinely receives a policy list and review schedule. We continue to systematically draft, review and update our policy documents for approval by the Executive or the Board, as appropriate. All policies are stored centrally on ETF's intranet and key documents are circulated to staff. In 2024–25, the Board reviewed and approved the updated Financial Regulations.

The Board considers the key management personnel of the charity to be the members of the Executive Board. The Board has agreed a pay policy, which refers to regular benchmarking. The pay of staff is reviewed by the Board's Remuneration and Search Committee, taking into account variables including performance of the organisation, climate in the education and training, public and voluntary sectors, affordability for ETF, attracting and retaining excellent staff, cost of living indices and sector benchmarks. The Board's Remuneration and Search Committee makes recommendations to the Board, which is responsible for final decisions. At the end of 2023–24, an externally led review and benchmarking of staff pay took place, with the recommendations being rolled out through 2024–25.

3.5 Trustees and advisors

Trustees

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	Reappointed	Resigned
Mr A Carey	9 December 2024		
Ms S Ejaz	9 December 2024		
Mr J Graham	27 March 2019	12 January 2022	9 December 2024
Mr W Ilowski	3 May 2022	4 November 2024	
Ms L Leith OBE	11 December 2020	8 November 2023	
Mr M Malcomson CBE	9 December 2024		
Mr A McConnell OBE (Finance Chair)	22 July 2019	12 January 2022 and 7 May 2025 (for a shortened third term under exceptional circumstances)	
Mr G McDonald CBE	11 November 2021	4 November 2024	
Ms B McLeish OBE DL	9 December 2024		
Sir Frank McLoughlin CBE (Chair)	1 January 2024		
Ms R Musson (Audit and Risk Chair)	13 December 2019	8 November 2022	
Dr S Parrett CBE	11 November 2021	4 November 2024	
Mr P Singh	11 December 2020	8 November 2023	
Ms R Spellman OBE	27 March 2019	12 January 2022	9 December 2024

Officers

CEO Dr Katerina Kolyva

Company Secretary Dr Gina Hobson (resigned 30 November 2023, reappointed 1 July 2024²)
Chloe Annetts (appointed as Interim Company Secretary 22 January 2024, resigned 30 June 2024)

Registered office

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

Auditor

RSM UK Audit LLP, 25 Farringdon Street, London, EC4A 4AB

Solicitor

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

Bankers

Royal Bank of Scotland, 62–63 Threadneedle Street, London EC2R 8LA
Barclays Bank, 1 Churchill Place, London E14 5HP

² Dr Gina Hobson was absent from the charity between Jan 2024 and July 2024 on sabbatical

Should you have any comment regarding our programmes or the content of this report, please get in touch with the Chief of Staff to the Chair and CEO (gina.hobson@etfoundation.co.uk). You can find more information about ETF's public benefit and impact on the website: <https://www.etfoundation.co.uk/governance/documents/>.

3.6 Statement of responsibilities of the trustees

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 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 operation.

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.

3.7 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 ETF's auditors are unaware; and each trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that 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 Trustees' Report) Regulations 2013, was approved by the Board, in their capacity as trustees and company directors, and signed on its behalf on 16th July 2025 by:



Sir Frank McLoughlin CBE
Chair



Dr Katerina Kolyva
CEO

4. INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE EDUCATION AND TRAINING FOUNDATION

Opinion

We have audited the financial statements of Education and Training Foundation (the 'charitable company') for the year ended 31 March 2025 which comprise Statement of Financial Activities (including the Income and Expenditure Account), Balance Sheet, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' Report and the Strategic 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report, the Strategic Report or the Trustees' Report.

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out in section 3.6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations (GDPR). We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgements and estimates and sample testing income completeness and cut off.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://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.

HCatchpool

Hannah Catchpool (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants
25 Farringdon Street
London EC4A 4AB

6th August 2025

5. STATEMENT OF FINANCIAL ACTIVITIES For the year ended 31 March 2025
(Including the Income and Expenditure Account)

		2024-25			2023-24		
	Note	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Income:							
Income from charitable activities:							
Grant Income	3	-	75	75	3	49	52
Contract Income	4	17,931	-	17,931	21,023	-	21,023
Professional Development		229	72	301	272	206	478
Accreditation		445	-	445	301	-	301
Membership		1,293	-	1,293	1,456	-	1,456
		19,898	147	20,045	23,055	255	23,310
Income from trading activities:							
Other income	5	39	-	39	45	-	45
Investment Income	6	313	-	313	215	-	215
Total Income		20,250	147	20,397	23,315	255	23,570
Expenditure:							
Expenditure on charitable activities:	7	(20,494)	(510)	(21,004)	(24,798)	(477)	(25,275)
Total Expenditure		(20,494)	(510)	(21,004)	(24,798)	(477)	(25,275)
Net (expenditure) and movement in funds for the year							
		(244)	(363)	(607)	(1,483)	(222)	(1,705)
Reconciliation of funds							
Total funds brought forward		9,139	602	9,741	10,622	824	11,446
Total funds carried forward		8,895	239	9,134	9,139	602	9,741

The Statement of Financial Activities includes all gains and losses recognised in the year.
All income and expenditure derive from continuing activities.

The notes on pages 28-40 form part of these financial statements.

6. BALANCE SHEET as at 31 March 2025

	Note	2025 £000	2024 £000
Fixed assets			
Intangible assets	13	130	581
Tangible assets	13	141	181
		<u>271</u>	<u>762</u>
Investment in subsidiary	14	1	1
		<u>272</u>	<u>763</u>
Current assets			
Debtors	15	2,884	4,808
Cash at bank and in hand		9,943	9,544
		<u>12,827</u>	<u>14,352</u>
Liabilities			
Creditors: amounts falling due within one year	16	(3,965)	(5,374)
Net current assets		<u>8,862</u>	<u>8,978</u>
Total assets less current liabilities		<u>9,134</u>	<u>9,741</u>
Net assets		<u>9,134</u>	<u>9,741</u>
Unrestricted income funds	19	8,895	9,139
Restricted income funds	20	239	602
Total funds		<u>9,134</u>	<u>9,741</u>

The notes on pages 28-40 form part of these financial statements.

These financial statements were approved by the Trustees and authorised for issue on 16th July 2025 and were signed on their behalf by:

Frank McLoughlin

Sir Frank McLoughlin CBE
Chair

7. STATEMENT OF CASH FLOWS For the year ended 31 March 2025

	Note	2024-25 £000	2023-24 £000
Cash provided by operating activities	22	297	1,410
Cash flows from investing activities			
Interest income		313	215
Purchase of fixed assets		(211)	(539)
Increase in cash and cash equivalents in the year		399	1,086
Cash and cash equivalents at the beginning of the year		9,544	8,458
Total cash and cash equivalents at the end of the year		<u>9,943</u>	<u>9,544</u>

8. NOTES TO THE FINANCIAL STATEMENTS

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. ETF meets the definition of a public benefit charity under FRS 102. The financial statements are prepared in pounds sterling, which is the functional currency of the charity. Monetary amounts shown in these financial statements are rounded to the nearest £'000.

b) Going concern

The accounts have been prepared on a going concern basis. ETF will be able to meet its obligations in full for at least 12 months following the signing of these accounts.

The Board has considered the longer-term position of ETF and its financial strength. In reviewing multi-year budget forecasts, cashflow forecasts and considering the current level of reserves, the Trustees were satisfied that ETF is in a strong position and were satisfied with the preparation of the accounts on a going concern basis.

c) Group financial statements

The financial statements show the results for just the charity. The charity's wholly owned subsidiary, ETF Services Ltd (ETFS), was dormant in the financial years to 31 March 2025 and 31 March 2024 and therefore consolidated financial statements were not required.

d) Income

All income is recognised in the financial statements when ETF has absolute entitlement, there is a probability of receipt, and the amount is measurable.

- **Grants:** Specifically, income from government and other grants is recognised when 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 purposes, the amounts are accounted for within restricted income.
- **Contracts:** Income from government and other contracts is recognised over the period of the contract on an accruals basis. Income from government contracts is only recognised when there is entitlement under the contract once agreed milestones have been met and certified by the DfE.
- **Membership and professional services income:** Income from membership subscriptions is recognised evenly over the period of membership subscription year which is 1st April to 31st March. Income from registration onto accreditation schemes is recognised over the period of the accreditation programme and is accrued evenly from the beginning of the course till the end of the evaluation.
- **Income from professional development** is recognised when ETF has full entitlement to the funds in line with delivery of each course. Income is deferred and recognised as a liability when payment for courses is received in advance. These are courses that are paid for externally and are generated in addition to courses delivered under the L&G contract.

- Any additional fee income generated from courses that are delivered as part of the Leadership & Governance DfE contract are treated as restricted income as future expenditure of these funds must be agreed in advance with the DfE.

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). Overhead 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 those unrestricted funds which have been set aside by Trustees for a specific future purpose.

Unrestricted funds are available for general use by ETF or to meet possible shortfalls in revenue or unforeseen increases in expenditure, investment in business development initiatives and generally for the furtherance of the charitable objective to support the improvement of teaching and learning in the FE sector.

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.

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 depreciated /amortised over their estimated useful life on a straight-line basis as follows:

Tangible assets

- Computer hardware – 3 years
- Furniture and fittings – 5 years

Intangible assets

- Software development – 3 years

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

i) Financial instruments

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.

j) Pensions

ETF pensions are with Aviva operating under a salary sacrifice scheme.

ETF contributes 6 per cent of employee's pensionable salary into this scheme.

In the financial year 2024-25 employer contributions of £444,897 (2023-24: £542,532) were paid to Aviva.

k) Staff termination costs

Redundancy costs are recognised in the accounts when (a) the decision about staff leaving has been made, (b) it is likely that such payments will be required, and (c) the amount to be paid can be reliably assessed.

l) Impairment of assets

ETF recognises the obligation to assess the carrying value of its assets at each reporting date to ensure they are not stated at more than their recoverable amount. Where indicators of impairment are identified an estimation will be undertaken to estimate the recoverable amount and the carrying amount of the asset will be reduced accordingly.

m) Leases

ETF does not have any finance leases.

For the operating lease that ETF has the annual rentals are charged to the income and expenditure account on a straight line basis over the lease term.

Where rent free or other incentives are received for entering into an operating lease these are accounted for as a reduction to the expense and recognised on a straight line basis over the lease term.

1.1 Accounting Estimates and Areas of Judgement.

a) Estimates

Included in the accounts is an estimation of the costs that will be required to return the leased office space back to its original condition. The amounts were arrived at after a survey done by the lessor noting the significant work that had been done to the office space over the years. It is estimated that it will cost £120k to carry out these works at the end of the lease on 31 January 2027.

b) Judgement

A key judgement made during the year was to write off the costs related to the Learning Management System after an impairment review. The review revealed the platform was a licensed service rather than a bespoke asset controlled by the charity. The amount written off represented capitalised costs to date less the accumulated depreciation i.e Net book value. This totalled £216k.

2. Legal status of ETF

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. Grants

In the year to 31 March 2025, ETF received the following grants:

A grant from the Welsh government of £7.5k (2023-24: Nil) for the promotion of Technical Fellowships in Wales.

ETF received two non-government grants:

A grant of £52k (2023–24: £53k) from the Royal Commission for Technical Teaching Fellowships associated with TVET-Technical and Vocational Education and Training. The unfulfilled conditions associated with the grant at the end of 2023-24 were met during the financial year.

A grant payment of £15k from the Education Endowment Foundation towards raising the educational attainment of disadvantaged pupils in schools in England. This grant payment is part of a multi- year grant agreement that will terminate on Spring Term 2027 and be funded up to the amount of £199k over the life of the project.

4. Contracts

In the year to 31 March 2025, ETF received income from four government contracts, £16,596k (2023-24: £19,899k) and two non-government contracts, one with the National Association for Special Educational Needs £1,124k (2023-24:£1,124k) and one with Empowering Education Ltd which funds the Multiply contract £211k. This was funded by DfE last year (2023-24: £124k).

The most significant government contract was for T Level Professional Development (TLPD). The total of £16,596k (2023–24: £19,899) shown above includes £11,482k (2023–24: £12,275k) from the TLPD contract.

5. Other income

Other income comprises tickets sold at the annual SET conference and income generated from exhibition stands and sponsors which came to £39k (2023-24 £29k).

Other activities that generated income related to consultancy, panel, chairing and OFSTED inspections Nil (2023-24 £16k).

6. Investment income

All the group's investment income of £312,643 (2023–24: £214,295) arises from money held in interest-bearing deposit accounts.

7. Analysis of expenditure on charitable activities

	Direct cost & grants £000	Direct staff cost £000	Indirect staff cost £000	Overhead cost £000	2024-25 Total cost £000	2023-24 Total cost £000
Professional development	3,809	3,392	1,643	1,419	10,263	18,677
Sector development	3,670	2,390	1,383	1,195	8,638	4,848
Research and data	218	162	87	75	542	362
Membership and accreditation	617	478	250	216	1,561	1,388
2024-25 Total cost	8,314	6,422	3,363	2,905	21,004	25,275
2023-24 Total Cost	10,744	7,195	4,822	2,514	25,275	

Direct and indirect staff costs comprise payroll £8,917k (2023-24: £11,259k) and other staff related costs £868k (2023-24: £758k).

7.1 Allocation of support costs

Allocated to charitable activities as indirect staff cost £3,363k (2023-24: £4,822k) and overhead costs £2,905k (2023-24: £2,514k).

	2024-25	2023-24
Governance	188	113
Executive, Legal and Compliance	1,007	1,595
Finance, Procurement & Facilities	1,310	1,470
Human Resources	804	858
Information Technology	2,101	2,323
Marketing & Communications	858	977
	6,268	7,336

8. Grants Awarded

A total grants figure of £98k was awarded to 5 training providers as part of the Apprentice Workforce Development (AWD) contract (2023-24: 223k). A complete list of recipients of government grants awarded by ETF can be provided on request to the Company Secretary.

9. Net income for the year

This is stated after charging:

	2024-25 £000	2023-24 £000
Operating leases - property	313	309
Governance costs:		
External Auditor's remuneration		
- Audit fees	57	57
Other Advice		
- Other non- audit services	25	19
- Legal and Professional	44	52
Internal Auditor's remuneration	17	46
Trustees remuneration & expenses	45	42
	188	216
In addition to the Audit fees the External Auditors were paid for non audit work.		
Delivery of the Leadership and Governance Contract	107	106
Other services	47	19
	154	125
Depreciation and Amortisation	486	611
Net amount of impairment of fixed assets	216	-

10. Staff

The average number of staff, including senior post holders, employed by ETF during the year ended 31 March 2025, expressed as full-time equivalents (FTEs):

	2024-25	2023-24
Total number of FTEs	144	176
Average number of staff	149	180

There were 86 staff in operational/teaching, 50 in administration and 8 in management (2023-24: staff in operation/teaching 107, administration 58 and 11 management).

Staff costs included within expenditure on charitable activities are:

	2024-25 £000	2023-24 £000
Salaries and wages	7,572	9,256
Social Security costs	775	959
Pension costs	445	543
Redundancy	125	122
Termination award	-	379
	8,917	11,259

Redundancy payments were made in line with statutory entitlements following individual role cessations as part of ongoing workforce review and optimisation and was funded through ETF's working capital.

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

	2024-25	2023-24
£60,001 - £70,000	13	24
£70,001 - £80,000	1	14
£80,001 - £90,000	3	6
£90,001 - £100,000	2	4
£100,001 - £110,000	-	1
£110,001 - £120,000	2	-
£120,001 - £130,000	1	1
£150,001 - £160,000	-	1
£160,001 - £170,000	1	-

The payment bandings include payments in relation to staff redundancy.

During the financial year ETF's structure included an Executive Board comprising the CEO, Chief of Staff, and Executive Directors. These were considered to be the key management personnel by the Board of Trustees.

At 1 April 2024 this comprised the CEO, Executive Director of Corporate Services, Executive Director of Education and Standards and Chief of Staff (noting that the incumbent was on a career break to 1 July 2024). The following roles were added over the course of the financial year: Executive Director of Development & Delivery (October 2024) and Executive Director of Membership & Sales (January 2025).

In 2024-25, this comprised 4.5 FTE (2023-24: 4.8 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>	
	<u>2024-25</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2023-24</u>
	£	£	£	£
Salaries and wages	573,022	521,392	160,000	155,571
Social Security costs	69,937	62,020	20,383	19,784
Pension costs	33,291	31,287	9,600	9,334
Redundancy	-	57,382	-	-
	<u>676,250</u>	<u>672,081</u>	<u>189,983</u>	<u>184,689</u>

11. Trustees' remuneration and expenses

	<u>2024-25</u>	<u>2023-24</u>
	£	£
A McConnell	8,000	8,000
R Musson	8,000	8,000
F McLoughlin	20,000	5,000
Reimbursement of trustees' expenses	<u>8,775</u>	<u>6,201</u>
	<u>44,775</u>	<u>42,201</u>

ETF's Articles of Association permits the remuneration of the Chair of the Board and up to two other Directors known as relevant Directors, one of which must be the Chair of the Audit and Risk Committee.

In the financial year ended 31 March 2025 the Chair of the Board, the Chair of the Audit and Risk Committee and the Chair of the Finance Committee managed significant and complex activities on behalf of ETF and were remunerated according to the conditions stipulated in Article 10 of ETF's Articles.

The Chair of the Board (F McLoughlin), The Chair of the Audit and Risk Committee (R Musson) and the Chair of the Finance Committee (A McConnell) were contracted and remunerated for the work they carried out during the financial year ended 31 March 2025.

No pension contributions were made on their behalf.

As the maximum number of Trustees permitted by the Articles were employed during the financial year, no other Trustee received any remuneration or any other benefit from ETF in the financial year.

Travel, accommodation and subsistence expenses were reimbursed to eight Trustees during the year (2023–24: seven Trustees).

12. Related party transactions

AoC, AAETO-HOLEX, NUS, Natspec, TUC and AELP were the Members of ETF throughout 2024–25. All are considered to be related parties by virtue of their rights under the Articles of Association and are consulted about the recruitment of Trustees.

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 on the basis of the potential influence they could have. The Board considers this to be appropriate and requires that Trustees comply with its conflicts of interest policy.

Other than direct services to the Board (e.g. audit), the Board has no involvement in any of ETF's processes for assessing tenders. Similarly, no potentially conflicted Trustees take part in supplier performance reviews when the supplier is a related party.

ETF has entered into contractual arrangements with the following organisations which fall within the definition of related parties under FRS102:

	2024-25 Spend	2024-25 Income	2023-24 Spend	2023-24 Income	2024-25 balance due (to)/from	2023-24 balance due (to)/from
	£000	£000	£000	£000	£000	£000
Activate Learning	-	-	13	-	-	-
Association of Employment and Learning Providers	368	-	410	-	(51)	(72)
Association of Adult Education and Training Organisations	52	-	79	-	(17)	(10)
Association of Colleges (AoC)	805	13	1,192	-	(368)	(275)
AoC Regional Office - East Midlands (EMFEC)	-	-	2	-	-	(2)
AoC Create Limited	223	-	287	-	(18)	(140)
The National Learning & Work Institute	1	-	9	-	-	-
NatSpec	240	-	75	-	-	-
Kirklees College	2	10	8	11	2	-
New City College	-	13	-	13	-	-
Black FE Leadership Group	6	-	5	-	-	-
Dicketts Development Consulting Ltd	-	-	22	-	-	(17)
Oxford Business School	-	-	666	-	-	(161)
London South East Colleges	46	-	-	3	-	-
BVDE Quality Solutions	1	-	-	-	-	-
City Lit	-	31	-	3	31	-
Education Endowment Fund	-	15	-	-	-	-
Walsall College	3	10	-	12	-	-
Newcastle College Group	10	-	-	8	-	-
	1,757	92	2,768	50	(421)	(677)

13. Fixed assets

	Computer Software Intangible £000	Computer Hardware Tangible £000	Furniture & Fittings Tangible £000	Total Tangible £000	Total Fixed assets £000
Cost					
Opening Balance 1 April 2024	1,665	391	180	571	2,236
Additions	152	59	-	59	211
Closing Balance 31 March 2025	1,817	450	180	630	2,447
Depreciation, Amortisation & Impairment					
Opening Balance 1 April 2024	1,084	316	74	390	1,474
Charge in year	387	59	40	99	486
Impairment losses	216	-	-	-	216
Closing Balance 31 March 2025	1,687	375	114	489	2,176
Net Book Value 31 March 2025	130	75	66	141	271
Net book Value 31 March 2024	581	75	106	181	762

During the year, an impairment was recognised in relation to capitalised software development costs for a digital platform which, following reassessment, no longer met the recognition criteria for an intangible asset under FRS 102 and the Charities SORP. The platform is now deemed to be a licensed service rather than

a bespoke asset controlled by the charity. As such, the net book value was written off in full and the impairment charge recognised within charitable expenditure in the Statement of Financial Activities

14. 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 subsidiary has been dormant since it transferred its assets to ETF on 7 July 2021; as a result, no consolidated accounts are prepared.

15. Debtors

	2025	2024
	£000	£000
Trade Debtors	2,665	4,439
Prepayments	156	122
Accrued Income	59	247
Other debtors	4	-
	<u>2,884</u>	<u>4,808</u>

16. Creditors: amounts falling due within one year

	2025	2024
	£000	£000
Trade Creditors	1,626	2,652
Accruals	1,358	1,319
Deferred Income (see note 17)	234	179
Taxation & Social Security	247	263
Amounts owing to subsidiary	1	1
Other creditors	499	960
	<u>3,965</u>	<u>5,374</u>

17. Deferred income

Deferred income comprises the SET membership fees, including corporate partners in respect of 2025–26 invoiced before 31 March 2025, consultancy fees paid in advance of work carried out in 2024–25, 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 2025. Included also was deferred income for the Multiply contract and AWD grants awarded as part of the AWD contract.

	2025 £000	2024 £000
Balance at 1 April 2024	179	265
Amount released to income earned from charitable activities	(179)	(265)
Amount deferred in year	234	179
Balance at 31 March 2025	<u>234</u>	<u>179</u>

Total deferred income in the charity comprises QTLS/ATS income of £99k (2023–24: £74k), membership fees in advance of £32k (2023–24: £73k), consultancy fees £9k (2023–24:£13k) Basic Skills course and CPD event £17k (2023-24:£15k) TVET grant £Nil (2023-24:£4k) grant payments included as part of the AWD contract and the Multiply Contract £77k (23-24:Nil).

18. 2024–25 – Analysis of net assets in funds

	Unrestricted	Restricted	Total
Fixed assets -includes investment in subsidiary	272	-	272
Cash in bank and in hand	9,711	232	9,943
Other net (liabilities)/assets	(1,088)	7	(1,081)
	<u>8,895</u>	<u>239</u>	<u>9,134</u>

2023-24 Analysis of net assets in funds

	Unrestricted	Restricted	Total
Fixed assets	762	-	762
Cash in bank and in hand	8,942	602	9,544
Other (liabilities)	(565)	-	(565)
	<u>9,139</u>	<u>602</u>	<u>9,741</u>

19. 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
2024-25					
Designated funds, of which:					
SET VAT	-	-	-	182	182
Fixed assets reserves includes investment in ETFS Ltd	762	-	(491)	1	272
General fund - Free reserves	8,377	20,250	(20,003)	(183)	8,441
	<u>9,139</u>	<u>20,250</u>	<u>(20,494)</u>	<u>-</u>	<u>8,895</u>
2023-24					
Designated funds, of which:					
- Wind-down of ETF	3,000	-	-	(3,000)	-
- Strategic investment reserve	600	-	(600)	-	-
Fixed assets reserves	834	-	(72)	-	762
General fund - Free reserves	6,188	23,315	(24,126)	3,000	8,377
	<u>10,622</u>	<u>23,315</u>	<u>(24,798)</u>	<u>-</u>	<u>9,139</u>

From 1 April 2023 ETF moved away from creating a designated fund for orderly wind-down in favour of a broader reserves policy. The reserves policy for the year ended 31 March 2025 is still set at £5.3m and will support the charity to be financially resilient and flexible, and secure the charity against sudden loss of income or provide for an orderly wind-down if necessary.

SET VAT is a designated fund as detailed in note 2.7 in the Trustees' Report

Free reserves are currently in excess of this minimum reserves level at £8.4m.

The reserves policy will be reviewed annually along with the cash reserves policy as part of the budget process and any significant reforecast or organisational change during the year.

The movement of funds on fixed asset reserves, which was created in 2022-23, relates to resources expended on fixed assets net of depreciation, reduced by the written down value of impaired assets during the financial year. This fund represents a level of general funds not available for immediate use due to it being tied up in fixed assets.

The investment of £1,000 in ETFS Ltd has been transferred out of free reserves and now forms part of the fixed assets reserves.

20. Analysis of movements in restricted funds

	Funds at start of year £000	Incoming resources £000	Resources expended £000	Funds at end of year £000
2024-25				
DfE grant	69	-	-	69
TVET	-	60	(60)	-
EEF	-	15	(15)	-
Leadership & Governance course fees	533	72	(435)	170
	<u>602</u>	<u>147</u>	<u>(510)</u>	<u>239</u>
2023-24				
DfE grant	69	-	-	69
TVET	-	49	(49)	-
Leadership & Governance course fees	755	206	(428)	533
	<u>824</u>	<u>255</u>	<u>(477)</u>	<u>602</u>

DfE grant refers to unspent balance of a grant programme that is no longer ongoing and is owed back to DfE. A decision on how this will be released will be made in the 2025/26 financial year.

Leadership and governance course fees is income generated by virtue of the DfE Leadership & Governance contract. It will be spent on similar activities agreed between the DfE and ETF.

TVET refers to a grant received from the Royal Commission for Technical Teaching Fellowships and a grant from the Welsh Government. EEF refers to a grant from The Educational Endowment fund please see note 3 for details on the income received for both these funds.

21. Lease commitments

ETF had the following total lease commitments as at 31 March

	2024-25 £000	2023-24 £000
Operating lease - property rental		
Payments due within one year	448	337
Payments due within one and two years	373	-
	<u>821</u>	<u>337</u>

The lease is in respect of the ETF office based in London. The lease was extended for another two years commencing on 1 February 2025 and expiring on 31 January 2027.

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

	2024-25	2023-24
	£000	£000
Net movement in funds	(607)	(1,705)
Add back depreciation charge	486	611
Add back loss on impairment of fixed assets	216	-
Deduct interest received	(313)	(215)
Decrease in debtors	1,924	3,464
(Decrease) in creditors	(1,409)	(745)
Net cash provided by operating activities	297	1,410

Accounts

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024



Contents

Welcome **03**

1 About Education and Training Foundation (ETF) **05**

2 Strategic report **06**

3 Trustees' report **20**

4 Independent auditor's report to the trustees of ETF **31**

5 Statement of financial activities **35**

6 Balance sheet **36**

7 Statement of cash flows **37**

8 Notes to the financial statements **38**

Welcome

ETF has for over ten years held a pivotal role in supporting the Further Education (FE) and Skills sector across England. Through its initiatives, ETF drives professionalism, enhances teaching and learning, champions inclusion, and enables sector change, ultimately transforming the lives of learners aged 14 and above. ETF's work includes commissioning and delivering professional workforce development programmes, operating the Society for Education and Training (SET), and providing leadership in addressing key sector challenges.



In 2023-24, the ETF Board appointed a new Chair, Sir Frank McLoughlin CBE, who is one of the leading voices in the FE and Skills sector. One of his first responsibilities was to lead the Board to oversee the launch of the charity's new strategy, **"Together we transform"**, focusing on four strategic goals.

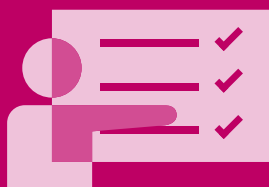
- 1** Drive professionalism: we will champion professionalism and grow the evidence base of education and leadership practice, making FE and Skills a rewarding career destination.
- 2** Improve teaching and learning: we will ensure consistency in learner experience by setting clear competences and conduct required to enter and maintain professional status within FE and Skills.
- 3** Champion inclusion: we will tackle inequalities in the FE and Skills workforce, supporting routes to employment and career development by providing lifelong learning to all.
- 4** Enable sector change: we will convene sector change and respond to the FE and Skills workforce needs by working in partnership.

ETF's first Theory of Change (ToC) was introduced to link these strategic goals to specific outputs and outcomes, guiding future business planning and impact reporting.

Key achievements in 2023-24 included:

Professionalism:

Over **23,000** SET members and **50** Corporate Partners were supported, with **620** members achieving Qualified Teacher Learning and Skills (QTLS) status.

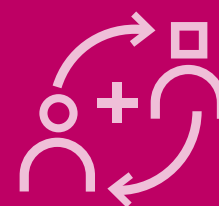


Teaching and Learning:

Programmes including T Level Professional Development and leadership training saw strong engagement, with over **14,000** participants.

Inclusion:

ETF partnered with the **Black Leadership Group** and launched the Inclusive Leadership program, enhancing sector-wide inclusivity.



Sector Change:

ETF led discussions on systemic challenges in FE through partnerships with institutions like Saïd Business School, University of Oxford, culminating in the **"Further Education and Skills: Changing Systems of Change"** report. [View on ETF website](#)



Looking forward, ETF aims to embed its strategic goals into its operations, focusing on:

- ✓ expanding professional networks and memberships
- ✓ delivering world-class CPD programmes
- ✓ influencing workforce development and promoting sector professionalism
- ✓ enhancing digital learning experiences
- ✓ building a strong internal culture and governance framework.

ETF is committed to being sector-focused, outward-facing, impact-driven, intelligence-informed, and sustainable in its operations, ensuring it remains a key driver of progress in the FE and Skills sector.

1 About ETF

Every day, educators and leaders across the FE and Skills sector inspire curiosity, drive progress and empower learners to achieve their potential.

ETF is here to amplify the vital role of the FE and Skills workforce. Working in partnership, we drive professionalism by setting professional standards for the quality of teaching and leadership across the sector. We provide educators with professional development throughout their careers, we champion inclusion, and we embrace change in support of a thriving FE and Skills sector. Together, we are transforming lives and opportunities for learners aged 14 and above.

We support educators across FE and Skills to help them to achieve their professional development goals for the benefit of learners and employers across England. In doing so, we help to transform the lives of individuals and communities across the country, unleashing potential and benefiting the economy. Our activities include the commissioning and delivery of professional workforce development programmes (e.g. leadership development, T Level Professional Development, Maths and English enhancement) and the running of the sector's professional membership body, the Society for Education and Training (SET).



This report provides our many and varied stakeholders with an overview of the charity's activities in 2023-24, as well as looking forward into 2024-25. It brings into one place the strategic trustees' reporting, as well as providing the 2023-24 financial statements and our auditor's reflections. We have tried to strike a balance of providing information detailing our strategy, governance, delivery activities, impact and financial position while keeping this report a manageable length. Should you like to explore any areas in more detail, the ETF website contains a lot more information and the [2021-23 Impact Report](#) goes into more detail about our impact on the FE and Skills sector. Please reach out to the Company Secretary ([Dr Gina Hobson](#)) if you have any questions about the content.

2

Strategic report

In 2023–24, following extensive work with the sector, stakeholders and staff, the charity's new strategy, Together We Transform, was finalised and launched. It recognises that the charity needs to become more rooted in the FE and Skills sector and sets out our plans to support everyone working in FE and Skills by championing the vital role of educators and leaders in transforming the lives of learners aged 14 and over. The new strategy places sector voices at its heart and reflects the feedback and input from an extensive listening exercise involving sector organisations and teachers, trainers and leaders from across the FE and Skills sector.

Our four strategic goals are as follows:



Drive professionalism: we will champion professionalism and grow the evidence base of education and leadership practice, making FE and Skills a rewarding career destination (see [section 2.1](#) for detail regarding performance against this strategic goal).

Improve teaching and learning:

we will ensure consistency in learner experience by setting clear competences and conduct required to enter and maintain professional status within FE and Skills (see [section 2.2](#)).



Champion inclusion: we will tackle inequalities in the FE and Skills workforce, supporting routes to employment and career development by providing lifelong learning to all (see [section 2.3](#)).

Enable sector change: we will convene sector change and respond to the FE and Skills workforce needs by working in partnership (see [section 2.4](#)).



The strategic goals and new objectives are accompanied by our recently developed ToC, which demonstrates how the charity's activities, linked to the four strategic goals, generate outputs, outcomes and ultimately determine impact. This is the first ToC we have produced, and it acknowledges the systemic complexity in which ETF operates where the charity may have little, if any, control (e.g. pay and conditions of sector professionals, wider funding environment, policy landscape). In this context, ETF is taking a broad impact approach, positioning the charity in the FE and Skills environment and clearly stating where ETF makes a direct contribution and where contribution is indirect or assumed. In 2024–25, we will be embedding the ToC into our business planning and using it to strengthen our impact

reporting. We will also be using the ToC with the sector to work toward our objective to enable sector change and articulate the sector's impact to the economy and society as a whole.

In the following sections, you'll find more detail about the impact ETF has made in 2023–24, reporting against our four strategic goals. While good progress has been made across a number of areas, there is still important work to be done to ensure that we: remain sector-focused and outward-facing; impact and outcomes-driven; informed by intelligence; and sustainable and agile. Section 2.5 of the Strategic Report provides further information about our priorities in 2024–25. If you would like to read more about the charity's impact, our full Impact Report (2021–2023) is available on the [ETF website](#).



2.1 Driving professionalism

Supporting educators and leaders to excel through the very best development opportunities and championing the professionalism of our diverse and vibrant sector has always been — and will continue to be — central to our work. For ten years we have played a leading role in driving the professionalism of the sector through our Professional Standards and professional designations to develop and enhance practice, providing educators with a pathway of progression throughout their careers.

Some of the ways we drive professionalism

- We raise the status of the profession and champion teaching and leadership quality across the sector. Between 2021 and 2023, 3,447 people have engaged with our leadership development programmes. Over two-thirds of senior leaders attributed their career progression to ETF programmes.
- We develop and enhance Professional Standards for teachers and leaders to build a culture of professionalism within FE and Skills and provide a roadmap for professional growth and career progression.
- We develop, in partnership with the sector, a robust framework of CPD aligned to our standards and a range of professional development activities.
- We enhance professional practice through QTLS, ATS and other progression routes through membership of SET.
- We convene communities of practice, enabling networking and collaboration opportunities for practitioners across the sector.



Highlights from 2023-24

- We support, recognise, and empower more than 23,000 individual SET members from across the profession to drive excellence and raise educational standards that directly impact the future workforce.
- We collaborate with over 50 Corporate Partners to support more than 5,700 professionals to access development opportunities that directly enhance the quality of teaching, better prepare students for the future, and strengthen organisational performance.
- In August 2024, more than 620 members earned QTLS status, with another 750 beginning their journey in January 2024. Since its launch in 2007, nearly 27,000 professionals have achieved QTLS status, an accreditation that significantly enhances their teaching expertise, boosts their career prospects, and empowers them to make a lasting impact on students' lives.



- Since its launch in 2017, 266 individuals have successfully achieved ATS, demonstrating their commitment to excellence in education and setting the benchmark for peers. In October 2023, 54 members started on their ATS journey, with completion expected by late 2024.
- We hosted 19 impactful webinars in 2023-24 as part of our commitment to members, each designed to challenge thinking and support continuous professional development. The sessions tackled a wide range of critical and timely issues and attracted more than 2,400 registrations.
- In 2023-24, we strengthened our Practitioner Advisory Group (PAG) by welcoming 23 new members, bringing the total to 39 active participants. PAG plays a critical role in shaping our strategy by providing invaluable insights into member experiences, needs and aspirations.
- In January 2024, more than 260 professionals from across the sector gathered in Birmingham for the SET annual conference. Delegates were energised by inspirational speakers, gained practical insights on a wide range of topics, and took full advantage of invaluable networking opportunities.
- We continued to strengthen key partnerships with Saïd Business School, University of Oxford and Kings College, who are working with us to deliver DfE flagship strategic and senior leadership programmes.
- We worked in partnership with the Royal Commission for the Exhibition of 1851 to deliver the prestigious Technical Teaching Fellowships. Six exceptional teachers have been awarded fellowships in the last two years.
- We weaved thought pieces and voices from the sector through our four new leadership toolkits. Topics include Leading for Sustainability, Leading Professional Standards, Deeper Thinking, Stronger Action and Leading on Curriculum Planning for the Adult Community Education Sector. We have also developed a series of blogs and articles focusing on different aspects of thought leadership.

2.2 Improving teaching and learning

The world of education is undergoing unprecedented change with the shift to hybrid and flexible learning, the growth in use of artificial intelligence in learning and business settings, changes in assessment as well as the rising mental health challenge.

We believe that the key to high-quality learning experiences for learners is to support educators and leaders to excel. By providing the very best workforce development and training opportunities, ETF is supporting educators to transform the lives of learners aged 14 and over.

Over the past year, ETF has made significant strides in enhancing the professional development of teachers and leaders within the FE and Skills sector. Through a range of targeted CPD programmes, we have seen high engagement and satisfaction levels, with participants reporting increased knowledge, skills, and confidence. Through our CPD programmes, ETF continues to provide opportunities for educators to connect with other professionals and, by doing so, enables wider learning and the development and strengthening of communities of practice. These initiatives reflect ETF's dedication to and impact on enhancing workforce development, leadership skills, and inclusivity in the FE and Skills sector.

Some of the ways we improve teaching and learning include:

- providing a wide portfolio of high-quality, innovative professional development to grow professional skills, enhance teaching practice and aid career progression
- designing and delivering, in partnership with sector and industry experts, leadership development and governance support that equips leaders at every stage of their career with strategic planning, system leadership and change skills
- offering resources and support to cultivate effective leadership and governance capability across the sector
- through SET membership, we champion excellence in teaching and training, providing support, training and collaboration opportunities to educators from across the sector.



Highlights for 2023–24 include:

Key programme area	Impact
Centres of Excellence in SEND: Our four Centres of Excellence in Special Educational Needs and Disabilities (SEND) have delivered comprehensive support, including specialist one-to-one provision for leaders and communities of practice for managers and practitioners.	Increased recognition among senior leaders of the importance of providing excellent provision for SEND learners.
Apprenticeship Workforce Development (AWD) programme (Phase 2): Delivering a range of activity through training needs analysis, professional development and collaborative projects.	Increased focus on quality processes, improvement in professional practice and enhanced employer engagement.
T Level Professional Development (TLPD) programme: We have seen strong engagement from the sector, with participants providing positive feedback on its effectiveness in preparing them to deliver T Levels. More than 14,000 participants engaged in TLPD courses and activities during 2023–24.	As a result of attending sessions, both leaders and teachers reported improvements in teaching staff's technical knowledge and expertise, curriculum design, and readiness to deliver T Levels.
Leadership: We provided intensive learning programmes for CEOs, with full cohorts in the CEO programme (15), the Preparing for CEO programme (30), and the new pilot residential “Leading in the 21st Century” (15). Four new toolkits, covering Professional Standards, Sustainability, Equity, Diversity, and Inclusion (EDI), and Curriculum Design, were developed and launched. Middle Managers: Focus on strategic and empowered leadership, as well as optimising performance and cultural competence. The full complement of 340 participants attended; and a further four in-house programmes.	Increased knowledge and understanding, incorporated into practice. Increased ability to influence upwards, improved management practices, e.g. changing team structures.
Governance: Offering development activities for governance professionals, governors, student governors, and chairs. Most non-residential programmes met or exceeded KPIs. The Chairs' network events saw nearly 300 bookings (target of 200), and the new Governance Development Programme on ETF's learning management platform engaged over 800 participants (target of 660).	Governance participants better equipped to support senior leaders, increased confidence to carry out governance roles.

ETF works strategically with the sector and industry, engaging with Education for Sustainable Development (ESD) trailblazers in the UK and internationally. Our partnership with EAUC has been crucial in shaping the ESD offerings, including supporting the Green Gown Awards and delivering a CPD webinar series aimed at educators on how to integrate ESD effectively.

We continue to offer the “Embedding Education for Sustainable Development (ESD)” course, delivered in collaboration with the Environmental Association for Universities and Colleges (EAUC). The course is aimed at educators and leaders who seek to incorporate sustainability into their professional practices. It has gained popularity due to the success of previous ETF ESD programmes and is developed with input from ESD experts and members of the COP26 Education and Skills Committee, drawing on ETF’s Professional Standards to embed sustainability in learning and working practices. The programme attracted 28 delegates who all completed the full course.



In addition to the ESD course, ETF provides a wealth of resources and support for sector leaders and educators, including technical webinars, an ESD guide for FE and Skills sector governors, and tools like the “Sustainability in the Curriculum” and the “Sustainability Teaching Tool”. These resources are now enhanced with case studies demonstrating their impact. Furthermore, the sustainability leadership toolkit aims to prepare sector leaders for the ESD requirements set forth by the FE Climate Action Roadmap.

2.3 Championing inclusion

We want everyone within FE and Skills to feel included and that they belong. This calls for inclusive spaces and learning environments that enable all learners to thrive. Embedding inclusive practice into our work, and championing inclusion across the sector and through society provides opportunities for social mobility and ensures that our workforce and the curriculum reflect the learners and communities our sector serves.

Some of the ways we champion inclusion include:

- embracing equity, diversity, inclusion and belonging, treating all professionals we engage with respect and embedding an inclusive approach across our portfolio of programmes and activity
- actively promoting and advocating for an inclusive approach across our CPD programmes and piloting approaches to create sustainable change
- promoting inclusion and sustainability, addressing environmental and social impact, and contributing to social equity in FE and Skills
- drawing on global insight and sharing innovation globally to address challenges, we work together with the FE and Skills sector to create a more sustainable and equitable global community.



Highlights for 2023–24 include:

- **Antiracism commitment:** Partnering with the Black Leadership Group (BLG), ETF demonstrates its commitment to anti-racism and highlights the positive contribution of anti-racist efforts across the sector. Our work in this space aims to ensure that everyone who engages with the FE and Skills sector feels that they belong and are included. Activities in support of this included our CEO leading a session with BLG at its annual conference, CEO peer mentoring with Jisc, supporting the Ethnic Equity in Education Campaign, and BLG-led webinars.
- **Inclusive Leadership programme:** This programme supports leaders to implement change and had over 500 bookings (target of 150).
- **Free place offer:** To boost inclusivity, we offered free places to staff on our leadership and governance programmes from underrepresented communities, resulting in 17% participation from Black and minoritised groups, compared to the sector average of 7%.
- **Internal and external working groups:** We have focused on leading by example and supporting the sector and these working groups are overseen by a steering group chaired by ETF's CEO. Achievements have included a review of all our external work that led to our Inclusive FE publication and an internal programme of work to champion inclusion across: our commissioning policies; professional design and development; membership; and staff and stakeholder engagement work.
- **ETF governance:** As part of the external governance review (completed by NVCO), ETF's Board approach to EDIB was considered. It was noted as a key priority for the charity and the Board's strategy to EDIB will be published in 2024–25.

2.4 Enabling sector change

Rapid technological innovation, shifting economic and political landscapes, and demographic change are all influencing national and global education agendas. Against this backdrop, the role of the FE and Skills sector in England has never been more critical.

Securing economic growth and social progress for the future will rely upon a thriving and proactive FE and Skills system that can respond to the complex challenges and emerging opportunities that lie ahead. To equip learners with the skills they need to meet local and national skills requirements, we need an FE and Skills system that connects educators and providers with employers, provides an innovative, future-facing inclusive curriculum and leads to a coherent workforce development strategy to support staff retention and recruitment.



Some of the ways we enable sector change include:

- collaborating with sector leaders to explore systems thinking in FE and Skills, convening debates and discussions to inform positive change to policy and practice
- actively engaging with sector leaders to understand key priorities for workforce development and workforce planning and translating these into a proactive response that is aligned with sector needs
- supporting research on workforce development and professionalism through collaborative research networks, training and thought leadership to build an evidence base for future policy change
- working with the Government, regulators and other decision makers to collaboratively inform policy and practice, using the evidence gathered from our work with the sector.

In 2023–24, in partnership with Saïd Business School, University of Oxford, ETF set out to investigate the challenges facing the FE and Skills sector and, crucially, how it might respond at a systemic level. With a remit encompassing the entirety of FE, ETF brought together a group of sector leaders, administrators, educators, researchers, and policymakers interested in FE and Skills system renewal to explore these challenges through systems thinking. The focus was on identifying what it would take for the sector to remain relevant, resilient, and responsive to the complex challenges and emerging opportunities ahead. This work culminated in May 2024 with the publication of the “Further Education and Skills: Changing Systems of Change” report.



The report recognises the role of education and skills development and its contribution to our national ability to respond positively to economic, commercial and social change. It explores the challenges and opportunities facing the FE and Skills sector, noting that the challenges are both perennial and new, strategic and operational. The key opportunity is for the system in which FE and Skills operates to become sustainably self-improving. We worked with sector leaders and policy makers to consider how ongoing renewal could be made sustainable for all those who work in the sector; we agreed simply asking people to ‘do more’, was not an option. The report aims to encourage conversations about what needs to change, including the existing approaches to change, in order to achieve excellence, improvement, innovation and resilience across the whole sector. It will be a key tool for the charity to enable sector change through 2024–25 and beyond.

An extensive sector engagement programme, led by the CEO during 2023–24, informed our top priorities in supporting the sector and translating these into our professional development programmes, conference and events activity and publications. The top priorities identified included: leadership development, sustainability and introduction to teaching and learning in FE for dual professionals, particularly those working in the independent sector. The quality of ETF’s provision has been a key focus for sector leaders.

2.5 Plans for 2024-25

Through 2024-25, ETF will continue to embed its strategic goals and objectives into its ways of working, focusing on maximising the impact it has on professionals working in the FE and Skills sector. In 2023-24, steps were taken to pivot the charity so that it is able to achieve its strategic aspirations, but it is acknowledged that more is needed to build our impact through changes in the offer and our ways of working.

The strategy, approved by the Board in 2023, outlines how we will deliver against the strategic goals, setting out seven priority objectives which form the basis of our business plan. These are:

- supporting professionalism by delivering effective communities and professional networks through growth of our membership for practitioners and partnerships with sector organisations
- delivering world-class CPD programmes for existing contracts (including T Level Professional Development, Leadership & Governance, Apprenticeship Workforce Development and Basic Skills)
- diversifying our income and aligning our activity with sector need
- supporting 740 teachers through QTLS or ATS
- influencing workforce development and teaching and learning quality on behalf of the sector and championing FE and Skills professionals
- delivering effective digital learning experiences
- building a great place to work and delivering excellence in our central services, customer experience and governance.

In delivering the strategy we commit to being:

- sector focused: better informed by, and further engaged with, the sector
- outward facing: forging partnerships and sharing innovation globally
- impact and outcomes driven
- informed by intelligence: research and thought leadership
- sustainable and agile: based on a lean model of resources and skill set.

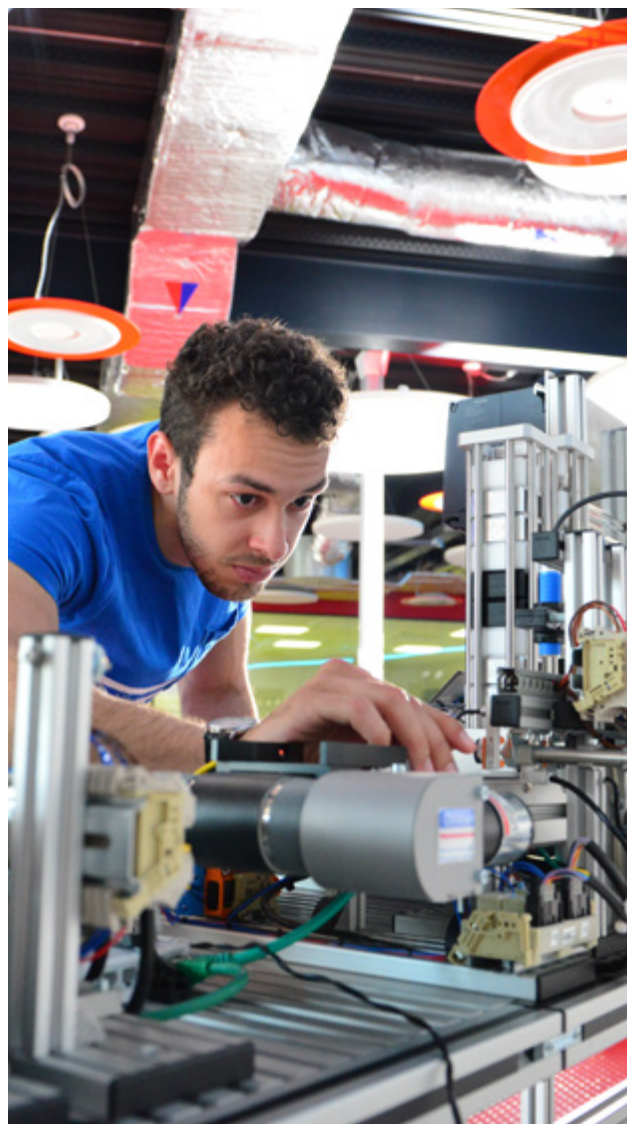


2.6 2023-24 Financial summary

ETF's total income from its charitable activities in the year was £23.3m (2022-23: £32.9m) and £0.3m from trading activities (2022-23: £0.3m). Total: £23.6m (2022-23: £33.2m).

Total income for the charity comprises:

- £0m from government grant (2022-23: £7.7m)
- £19.9m from government contracts (2022-23: £20.9m)
- £1.1m from non-government contracts (2022-23: £1.1m)
- £2.3m from membership and accreditation (2022-23: £3.0m)
- £0.3m from providers, practitioners, other income and non-government grants (2022-23: £0.4m).



ETF's total expenditure for the year was £25.3m (2022-23: £33.0m) and included:

- £23.5m for programme and sector development (2022-23: £31.6m)
- £0.4m for research and data (2022-23: £0.1m)
- £1.4m for membership and accreditation (2022-23: £1.2m)

Overall, ETF is reporting a deficit for the year of £1.7m (2022-23: £0.2m surplus).

2.7 Policies: reserves, going concern and investment

Restricted reserves at the end of the year were £0.6m (2022-23: £0.8m). This represents the balance on unspent grants from DfE and income from leadership and governance courses run by ETF and funded by DfE to be spent as agreed with DfE.

Unrestricted reserves carried forward at the end of the year were £9.1m (2022-23: £10.6m). Unrestricted reserves are available to support ETF's charitable purposes and strategy, and to provide financial resilience and flexibility.

Since 1 April 2023, ETF has moved away from creating a designated fund for orderly wind-down in favour of a broader reserves policy. The reserves level for the year ended 31 March 2024 is set at £5.3m and will support the charity to be financially resilient and flexible, and secure the charity against sudden loss of income or provide for an orderly wind-down in the unlikely event this should be necessary. Total unrestricted reserves of £9.1m include this reserves policy of £5.3m. The Board continues to monitor the reserves, mindful of the future economic sustainability challenges of the organisation, seeking to move away from sole reliance on Government contract delivery, into a much more diverse revenue and surplus generating charity supporting education and training delivery of the FE sector and beyond. The current reserves level enables the Board to support the Executive make the right investment choices whilst transforming its business operating model.



The level of reserves carried forward, together with the level of cash resources and the existing contractual agreements in place, mean ETF can continue as a going concern and meet its liabilities as they fall due. A projection of the 2024-25 and 2025-26 Income and expenditure has been performed, showing that reserves are not expected to fall below the requisite level and that the cash position is robust.

Free reserves at year end were £8.4m (free reserves being total reserves, less restricted reserves, less designated reserves and less fixed assets).



Year ending 31 March 2024 £'000	
Total reserves held	9,741
Restricted reserves	602
Unrestricted funds	9,139
Reserves held in fixed assets	762
Free reserves	8,377

2.8 Investment policy

ETF holds its funds with A-rated banks, with sufficient funds for operational need held in immediate access accounts. A sweep facility operates with each of these banks to ensure that cash in excess of this operational need is moved to higher interest earning deposit accounts on a daily basis. ETF maintains a Treasury and Investment policy which outlines the investments allowed, both in terms of liquidity and business development. ETF also maintains a Reserves policy and Cash reserves policy. The Board will continue to keep its investment policy under review to maximise the investment return, with targets set within the budget, consistent with the concern to ensure the security of its resources and minimise risk.



2.9 Grant making

ETF has allocated grants to providers to help fund training under the Apprentice Workforce Development (AWD) contract. All grant awards were approved by the Department for Education (DfE) and are subject to rigorous checks to ensure money is being used in accordance with the UK Charity Commission's rules on public benefit.

3 Trustees' report

This Trustees' Report supports the Statutory Report by providing an overview of the charity's governance, the critical risks and their management, along with key policies and legal and compliance matters. In the interest of brevity, this report is kept high level. Those interested in the charity's governance arrangements will find further information on the [ETF's website](#) and are welcome to contact the Company Secretary ([Dr Gina Hobson](#)) for more information.

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 financial statements of the results of the charity for the year ended 31 March 2024 ('the year'). The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit and adopted the Charity Governance Code (first published in July 2017, updated 2020).



The accounts have been prepared in accordance with the policies set out in note 1 to the financial statements and comply with 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 Governance

The ETF Board aspires to be a high performing board. It takes its responsibilities seriously and aims to demonstrate good practice in its ways of working. This section provides some highlighted detail on the Board's responsibilities, the Members and their responsibilities, and how Trustees are supported by the charity. In addition, it provides further detail on two significant pieces of work in 2023-24: the completion of an external governance review and the recruitment and appointment of a new Chair.

ETF's Board members are the charity's trustees. The Board oversees the work of ETF. It sets strategic direction, ensures proper financial and governance arrangements are in place, and ensures that ETF remains focused on supporting educators and leaders working in the FE and Skills sector.

As a charity and a company limited by guarantee, ETF also has Members. The Members of ETF are representative organisations with a unique stake in ensuring that FE and Skills professionals get the support and development they need and deserve. Members have a meaningful role in the stewardship of ETF and help to shape the FE and Skills sector workforce strategy. The six Members are the Association of Colleges (AoC) (Founding Member), HOLEX (Founding Member), AELP (Founding Member), the National Union of Students (NUS),

NatSpec and the Trades Union Congress (TUC). The Members of ETF are the company Members for the purposes of company law.

Trustees are appointed and reappointed by the ETF Board. A recruitment procedure outlines how the Board seeks the input of ETF's Members in the recruitment of new Trustees. Trustees may serve a maximum of two three-year terms on the Board (with a third term permitted in exceptional circumstances). Further detail is available in the Articles. The beginning-to-end process as a trustee, including a comprehensive induction, training and appraisal, is described in ETF's Trustee journey. On appointment and each year, Trustees are asked to adopt a code of conduct and declare their interests. Trustees' interests are reviewed at each Board and committee meeting. Trustee and Board effectiveness is routinely reviewed, including through meeting review discussions at the end of every Board and committee meeting, plus surveys. Board members attend an annual strategy day. The most recent away day was held on 4 December 2023.

In 2023-24, an external review of ETF's governance and Board was completed by NCVO to ensure that governance arrangements continued to be fit for the charity's evolving purpose. Specifically, the review focused on: i) the Board's performance and its aspiration to be a high performing board; ii) identifying how the Board could embed Equity, Diversity, Inclusion and Belonging (EDIB) practices within governance; iii) exploring alternative and agile approaches to governance; iv) reflecting on how the Board's practices support the strategic purposes of the charity, and v) consideration of the Trustee skills required to align with the future strategy. The review was informed by the 2020 edition of the Charity Governance Code.



The review found that overall ETF's governance and board workings were sound and good practice was evident. The findings and recommendations (32, in total) of the review covered a range of themes including:

- Board and Committee resourcing, including Trustee skills and recruitment, which is informing Trustee recruitment in autumn 2024
- Board committee structure, with changes to be made to ensure the structure better aligns with the new strategic direction
- membership and practitioner members' role in ETF's governance, with a focus on how this is more clearly at the heart of ETF's governance
- safeguarding, EDIB and Board effectiveness, with suggestions being taken forward to ensure these areas continue to be embedded into ETF's governance
- constitutional changes to ensure continued alignment of strategy and governance.

At the end of 2023–24, the Board considered outcomes and agreed key recommendations to take forward. An action plan has been developed and implemented.

In July 2023, ETF's then Chair, Professor Peter Latchford OBE, announced that he would stand down at the end of 2023 to allow for the recruitment of a sector leader to chair the charity through its next phase in order to best support the charity's new strategic direction. The Board agreed to seek a new and experienced chair with significant experience of the FE and Skills sector. The recruitment of the new Chair was overseen by the Senior Independent Director, Rachel Musson, supported by a sub-group of Trustees and the AoC Chair. The Board was very pleased by the quality and level of interest in the role and, having completed an open and competitive recruitment and interview process, it was announced in November 2023 that Sir Frank McLoughlin CBE would be ETF's next Chair. Through the remainder of 2023–24, Sir Frank completed a handover with the outgoing chair and continued his induction through the early part of 2024–25.



Following the approval of the charity's new strategy, the Board and the Executive then considered the financial model and organisational design requirements to deliver the new strategy. It noted that a significant pivot would be required to ensure the financial sustainability of the charity in the medium and longer term (noting that the large TLPD contract would finish in the summer of 2026, at the latest). Following discussions, a two-phased organisational re-structure was implemented, starting with the executive leadership (2023–24) and then covering the remaining parts of the organisation (delivered at the beginning of 2024–25). This resulted in the executive leadership and their directorates being restructured and saw a reduction in headcount. Through Q2 2024–25, an organisational change programme is under development to support staff and the organisation with the delivery of the new strategic priorities.

Other operational improvements, aiming to strengthen the efficiency and effectiveness of the charity, included the introduction of a new HR system, a new Finance system, and an externally facilitated review of the staff pay framework. In addition, digitally-focused achievements included streamlining our digital estate (including de-commissioning 14 websites and merging relevant learning resources) and the introduction of a Learning Management System (LMS).

3.2 Key risks and risk management

In 2023–24 we completed a review of our risk management process and reporting (across both the Board and Executive levels), this entailed: reviewing the key risks, related risk appetite, risk classifications, and the mitigations being applied.

The reporting of risk at executive and non-executive levels was also reviewed and updated. The new Corporate Risk Register (CRR) and updated Risk Management policy was introduced in Q4, with levels of risk re-defined (with higher level and strategic risks being considered by the Executive and reported to the Board) and a clearer operational process adopted ensuring that risks were being reviewed and escalated through senior managers and leaders to the Executive Directors and then to the Board.

The Board's oversight of risk comprises:

- a regular review of the principal strategic and operational risks faced by the charity
- at least biannual consideration by the Audit and Risk Committee of the operation of the risk management policy, along with scrutiny of the CRR, key strategic risks and the mitigating actions, making recommendations and reports to the Board where necessary
- delegation of the day-to-day oversight of risk to the CEO
- monthly consideration and update of ETF's corporate risk register by the Executive Board and Leadership Team

All risks and planned actions are recorded in the risk register, assigned owners and overseen by the Executive Board.

Over the course of 2023–24, the internal and external risk environment changed and the risks to the charity evolved. At the end of 2023–24, the Board reviewed and reflected on the most significant internal and external risks to delivery of ETF's charitable aims. These include commentary and key mitigations.

The external political environment evolved over 2023–24 (and into 2024–25). The Board and the Executive recognised that the challenge of the macro environment for Government created an existential risk for ETF. The Board (and particularly the new Chair), with the CEO and Executive, prioritised spending time with external stakeholders and politicians to ensure ETF's remit and impact was well-understood. ETF is well positioned in 2024–25 to support the new Government with its FE and Skills aspirations.

Through the year, the failure to implement the new strategy remained the most significant risk to the charity. The Board and the Executive have prioritised spending its time on strategy development and its implementation, recognising the time critical nature of this work. It remains a risk and a priority through 2024–25, with the development of clear business plans and strong performance reporting, along with engagement with key stakeholders, a new organisational structure to deliver the strategy and a draft value proposition being prioritised. Linked to strategy implementation, the charity's financial sustainability has been a risk its leaders have focused on. Financial models against various scenarios have been developed to support the strategy and through 2024–25, the Board will keep oversight of these through improved financial and business performance reporting.

A capable and stable workforce is critical to the delivery of the new strategy and the charity's ongoing activities, and the Board and Executive recognised that the organisational re-structure and staff turnover (including turnover at Executive level) could put this at risk. Expert HR support was an important mitigation, along with accessing external senior support to mitigate Executive level vacancies. Through the end of 2023–24 into 2024–25, the Executive has a focus on organisational and culture change being implemented through its programme of staff engagement.

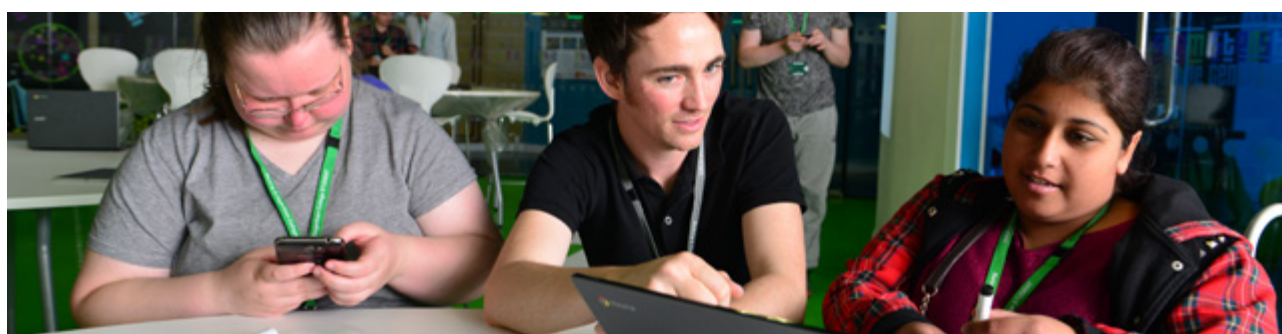
3.3 Section 172 reporting requirements, plus Streamlined Energy and Carbon Reporting (SECR) and fundraising statement

ETF had no fundraising activities requiring disclosure under Section 162A of the Charities Act 2011.

The Streamlined Energy and Carbon Reporting (SECR) legislation was implemented on 1 April 2019. The regulations apply to large unquoted companies, including charitable companies. The regulations require companies to disclose their energy and carbon emissions in their annual reports. For the first time in the year to 31 March 2022, ETF made SECR disclosures on a voluntary basis.

Alongside our sector-facing ESD work, we are committed to operating as sustainably as possible, minimising our negative impact on people and planet, and maximising opportunities to make a positive impact through our infrastructure, ways of working and procurement. This also helps ensure we are demonstrating continued cost-effectiveness and efficiency.

Emission source	2023-24	2022-23	Unit of measurement
Combustion of gas (Scope 1)	4,616	3,170	kWh
	1.11	0.81	tCO ₂ e
Purchased electricity (Scope 2)	41,517	44,074	kWh
	0	0	tCO ₂ e
Waste (Scope 3)	1,710	1,777	kg
	0.04	0.04	tCO ₂ e
Water (Scope 3)	98.31	76.69	m ³
	0.02	0.01	tCO ₂ e
Business travel – employee-owned vehicles (Scope 3)	19.25	22.94	tCO ₂ e
Business travel – public transport (Scope 3)	4.37	5.26	tCO ₂ e
Total gross based on above	24.79	29.06	tCO₂e
Normalisation metric	156	193	FTE
Intensity ratio	0.16	0.15	Gross tCO₂e/FTE



The data detailed in the table above represents emissions and energy use for which ETF is responsible, including electricity use in our offices and fuel used in vehicles on company business. The energy and emissions totals reported above include all ETF business. We have used the main requirements of the Greenhouse Gas (GHG) Protocol Corporate Standard to calculate our emissions, along with the UK Government GHG Conversion Factors for company reporting 2021.

Scope 1 and 2 data is taken from validated invoices supplied by our landlord, as has scope 3 data relating to waste and water. Scope 3 data relating to transport has been taken from our internal expenses and procurement reporting systems. We benefit from leasing our office space from the NAO, whose environmental impact is well managed. Our electricity supply is currently from renewable sources, with Renewable Energy Guarantees of Origin (REGO)-backed certificates certified by The Carbon Trust.



Our activity in 2023-24 shows an overall decline in energy usage (with water being the only outlier). We have implemented various activities through our annual sustainability planning to ensure that our emissions reduce. We will continue this activity, which is based on the GHG management hierarchy and involves:

- embedding sustainability as a consideration in decision-making
- scrutinising our digital infrastructure and practices so we understand how to maximise their carbon efficiency
- ongoing monitoring of staff commuting habits
- promoting and enhancing staff benefits that promote low-carbon travel
- continuing to work with our landlord to enhance efficiency and reduce carbon intensity of building utilities.

In July 2023, we commenced quarterly measurement of carbon emissions, including further scope 3 data relating to staff working from home and our supply chain. Accountability for all this work sits with a specified member of the Executive.

3.4 Policies report, including pay policy

The Board keeps an overview of ETF's policies, procedures and processes; it routinely receives a policy list and review schedule.

We continue to systematically draft, review and update, where appropriate, all our policy documents for approval by Executive Directors, the Executive Board or the Board, as appropriate. All policies are stored centrally on ETF's intranet and key documents are circulated to staff. The Board has sight of and approves policies on a two-year cycle. In 2023-24, the Board reviewed and approved the updated Financial Regulations.

The Board considers the key management personnel of the charity to be the Trustees and the members of the Executive Board. The Board considered the CEO, Executive Director of Corporate Services, Executive Director of Education, Executive Director of Membership and Commercial and the Chief of Staff to the Chair and CEO to comprise the key management personnel. The Executive Board is in charge of directing and controlling, running and operating the charity on a day-to-day basis.



The Board has agreed a pay policy, which refers to regular benchmarking. The pay of staff is reviewed annually by the Board's Remuneration and Search Committee, taking into account variables including performance of the organisation, climate in the education and training, public and voluntary sectors, affordability for ETF, attracting and retaining excellent staff, cost of living indices and sector benchmarks. The Board's Remuneration and Search Committee makes recommendations to the Board, which is responsible for final decisions. At the end of 23-24, an externally led review and benchmarking of staff pay took place, with the recommendations being rolled out through the first two quarters of 24-25.

3.5 Trustees and advisors

Trustees

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	Reappointed	Resigned
Dame S Dicketts DBE	8 December 2016	13 December 2019 (2nd term) 8 November 2022 (3rd term under exceptional circumstances)	11 December 2023
Mr J Graham	27 March 2019	12 January 2022	
Mr W Ilowski	3 May 2022		
Prof P Latchford OBE (Chair)	23 October 2019	6 September 2022	1 January 2024
Ms L Leith	11 December 2020	8 November 2023	
Mr A McConnell OBE (Finance Chair)	22 July 2019	12 January 2022	
Mr G McDonald	11 November 2021		
Sir Frank McLoughlin CBE (Chair)	1 January 2024		
Ms R Musson (Audit and Risk Chair)	13 December 2019	8 November 2022	
Dr S Parrett CBE	11 November 2021		
Mr P Singh	11 December 2020	8 November 2023	
Ms R Spellman OBE	27 March 2019	12 January 2022	

Officers

CEO:

Dr Katerina Kolyva

Company Secretary:

Dr Gina Hobson¹ (resigned 30 November 2023, reappointed 1 July 2024)

Rowena Lovell (appointed as Interim Company Secretary 1 December 2023, resigned 21 January 2024)

Chloe Annetts (appointed as Interim Company Secretary 22 January 2024, resigned 30 June 2024)

Registered office

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

Auditor

RSM UK Audit LLP, 25 Farringdon Street,
London EC4A 4AB

Solicitor

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

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 get in touch with the Chief of Staff to the Chair and CEO (gina.hobson@etfoundation.co.uk). You can find more information about ETF's public benefit and impact on the website: <https://www.etfoundation.co.uk/governance/documents>.

Sir Frank McLoughlin CBE

Chair

Dr Katerina Kolyva

CEO

¹Dr Gina Hobson was absent from the charity between Jan 2024 and July 2024 on sabbatical.



3.6 Statement of Responsibilities of the Trustees

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 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 operation.



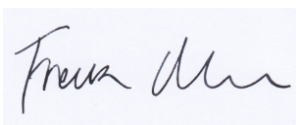
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies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



3.7 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 ETF's auditors are unaware; and each Trustee has taken all the steps that they ought to have taken as a trustee to make themselves aware of any relevant audit information and to establish that ETF's auditors are aware of that information.



Sir Frank McLoughlin CBE, Chair

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 Trustees' Report) Regulations 2013, was approved by the Board, in their capacity as Trustees and company directors, and signed on its behalf on 4 November 2024 by:

RSM UK Audit LLP have confirmed their willingness to be reappointed.



Dr Katerina Kolyva, CEO



4 Independent auditor's report to the Trustees of the Education and Training Foundation

Opinion

We have audited the financial statements of Education and Training Foundation (the 'charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2024 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with 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 charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' responsibilities set out in section 3.6, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities,

including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011, the charitable company's governing document, tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents, inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations (GDPR). We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to

significant, unusual transactions and transactions entered into outside the normal course of business and sample testing income completeness and cut off.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://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.

HCatchpool

Hannah Catchpool (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP,
Statutory Auditor Chartered Accountants

25 Farringdon Street, London EC4A 4AB

Date **11th December 2024**

5

Statement of financial activities

For the year ended 31 March 2024

		2023-24			2022-23		
Income:	Note	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Income from charitable activities:							
Grant Income	3	3	49	52	–	7,781	7,781
Contract Income	4	21,023	–	21,023	22,039	–	22,039
Professional Development		272	206	478	–	1,263	1,263
Accreditation		301	–	301	710	–	710
Membership		1,456	–	1,456	1,083	–	1,083
		23,055	255	23,310	23,832	9,044	32,876
Income from trading activities:							
Other Income	5	45	–	45	233	–	233
Investment Income	6	215	–	215	80	–	80
Total Income		23,315	255	23,570	24,145	9,044	33,189
Expenditure:							
Expenditure on charitable activities	7	(24,798)	(477)	(25,275)	(24,665)	(8,290)	(32,955)
Total Expenditure		(24,798)	(477)	(25,275)	(24,665)	(8,290)	(32,955)
Net (expenditure)/income and movement in funds for the year		(1,483)	(222)	(1,705)	(520)	754	234
Reconciliation of funds							
Total funds brought forward		10,622	824	11,446	11,142	70	11,212
Total funds carried forward		9,139	602	9,741	10,622	824	11,446

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities.

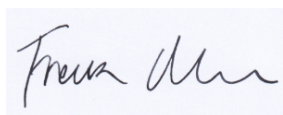
The notes on pages 38 to 52 form part of these financial statements.

6 Charity balance sheet

		2024	2023
Note		£000	£000
Fixed assets			
Intangible assets	13	581	590
Tangible assets	13	181	244
		762	834
Investment in subsidiary	14	1	1
		763	835
Current assets			
Debtors	15	4,808	8,272
Cash at bank in hand		9,544	8,458
		14,352	16,730
Liabilities			
Creditors: amount falling due within one year	16	(5,374)	(6,119)
Net current assets		8,978	10,611
Total assets less current liabilities		9,741	11,446
Net assets		9,741	11,446
Unrestricted income funds	19	9,139	10,622
Restricted income funds	20	602	824
Total funds		9,741	11,446

The notes on pages 38 to 52 form part of these financial statements.

These financial statements were approved by the Trustees on 4 November 2024 and were signed on their behalf by:



Sir Frank McLoughlin CBE
Chair

7

Statement of cash flows

		2023-2024	2022-2023
	Note	£000	£000
Cash provided by/(used in) operating activities	22	1,410	(6,301)
Cash flows from investing activities			
Interest income		215	80
Purchase of fixed assets		(539)	(548)
Increase/(Decrease) in cash and cash equivalents in the year		1,086	(6,769)
Cash and cash equivalents at the beginning of the year		8,458	15,227
Total cash and cash equivalents at the end of the year		9,544	8,458



8

Notes to the financial statements

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. ETF meets the definition of a public benefit charity under FRS 102. The financial statements are prepared in pounds sterling, which is the functional currency of the charity. Monetary amounts shown in these financial statements are rounded to the nearest £'000.

b) Going concern

The accounts have been prepared on a going concern basis. ETF will be able to meet its obligations in full for at least 12 months following the signing of these accounts. The Board has recently reviewed the out-turn forecast position for the year to 31 March 2025, and has seen a top-level forecast for the following year to 31 March 2026.

The Board has considered the longer-term position of ETF and its financial strength. In reviewing multiyear budget forecasts, cashflow forecasts and considering the current level of reserves, the Trustees were satisfied that ETF is in a strong position and were satisfied with the preparation of the accounts on a going concern basis.

c) Group financial statements

The financial statements show the results for just the charity. The charity's wholly owned subsidiary, ETF Services Ltd (ETFS), was dormant in the financial years to 31 March 2024 and 31 March 2023 and therefore consolidated financial statements were not required.



d) Income

All income is recognised in the financial statements when ETF has absolute entitlement, there is a probability of receipt and the amount is measurable.

- **Grants:** Specifically, income from government and other grants is recognised when 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.
- **Contracts:** Income from government and other contracts is recognised over the period of the contract on an accruals basis. Income from government contracts is only recognised when there is entitlement under the contract once agreed milestones have been met and certified by the DfE.
- **Membership and professional services income:** Income from membership subscriptions is recognised evenly over the period of membership. Income from registration onto accreditation schemes is recognised on a receivable basis and income from submission of accreditation workbooks is recognised after evaluation has been completed.



- **Income from professional development** is recognised when ETF has full entitlement to the funds in line with delivery of each course. Income is deferred and recognised as a liability when payment for courses is received in advance. Income from courses that are delivered as part of the Leadership & Governance DfE contract is treated as restricted income as the DfE decide on the future expenditure of these funds.

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). Overhead 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 those unrestricted funds which have been set aside by Trustees for a specific future purpose.

Unrestricted funds are available for general use by ETF or to meet possible shortfalls in revenue or unforeseen increases in expenditure, investment in business development initiatives and generally for the furtherance of the charitable objective to support the improvement of teaching and learning in the FE sector.

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.

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 depreciated /amortised over their estimated useful life on a straight-line basis as follows:

Tangible assets

- Computer hardware – 3 years
- Furniture and fittings – 5 years

Intangible assets

- Software development – 3 years

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

i) Financial instruments

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.

**j) Pensions**

From the 1st April 2023, all ETF pensions were with Aviva operating under a salary sacrifice scheme.

ETF contributes 6 per cent of employee's pensionable salary into this scheme.

In the financial year 2023-24 employer contributions of £542,532 (2022-23: £510,580) were paid to Aviva.

As all pensions were transferred to Aviva there were no contributions to Standard Life (2022-23: £33,037).

k) Staff termination costs

Redundancy and termination costs are recognised in the accounts when (a) the decision about staff leaving has been made, (b) it is likely that such payments will be required, and (c) the amount to be paid can be reliably assessed.

2. Legal status of ETF

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. Grants

ETF did not receive any government grants towards carrying out its charitable activities (2022-23: £7,741k). A government grant of £3k (2022-23: £2k) was received from the Department for Work and Pensions (DWP) towards employee assistance.

ETF also received a grant of £53k (2022-23: £38k) from the Royal Commission for Technical Teaching Fellowships associated with TVET – Technical and Vocational Education and Training. There were some unfulfilled conditions associated with this grant to the tune of £4k (2022-23: Nil) This has been included in deferred income while £49k (2022-23: £38k) recognised as incoming restricted resources.

4. Contracts

In the year to 31 March 2024, ETF received income from a total of six contracts: five government contracts £19,899k (2022-23: £20,915k) and one with the National Association for Special Educational Needs £1,124k (2022-23: £1,124k). Included in government contracts was a new contract called Multiply £124k (2022-23: Nil) which was to develop and deliver courses to the FE and Skills workforce.

The most significant contract was for T Level Professional Development (TLPD). The total of £19,899k (2022-23: £20,915) shown above includes £12,275k (2022-23: £13,769k) from the TLPD contract.



5. Other income

Other income comprises tickets sold at the annual SET conference and income generated from exhibition stands and sponsors which came to £29k (2022-23: £35k).

Other activities that generated income related to consultancy, panel, chairing and OFSTED inspections: £16k (2022-23: £64k).

Income from basic skills in Maths and English £176k (2022-23: £117k), Education for Sustainable Development £12k (2022-23: £17k) was classified as other income in 2022-23, however this has now been classified as professional development as it forms part of our charitable activities.

6. Investment income

All the group's investment income of £214,595 (2022-23: £80,041) arises from money held in interest-bearing deposit accounts.

7. Analysis of expenditure on charitable activities

	Direct cost & grants £000	Direct staff cost £000	Indirect staff cost £000	Overhead cost £000	2023-24 Total cost £000	2022-23 Total cost £000
Professional development	9,389	3,867	3,563	1,858	18,677	25,932
Sector development	888	2,553	925	482	4,848	5,698
Research and Data	13	244	69	36	362	82
Membership and Accreditation	454	531	265	138	1,388	1,243
	10,744	7,195	4,822	2,514	25,275	32,955
2022-23 Total Cost	18,524	8,344	3,595	2,492	32,955	

Direct and indirect staff costs comprise payroll and other staff related costs which all falls under unrestricted funds.



7(a). Allocation of support costs

Allocated to charitable activities as indirect staff cost £4,822 (2022-23: £3,595) and overhead costs £2,514 (2022-23: £2,492).

	2023-24 £000	2022-23 £000
Governance	113	114
Executive, Legal & Compliance	1,595	1,674
Finance, Procurement & Facilities	1,470	1,150
Human Resources	858	589
Information Technology	2,323	1,836
Marketing and Communications	977	724
	7,336	6,087

8. Grants awarded

A total grants figure of £223k was awarded to 18 FE providers as part of the Apprentice Workforce Development (AWD) contract (2022-23: Nil). A complete list of recipients of government grants awarded by ETF can be provided on request to the Company Secretary.

9. Net income for the year

This is stated after charging.

	2023-24 £000	2022-23 £000
Operating leases — property	309	309
Governance costs:		
External Auditor's remuneration		
- Audit fees	57	55
- Other advice	19	29
Internal Auditor's remuneration	46	17
Legal and Professional	52	81
Trustees, remuneration and expenses	42	44
	216	226
Depreciation and Amortisation	611	422

10. Staff

The average number of staff, including senior post holders, employed by ETF during the year ended 31 March 2024, expressed as full-time equivalents (FTEs):

	2023-24	2022-23
Total number of FTEs	176	191
Average number of staff	180	194

There were 107 staff in operational/teaching, 58 in administration and 11 in management (2022-23: staff in operation/teaching 128, administration 40 and 23 management).

	2023-24 £000	2022-23 £000
Salaries and wages	9,256	9,464
Social Security costs	959	1,064
Pension costs	543	544
Redundancy	122	137
Termination award	379	30
Ex-gratia payments	—	12
	11,259	11,251

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

	2023-24	2022-23
£60,001 – £70,000	24	20
£70,001 – £80,000	14	8
£80,001 – £90,000	6	2
£90,001 – £100,000	4	1
£100,001 – £110,001	1	–
£120,001 – £130,001	1	–
£130,001 – £140,000	–	1
£150,001 – £160,000	1	–
£180,001 – £190,000	–	1

The payment bandings include payments in relation to staff termination.

During the year to 31 March 2024, ETF engaged in a programme of organisational design leading to changes to key management personnel.

During the first quarter of the financial year (April–July 2023) the Senior Leadership Team (SLT) comprised, the CEO, Chief of Staff, Director of Corporate Services, Director of Operations, Director of Professionalism and Customer Experience, Director of Education and Director of Finance.

In August 2023, a newly established Executive Board replaced the former SLT as key management personnel. The Executive Board comprised the CEO, Chief of Staff, Executive Director Corporate Services, Executive Director Education and Standards and Executive Director of Transformation, which was an interim position.

In 2023–24, this comprised 4.8 FTE (2022–23: 6.6 FTE).

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

	Key management personnel		Highest paid individual	
	2023-24 £	2022-23 £	2023-24 £	2022-23 £
Salaries and wages	521,392	690,968	155,571	186,324
Social Security costs	62,020	91,087	19,784	25,619
Pension Costs	31,287	37,619	9,334	7,601
Termination award	57,382	30,000	–	30,000
	672,081	849,674	184,689	249,544

The related agency cost of the Interim Executive Director of Transformation was £41,328.

11. Trustees' remuneration and expenses

	2023-24 £	2022-23 £
A McConnell	8,000	8,000
R Musson	8,000	8,000
P Latchford	15,000	20,000
F McLoughlin	5,000	–
Reimbursement of trustees' expenses	6,201	7,906
	42,201	43,906

ETF's Articles of Association permits the remuneration of the Chair of the Board and up to two other Directors known as relevant Directors, one of which must be the Chair of the Audit and Risk Committee.

In the financial year ended 31 March 2024, the Chair of the Board, the Chair of the Audit and Risk Committee and the Chair of the Finance Committee managed significant and complex activities on behalf of ETF and were remunerated according to the conditions stipulated in Article 10 of ETF's Articles.

The Chair of the Board (P Latchford) was remunerated to 31 December 2023 when he stepped down, F McLoughlin was appointed as the Chair of the Board and remunerated from 1 January 2024 to the end of the financial year. The Chair of the Audit and Risk Committee (R Musson) and the Chair of the Finance Committee (A McConnell) were contracted and remunerated for the work they carried out.

No pension contributions were made on their behalf.

As the maximum number of Trustees permitted by the Articles were employed during the financial year, no other Trustee received any remuneration or any other benefit from ETF in the financial year.

Travel, accommodation and subsistence expenses were reimbursed to seven Trustees during the year (2022-23: seven Trustees).



12. Related party transactions

AoC, AAETO-HOLEX, NUS, Natspec, TUC and AELP were the Members of ETF throughout 2023-24. All are considered to be related parties by virtue of their rights under the Articles of Association and are consulted about the recruitment of Trustees.

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 on the basis of the potential influence they could have. The Board considers this to be appropriate and requires that Trustees comply with its conflicts of interest policy.

Other than direct services to the Board (e.g. audit), the Board has no involvement in any of ETF's processes for assessing tenders. Similarly, no potentially conflicted Trustees take part in supplier performance reviews when the supplier is a related party.

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

	2023-24 spend	2022-23 spend	2023-24 balance due (to)/from	2022-23 balance due (to)/from
	£000	£000	£000	£000
Activate Learning	13	13	–	(13)
Activate Learning	–	–	–	4
Association of Employment and Learning Providers	410	168	(72)	(66)
Association of Adult Education and Training Organisations	79	65	(10)	(13)
Association of Colleges (AoC)	1,192	1,831	(275)	(307)
AoC Regional Office – East Midlands (EMFEC)	2	59	(2)	–
AoC Create Limited	287	478	(140)	(201)
Pearson's	–	153	–	(10)
The National Learning and Work Institute	9	9	–	–
NatSpec	75	4	–	(2)
Wakefield College Corporation	–	99	–	–
Kirklees College	8	58	–	(12)
New City College	–	67	–	–
Black FE Leadership Group	5	8	–	–
Dicketts Development Consulting Ltd	22	24	(17)	(12)
Oxford Business School	666	–	(161)	–
	2,768	3,036	(677)	(632)

13. Fixed assets

	Computer Software Intangible £000	Computer Hardware Tangible £000	Furniture & Fittings Tangible £000	Total Tangible £000	Total fixed assets £000
Cost					
Opening Balance 1 April 2023	1,169	348	180	528	1,697
Additions	496	43	–	43	539
Closing Balance 31 March 2024	1,665	391	180	571	2,236
Depreciation and Amortisation					
Opening Balance 1 April 2023	579	251	33	284	863
Charge in year	505	65	41	106	611
Closing Balance 31 March 2024	1,084	316	74	390	1,474
Net Book Value 31 March 2024	581	75	106	181	762
Net Book Value 31 March 2023	590	97	147	244	834

14. 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 subsidiary has been dormant since it transferred its assets to ETF on 7 July 2021; as a result, no consolidated accounts are prepared.



15. Debtors

	2024	2023
Income:	£000	£000
Trade debtors	4,439	5,828
Prepayments	122	141
Accrued income	247	2,253
Other debtors	–	50
	4,808	8,272

16. Creditors: amounts falling due within one year

	2024	2023
Income:	£000	£000
Trade creditors	2,652	3,860
Accruals	1,319	1,178
Deferred income (see note 17)	179	265
Taxation and Social Security	263	348
Amounts owing to subsidiary	1	1
Other creditors	960	467
	5,374	6,119

17. Deferred income

Deferred income comprises the SET membership fees, including corporate partners in respect of 2024–25 invoiced before 31 March 2024, consultancy fees paid in advance of work carried out in 2024–25, 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 2024. There was also deferred income with respect to some unfulfilled conditions with the TVET grant.

	2024	2023
	£000	£000
Balance at 1 April 2023	265	524
Amount released to income earned from charitable activities	(265)	(524)
Amount deferred in year	179	265
Balance at 31 March 2024	179	265

Total deferred income in the charity comprises QTLS/ATS income of £74k (2022–23: £103k), membership fees in advance of £73k (2022–23: £107k), consultancy fees £13k (2022–23: £40k) Basic Skills course and CPD event £15k (2022–23: £15k) TVET grant £4k (2022–23: Nil).



18. 2023-24 — Analysis of net assets in funds

	Unrestricted £000	Restricted £000	Total £000
Fixed assets	762	–	762
Cash in bank and in hand	8,942	602	9,544
Other net assets/(liabilities)	(565)	–	(565)
	9,139	602	9,741

2022-23 — Analysis of net assets in funds

	Unrestricted £000	Restricted £000	Total £000
Fixed assets	834	–	834
Cash in bank and in hand	7,634	824	8,458
Other net assets/(liabilities)	2,154	–	2,154
	10,622	824	11,446





19. 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
2023-24					
- Wind-down of the ETF	3,000	–	–	(3,000)	–
- Strategic investment reserve	600	–	(600)	–	–
Fixed assets reserves	834	–	(72)	–	762
General fund - Free reserves	6,188	23,315	(24,126)	3000	8,377
	10,622	23,315	(24,798)	–	9,139
2022-23					
- Wind-down of the ETF	3,000	–	–	–	3,000
- Strategic investment reserve	1,400	–	(800)	–	600
Fixed assets reserves	–	–	–	834	834
General fund - Free reserves	6,742	24,145	(23,865)	(834)	6,188
	11,142	24,145	(24,665)	–	10,622

From 1 April 2023, ETF has moved away from creating a designated fund for orderly wind-down in favour of a broader reserves policy. The reserves policy for the year ended 31 March 2024 is set at £5.3m and will support the charity to be financially resilient and flexible, and secure the charity against sudden loss of income or provide for an orderly wind-down if necessary. Free reserves are currently in excess of this minimum reserves level at £8.4m. The designated fund previously created for this orderly wind-down has been transferred back to General funds in line with this change in approach.

The reserves policy will be reviewed annually along with the cash reserves policy as part of the budget process and any significant reforecast or organisational change during the year.

The movement of funds on the fixed asset reserve, which was created in 2022-23, relates to resources expended on fixed assets net of depreciation during the financial year. This fund represents a level of general funds not available for immediate use due to it being tied up in fixed assets.

20. Analysis of movements in restricted funds

	Funds at start of year £000	Incoming resources £000	Resources expended £000	Funds at end of year £000
2023-24				
DfE grant	69	–	–	69
TVET	–	49	(49)	–
Leadership & Governance course fees	755	206	(428)	533
	824	255	(477)	602
2022-23				
DfE grant	70	7,741	(7,742)	69
TVET	–	38	(38)	–
DWP grant	–	2	(2)	–
Leadership & Governance course fees	–	1,263	(508)	755
	70	9,044	(8,290)	824

DfE grant refers to unspent balance of a grant programme that is no longer ongoing and is owed back to DfE.

Leadership and governance course fees is income generated by virtue of the DfE Leadership & Governance contract. It will be spent on similar activities agreed between the DfE and ETF.

TVET refers to a grant received from the Royal Commission for Technical Teaching Fellowships please see note 3 for details.

21. Lease commitments

ETF had the following total lease commitments as at 31 March.

	2023-24 £000	2022-23 £000
Operating lease — property rental		
Payments due within one year	337	395
Payments in less than 2 years	–	329
	337	724

The lease is in respect of the ETF office based in London which expires on the 31st January 2025.



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

	2022-24 £000	2022-23 £000
Net movement in funds	(1,705)	234
Add back depreciation charge	611	422
Deduct interest received	(215)	(80)
Decrease in debtors	3,464	6,785
(Decrease) in creditors	(745)	(13,662)
Net cash provided by/(used in) operating activities	1,410	(6,301)



THANK YOU

157–197 Buckingham Palace Road,
London SW1W 9SP

020 3740 8280
enquiries@etfoundation.co.uk
ETFOUNDATION.CO.UK

Company registration number (England and
Wales): 08540597. Charity number: 1153859

Accounts

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023



Contents

1	About the Education and Training Foundation (ETF)	03
2	Strategic Report	04
3	Trustees' Report	18
4	Independent auditor's report to the trustees of the ETF	29
5	Statement of financial activities	32
6	Balance Sheet	33
7	Statement of cash flows	34
8	Notes to the financial statements	35

1 About the Education and Training Foundation (ETF)

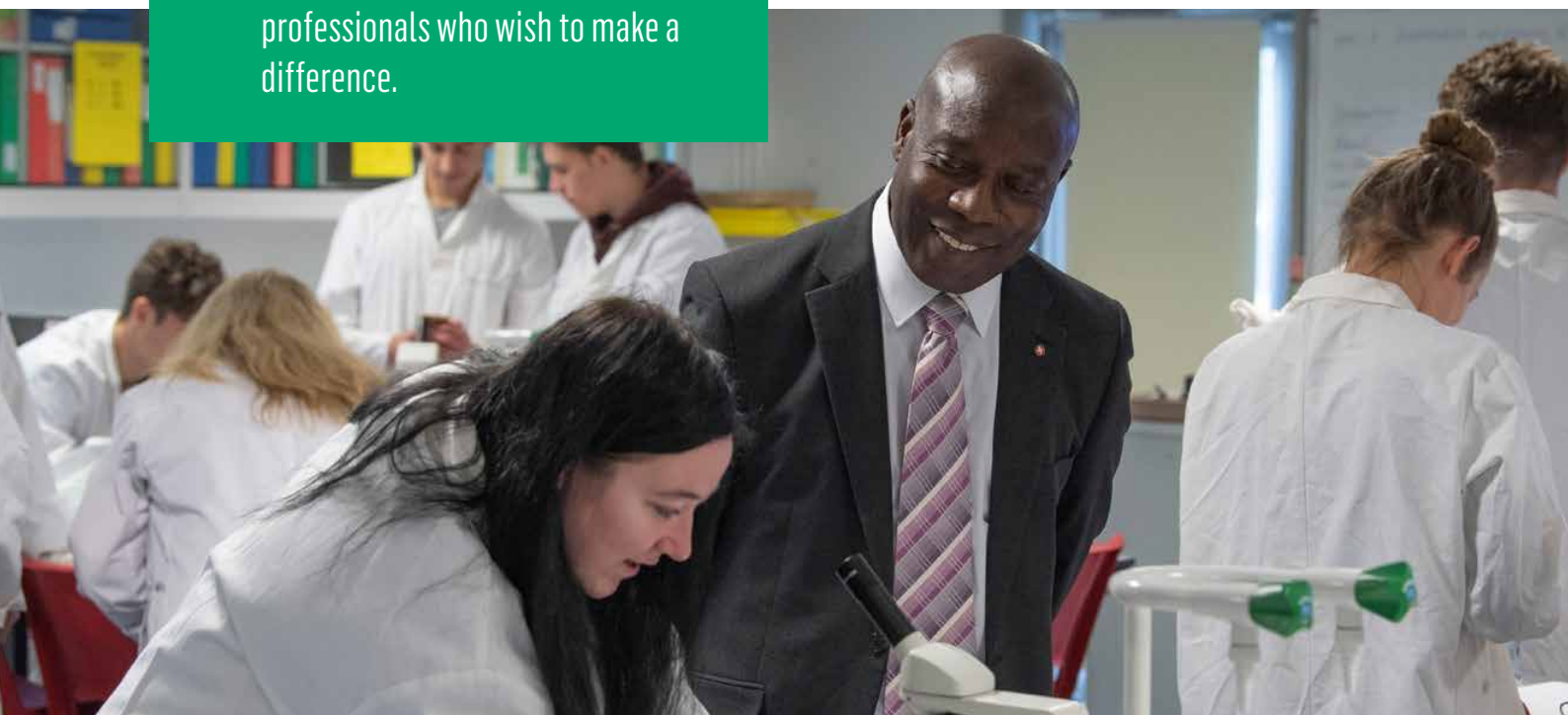
Education and Training Foundation (ETF) is the workforce development body for the Further Education (FE) and Skills sector. We work in partnership with others to deliver professional learning and development for teachers, trainers and leaders. We focus on sector needs and, with government and partners' support, work to achieve our core charitable purpose to improve education and training for learners aged 14 and over.

ETF believes that the key to improving education and training is to support teachers, trainers and leaders to excel. Everything we do is in pursuit of its vision of:

- ✓ Highly effective, professionally confident teachers and trainers
- ✓ First-class leadership of the sector
- ✓ Further Education and Skills as the career of choice for ambitious professionals who wish to make a difference.

ETF operates the Society for Education and Training (SET), the professional membership body for the post-14 education sector. SET's mission is to build and promote the professional status of the sector's practitioners, helping them to progress their careers through a wider recognition of their expertise.

This report has been compiled at a time of strategic transition and change. The charity's Board has spent significant time in 2022–23 and 2023–24 considering and finalising a new strategic plan. Given the timing, this report uses the language associated with the existing strategy. The new strategy will be launched in Autumn 2023, where the future direction and priorities of ETF will be clearly set out.



2 Strategic report

To achieve our vision, in 2022–23 we pursued five strategic objectives (GLIDE):

- 1 Grow the capacity of the sector.
- 2 Lead the sector's own development activities.
- 3 Influence the system's priorities and thinking.
- 4 Develop the capability of the sector.
- 5 Evolve ETF to continuously adapt and thrive.

While working towards these objectives, in 2022–23 ETF completed an extensive consultation with partner organisations and the wider sector to inform its new strategic direction. Further detail on this is provided in section 2.7. The new strategic direction will be launched in Autumn 2023, when ETF marks its 10-year anniversary. It will signal a refreshed commitment to focusing on sector needs, working in partnership, and continuing to engage and use evidence and research to inform professional practice.

The following sections provide an overview of ETF's performance, achievements and impact in 2022–23 across three core strands of the Further Education and Skills sector support activity: i) recruitment, ii) support for teachers, and iii) support for managers and leaders. We continue to provide support to teachers and their leaders across the Further Education and Skills sector to enable them to excel and ultimately improve education and training for learners.



In addition, in this section you will find two spotlight features on equity, diversity, inclusion and belonging (EDIB), and education for sustainable development (ESD). This recognises the central importance of this work across all our activity, as well as the sector as a whole. Further information regarding Section 172 reporting requirements (plus Streamlined Energy and Carbon Reporting) can be found in the Trustees' Report (see section 3.3). There is also a spotlight section which focuses on systems thinking in the Further Education and Skills sector.

ETF is committed to evaluating its activity and its latest impact report is available on its website. This report describes the impact and public benefit of ETF's continuing professional development (CPD) programmes and the Society for Education and Training (SET) on Further Education and Skills professionals, providers and, ultimately, their learners.

2.1 Recruitment

ETF recruitment programmes effectively recruited and engaged new teachers in 2022–23, as well as ensuring that people who were interested in teaching in the FE and Skills sector had the opportunity to experience it.

The Taking Teaching Further (TTF) programme recruited high numbers of much-needed industry experts into teaching roles in 2022–23. The programme sought to provide high-quality training and support to trainee and new teachers. Feedback from our participants shows this was well received and valued, with high levels of satisfaction reported. Collectively, our ETF teacher recruitment programmes helped to develop and improve professionals' knowledge, skills and practice, which has the benefit of professionalising the FE and Skills workforce. Some of the benefits and impact of these programmes include the following:

- Across the first five rounds of TTF, more than 1,000 industry experts were recruited to Further Education and Skills teaching positions across the 15 subject specialisms. This means more Further Education and Skills colleges benefited from having industry expertise in teaching roles, helping to improve their delivery of subject teaching.
- A number of TTF participants maintained dual professionalism – working in both industry and FE. This is beneficial both for the individual and also for the FE provider, as it keeps them up-to-date with current industry developments.
- Aligning TTF recruitment with the implementation of T Levels (particularly Construction, Business and Administration, Digital, and Engineering) often emerged as an important issue.



The Talent to Teach in FE scheme aimed to raise awareness of Further Education teaching as a career option among second year and final year undergraduates, and postgraduate students. Students underwent 40-hour placements within FE and Skills sector providers (colleges or independent training providers (ITPs)), experiencing the teaching culture and practice. In 2022–23, over 1,200 students applied for 336 placements across 27 providers (target: 335 placements). In 2022–23, 31 of these placements were secured as part of a pilot project involving those with technical skills who have been or are being made redundant, or who are unemployed or underemployed (not having enough work or not doing work that makes the most use of their skills), to encourage them to consider Further Education and Skills as a career option.

2.2 Support for teachers

Across all our CPD programmes for teachers, we had high engagement and high levels of satisfaction. A high number of participants agreed that their knowledge and skills had increased, they felt more confident in their respective subject specialist knowledge and were able to apply this knowledge to their practice.



Through its CPD programmes, ETF continues to provide opportunities for teachers to connect with other professionals and, by doing so, enables wider learning and the development and strengthening of communities of practice.

Some key highlights from the programmes are described below.

- **ETF Enhance Digital Teaching Platform** and associated EdTech learning module continued to be available to the sector and underwent a review of impact on teachers and trainers within the Further Education and Skills sector. 82 per cent of survey participants stated that the Enhance Platform included a good range of EdTech learning modules.

- **The Mentor Training Programme** boosted participants' effectiveness as mentors, with 99 per cent of new mentors and 98 per cent of experienced mentors reporting increased confidence in their abilities. The Mentoring Programme offered CPD for mentors, leaders, mentoring coordinators and mentees. This led to a wide range of positive outcomes for mentors, mentees and organisations participating in 2022–23. The programme was viewed as pivotal for the advancement of developmental mentoring within organisations.

- **The Apprenticeship Workforce Development programme (Phase 2)**, delivered with the Association of Employment and Learning Providers (AELP), Association of Colleges (AoC), Strategic Development Network (SDN) and Universities Vocational Awards Council (UVAC), provides an offer for a range of provider types. A sector-wide training needs analysis was successfully conducted, alongside a range of focus groups to ascertain provider need. We have seen high numbers attending our on-demand courses and have awarded 10 practitioner projects and 10 collaborative projects to date.



- **The final year of the Centres for Excellence in Maths (CfEM)** programme focused on the theme of mastery. Participant satisfaction scores remained high. All but one of the contract's key performance indicators (KPIs) were met (with a lessons-learned exercise completed to understand and improve future performance of the outstanding KPI). A range of high-quality legacy resources was developed by ETF and the centres, which are now available on ETF's website.
- **Our three Centres of Excellence in SEND** (special educational needs and disabilities) delivered a range of support, including specialist one-to-one provision for leaders and communities of practice for managers and practitioners. We also offered programmes for middle managers with responsibility for SEND, and development opportunities for teachers to help support learners with specific needs.
- **The T Level Professional Development (TLPD)** programme has seen high levels of engagement from the sector, with very positive feedback from participants about how it is supporting their preparation to deliver T Levels. We have continued to develop the offer in response to sector needs by, for example, introducing an assessment course. The Area Relationship and Development Leads work with providers to assess the development needs of their staff and managers and to direct them to the most relevant parts of the offer.
- **Safeguarding and Prevent activity** included online training reaching more than 18,600 teachers on how to meet and make effective use of the requirements of the Prevent agenda (also for use by/with Further Education and Skills learners), in addition to more than 100 attendees at the forums, and research on British Values. Workforce development included support for leaders, managers, chairs and governors.



- **The Society for Education and Training (SET)**, ETF's membership body, continued to provide career support, resources and networking opportunities to its growing membership base. Its 23,000 members work in diverse settings across the whole sector. A revised code of ethics and conduct was launched on 1 April 2022, ensuring that the society and its members continue to uphold high standards of professionalism. The code sets standards on professional responsibility, behaviour and competency. In the last year, the code helped to identify four alleged breaches. These were investigated, with all four upheld and sanctions applied.
- **The annual SET conference**, held in Birmingham in January, achieved its highest number of delegates for an in-person event, being attended by over 325 practitioners and leaders. It received an overall satisfaction rating of 88 per cent.
- **A steady number of practitioners**, seeking to further enhance their professional practice, completed the professional formation programme which leads to Qualified Teacher Learning and Skills (QTLS) status, and a further 32 successfully completed the Advanced Teacher Status (ATS) programme. ATS graduates were recognised at a special ceremony at The Guildhall in London where they were granted Chartered Teacher status.

2.3 Support for managers and leaders

Feedback from participants across ETF's management and leadership programmes was very positive.

Some of the key outcomes included:

- ✓ improved knowledge of roles and responsibilities
- ✓ improved skills in various aspects of their roles
- ✓ improved confidence to carry out their roles
- ✓ development of professional and / or social networks.

Of programme participants, **88%** of senior leaders, **88%** of middle leaders and **84%** of governance participants felt the programmes increased their knowledge and understanding of their roles. Furthermore, **88%** of senior leaders, **87%** of middle leaders and **80%** of governance participants felt the programmes enhanced their skills and ability to undertake their role.

- **Mental health and wellbeing support**, which showcased effective practice in developing and implementing organisational mental health and wellbeing strategies through workshops and disseminating the relevant resources to the sector. The overall target of 100 was significantly overachieved, with 592 people reached.
- **Leadership development programmes** supported participants who had been recently appointed to management roles and included action learning to help them overcome specific leadership challenges. The programme underrecruited, with 17 attending against a target of 30. Changes have been made to recruitment and content to ensure that the future targets are achieved.
- **Support for those leading on curriculum and quality senior leadership**, which covered themes such as future jobs, future skills needs, curriculum and quality, and pedagogy in FE and Skills. The programme underrecruited, with 80 attending against a target of 100.

The programme of support for managers and leaders was extensive, and included the following:

- **CEO support through the Further Education Senior Leadership Programme (FESLP)**, which featured the popular CEO mentoring programme, designed to develop the capacity of senior leaders whose colleges were experiencing financial and other specific challenges. The total number of attendees was 195 against a target of 183.
- **Inclusive leadership**, with a focus on supporting a diverse talent pipeline through middle management and senior management. Events were designed to improve management team decision-making through encouraging equity, diversity, inclusion and belonging (EDIB), and supporting leaders and managers with protected characteristics to progress their careers. In total, 447 people were involved in events against a target of 300.

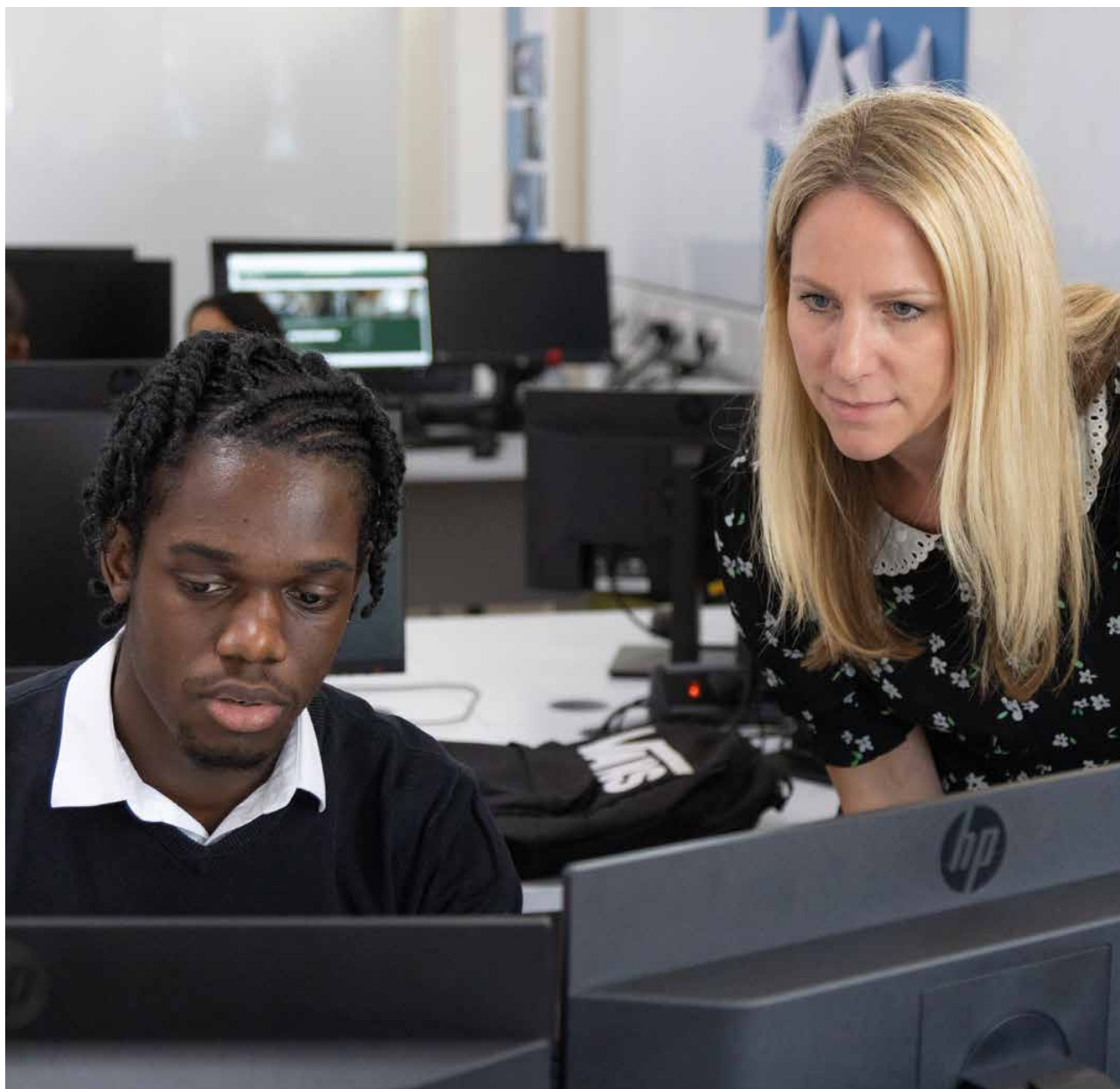


- **Governance and governor development** featured development activities and mentoring for governors, governance professionals and chairs, as well as a network of support providing a safe space for exploration and problem solving. The offer supports the strengthening of governance capacity and capability in the sector. The majority of the reach targets were achieved but there were some areas where recruitment was more challenging, primarily the Chairs of the Future programme.

Highlights from this suite of programmes included the newly introduced mental health and wellbeing suite of activities. ETF continues to deliver programmes for leaders and managers to build and lead effective teams, negotiate and

influence, develop a deeper understanding of sectoral trends and the political complexities of top tier leadership, and critique the challenges and barriers that prevent middle and aspiring leaders progressing their careers. Learning and insight from this programme showed good engagement with the CEO mentoring support, which was also highly rated by participants.

The T Level Professional Development programme also supports leaders and managers across the sector in preparing their organisations for successful T Level delivery. A particular highlight has been the challenging 12-month Leadership Development programme, which was designed to develop change management skills for senior staff in the sector.



2.4 Spotlight on: Equity, diversity, inclusion and belonging (EDIB)

ETF takes EDIB seriously. We are in the privileged position of supporting a sector that is underpinned by social mobility and lifelong learning, which is integral to the journey towards social justice for everyone in our communities.

ETF takes EDIB seriously. We are in the privileged position of supporting a sector that is underpinned by social mobility and lifelong learning and integral to the journey towards social justice for everyone in our communities.

To deliver on our ambitions in relation to EDIB, we have established two working groups. The first is focused internally on the work we need to do to fulfil our aim to lead by example and continue to implement recommendations from our commitment as a member of Inclusive Employers and as a participant in the Mental Health at Work programme. The other group is focused externally on how we are supporting the sector. The work of both groups is overseen by a steering group which is chaired by ETF's CEO.

A key part of the work is a commitment to anti-racism. To support us in this, ETF has a [formal partnership](#) with the Black Leadership Group (BLG), working together towards eradicating racism in the Further Education and Skills sector. Through this partnership, ETF will demonstrate a commitment to anti-racism and highlight the positive contribution of anti-racist efforts across the sector.

We want everyone who accesses FE and Skills to feel that they belong and are included, so we have a broad range of activities which support the workforce to make this a reality. This includes working strategically with the FE sector, taking positive action, and offering specialist programmes to promote inclusion. For example, 255 FE providers of all types, from every region in England, participated in our SEND programme, with over 25 per cent having a leadership role. Our FE Inclusion section brings together all our EDIB activities together and can be accessed on the [website](#).

We know that everyone benefits when leaders embrace inclusion: learners and staff have a better experience and are more likely to thrive. Our Inclusive Leadership programme supports leaders



to implement change in their organisation and had 447 bookings last year. Almost 400 people have accessed our [Inclusive Leadership podcasts](#), where leaders talk openly about the benefits and challenges of the journey towards creating inclusive organisations.

Our [free place offer](#) is in high demand across our programmes. This is for organisations from the 24 priority areas – FE providers with a turnover of less than £500K – to address potential economic barriers, and for staff with disabilities and staff from Black and minority ethnic communities who are under represented on our courses. We have a marked increase in representation of 5 per cent and 8 per cent respectively since the inception of the free place offer in 2019.

We want inclusion to become 'everyone's business' and our course [Advancing Equality in the FE sector](#), which is for everyone working in the FE and Skills sector, has had almost 9,000 participants since its launch in November 2022.

Finally, as an organisation that works with all FE and Skills providers across the system, we see our role as 'connecting' people and organisations who are pushing inclusion along in the sector. Our [#InclusiveFE in the news](#) highlights just some examples, and we look forward to continuing to work together to promote social justice.

2.5 Spotlight on: Education for sustainable development (ESD)

ETF is an ambassador for ESD, working strategically with the sector and industry and engaging with ESD trailblazers and experts both in the UK and internationally to ensure we are at the forefront of change.

Our work continues to grow in this area. We have a vision to aid the FE and Skills sector in the green transition, equipping the workforce to meet society's sustainability needs and embedding ESD in their subject area. Ultimately, we aim to ensure all learners are sustainability learners. The following highlights demonstrate our progress in this area during the year:

Weaving ESD content into ETF and SET offers

- We are continuing to weave ESD into ETF's programmes. For example, we have developed resources for practitioners of ESOL (English for speakers of other languages) and have created an ESD module on the Governance Professionals Development Programme. In addition, we have published InTuition articles on ESD as part of the SET membership offer; and a review of TLPD ensured that opportunities to include ESD content can be maximised.

Developing ESD-specific support for the sector and its workforce

- We delivered our first CPD webinar series for educators: 'How to promote and embed ESD across learning and working practices'. This will be rolled out for a second round in September 2023 after a successful first round where 100 per cent of participants were satisfied with the overall learning experience. We have also developed a series of ESD technical webinars and resources for sector leaders, and a new ESD guide for Further Education and Skills sector governors, which is in the process of being published in collaboration with the AoC. The resources available on our webpages have proven to be especially useful to organisations – particularly 'Sustainability in the Curriculum' and the 'Sustainability Teaching Tool' – and case studies are being developed to illustrate their impact.



Working with sector bodies to create a more 'enabling environment' for ESD uptake across the sector

- Our work with sector partners continues, with strong representation across a variety of different boards and committees, including Department for Education (DfE) working groups and the AoC. We have secured a strong relationship with the Alliance for Sustainability Leadership in Education (EAUC) to build on the representation of Further Education and Skills in its work and together we will be initiating a review into the sector and its ESD needs. We are building the representation of the FE and Skills sector in particular areas where HE tends to dominate; these include our continued support of the Green Gown Awards, which we joined as part of the judging board in July 2023, and speaking at the EAUC annual conference. We are now well-established as an ESD thought leader; we were part of a panel at the Executive's Leaders event for the Institute of Environmental Management and Assessment

(IEMA) and have been invited to do the closing report at Reset Connect (UK's largest sustainability conference).

Walking the walk – Ensuring we operate sustainably as an organisation

- All ETF staff have the opportunity to take part in the ESD online learning on the internal training platform. We are also building a central place online for all staff to access up-to-date and relevant content on ESD. Priorities for 2023–24 include developing a sustainability leadership toolkit as part of the leadership and governance contract. Its aim is to educate and equip sector leaders in ESD, which has been required by the sector since the launch of the FE Climate Action Roadmap in 2020. This is planned for release by October 2023. We are creating a high-level sector stakeholder group with a focus on ESD, developing a database for all ESD representatives in the sector, and simplifying our support and offerings both internally via SharePoint and externally through redesigning our website.



2.6 Spotlight on: Systems thinking in the FE and skills sector

In April 2022, ETF's then-CEO, David Russell, undertook a secondment as Executive in Residence at Oxford Saïd Business School to complete a research project exploring the creation of a self-improving system in the FE and Skills sector. This is a headline summary and the full report is available on ETF's website from December 2023.

This is a time of rapid technological innovation, shifting economic landscapes and demographic change, all of which are influencing national education agendas. Against this backdrop, the role of the Further Education and Skills sector in England has never been more critical. Our work on the ability of the sector to become a self-improving system suggests that there is both a need and an appetite for system change so that the Further Education and Skills sector continues to be relevant, resilient and responsive to the complex challenges and emerging opportunities that lie ahead.

In exploring what that system change might look like and, moreover, envisaging what an ideal state should embody, the following issues were identified as critical:

- Solving the teacher recruitment and retention issues that cause staff churn.

- Offering clear professional pathways to make Further Education and Skills a more attractive career.
- Providing much better support for new Further Education and Skills teachers.
- Developing high-quality, relevant and accessible CPD built on national professional standards.
- Improving the quality of initial teacher education (ITE).
- Ensuring teachers are prepared for teaching in an age of rapid industrial and social change.
- High-quality leadership.

These issues are explored in full in the report, which culminates in the recommendation that ETF convenes a FE and Skills-wide systems reform group charged with developing a theory of change model that considers the impact we want the sector to have, and new system-wide metrics that are better aligned with the true purposes of the FE and Skills sector.



2.7 Plans for 2023–24

Through 2022–23, the Board and Executive continued to focus on strategic planning, completing a strategic review and externally led listening exercise (in partnership with key sector stakeholders).

In Autumn 2023, the Board and Executive will finalise the strategic direction of the charity. At the time of writing, the Board has agreed the following strategic goals:

Enable sector change

We will convene system change and respond to Further Education and Skills workforce needs by working in partnership.

Drive professionalism

We will champion professionalism and grow the evidence base of education and leadership practice, making Further Education and Skills a rewarding career destination.

Improve teaching and learning

We will ensure consistency in learner experience by setting clear competences and conduct required to enter and maintain professional status within Further Education and Skills.

Champion inclusion

We will tackle inequalities in the Further Education and Skills workforce, supporting routes to employment and career development by providing lifelong learning to all.

In delivering this strategy we commit to being:

- **sector focused:** better informed by, and further engaged with, the sector
- **outward facing:** forging partnerships and sharing innovation globally
- **impact and outcomes driven**
- **informed by intelligence,** research and thought leadership
- **sustainable and agile:** based on a lean model of resources and skill set.

Providing high-quality and effective CPD across the workforce will continue to play an important role in our future direction, underpinned by a strengthened set of professional standards. We recognise the importance of providing a pathway of support to practitioners throughout their careers and building on our professional formation offer alongside exploring new qualification and accreditation opportunities. The Board considers that developing the professionalism of the sector, working in partnership with key bodies in the sector, encouraging individual ownership of professional practice and building access to networks of support through communities of practice, events and other activities, are all central to the charity's future.

Additionally, ETF will further develop the strategic plan and evolve the charity to align with the new strategy. There will be a focus on income diversification, sector-led workforce development, organisational design and becoming more cost-effective.



2.8 Financial summary/review

ETF's total income from its charitable activities in the year was £32.9m (2021-22: £33.1m) and £0.3m from trading activities (2021-22: £0.1m). Total: £33.2m (2021-22: £33.2m).

Total income for the charity comprises:

- £7.8m from government grant (2021-22: £20.7m)
- £20.9m from government contracts (2021-22: £10.8m)
- £1.1m from non-government contracts (2021-22: Nil)
- £3.0m from membership and accreditation (2021-22: £1.7m)
- £0.4m from providers, practitioners, other income and non-government grants (2021-22: £0.1m).

ETF's total expenditure for the year was £33.0m (2021-22: £35.0m) and included:

- £31.6m for programme and sector development (2020-21: £33.8m)
- £0.1m for research and data (2021-22: £0.1m)
- £1.2m for membership and accreditation (2021-22: £1.1m).

Overall, ETF is reporting a surplus for the year of £0.2m (2021-22: deficit of £1.7m).



What we do not expect to change as a result of the new strategy

- Our core purpose as a charity supporting workforce development for all those operating within the FE and skills sector.
- Our strong relationship with the DfE, both at strategic/policy and programme/delivery levels.
- Our strong legacy in the quality of our programmes.
- Our focus on standards as a vehicle of professionalism.

What we expect to change as a result of the new strategy

- Our strategic shift to being 'sector first' in terms of our narrative, language and engagement, and governance.
- Acting more as a system convenor of thought leadership on workforce development.
- Our research and evidence functions and prioritising thought leadership as vehicles for change.
- Our relationship with DfE shifting from focusing mainly on contract delivery to contract delivery and informing policy on workforce development.
- Continuing to review our standards and using them to improve overall quality, which may mean moving from a focus on standards for individuals to standards for providers and institutions.
- Our financial model becoming more diversified.

2.9 Reserves policy and going concern

Restricted reserves at the end of the year were £0.8m (2021-22: £0.1m). This represents the balance on unspent grants from DfE and income from leadership and governance courses run by ETF and funded by DfE, to be spent as agreed with DfE.

Unrestricted reserves carried forward at the end of the year were £10.6m (2021-22: £11.1m). Unrestricted reserves are available to support ETF's charitable purposes and strategy, and to provide financial resilience and flexibility. Since the year end, the trustees have ringfenced £5.3m in the form of a reserves policy to prudently secure the charity against sudden loss of earnings or to fund an orderly wind-down. In the unlikely event that a wind-down should be necessary at any stage, the reserves held include £3.1m staff redundancy costs and a further £1.1m to exit current contractual agreements, including the lease with the National Audit Office. The remaining reserves will be used in future financial years for the furtherance of ETF's charitable purpose of improving education and training for learners aged 14 and over. This includes continued investment in ETF's own digital and IT resources. The level of reserves carried forward, together with the level of cash resources and the existing contractual agreements in place, mean ETF can continue as a going concern and meet its liabilities as they fall

due. A projection of the 2023-24 and 2024-25 income and expenditure has been performed, showing that reserves are not expected to fall below the requisite level and that the cash position is robust.

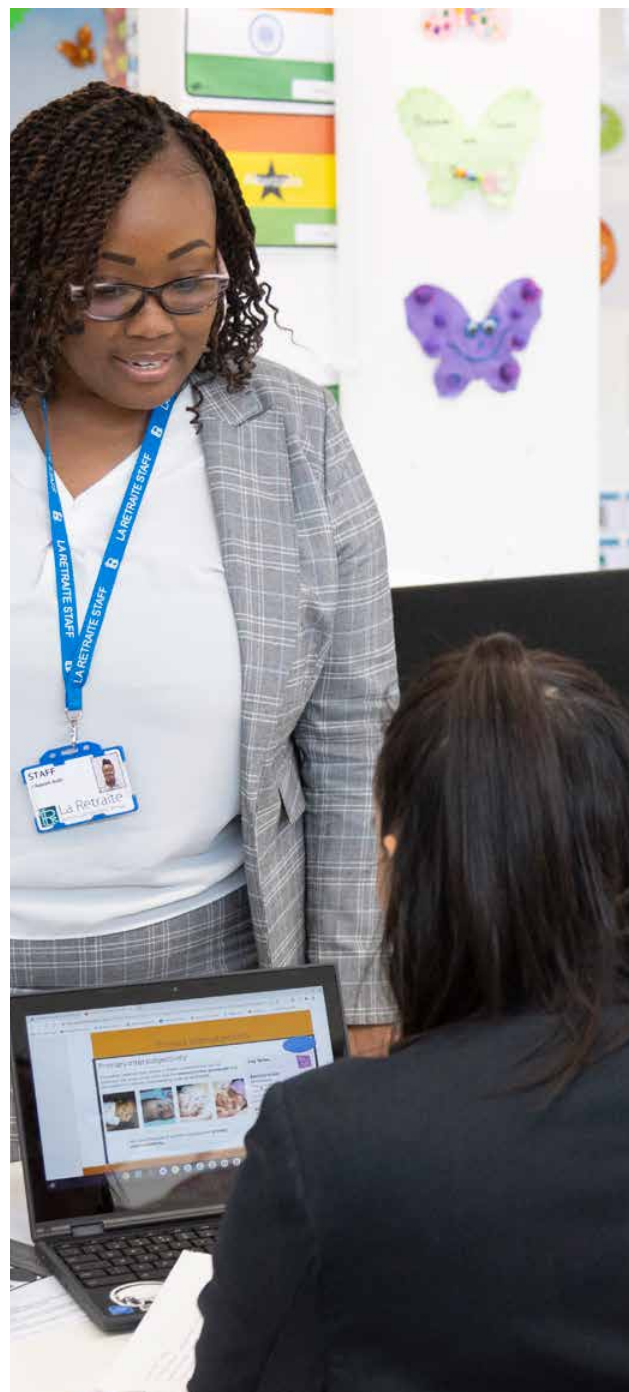
Free reserves at year end were £6.2m (free reserves being total reserves, less restricted reserves, less designated reserves and less fixed assets).

Year ending 31 March 2023 £'000	
Total reserves held	11,446
Restricted reserves	824
Unrestricted funds	10,622
Less: designated reserves	3,600
Less: provision for fixed assets	834
Free reserves	6,188



2.10 Investment policy

ETF holds its funds with A-rated banks, with sufficient funds for operational need held in immediate-access accounts. ETF maintains a treasury and investment policy which outlines the investments allowed, both in terms of liquidity and business development. ETF also maintains a reserves policy and cash reserves policy. The Board will continue to keep its investment policy under review to maximise the investment return, with targets set from 2023–24 within the budget, consistent with the concern to ensure the security of its resources and minimise risk.



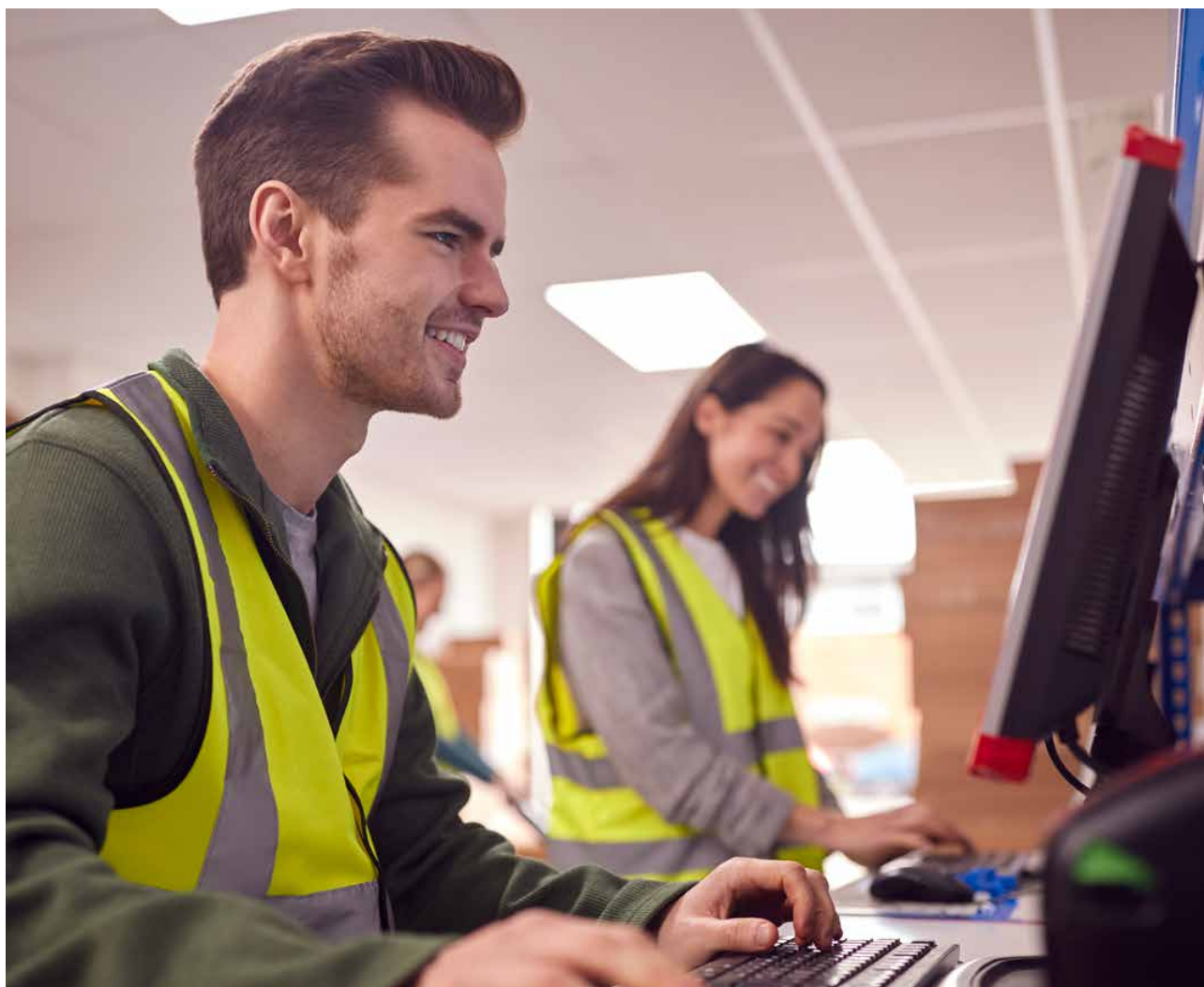
2.11 Grant making

Under the DfE's Taking Teaching Further scheme, ETF has allocated grants to providers to help fund training and support to attract individuals from industry into the sector. In addition, ETF allocated grants to providers to support mentoring. All grant awards were approved by the DfE and are subject to rigorous checks to ensure money is being used in accordance with the UK Charity Commission's rules on public benefit.

3 Trustees' report

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 for the year ended 31 March 2023 ('the year'). The Trustees confirm that they have referred to the Charity Commission's guidance on public benefit and adopted the Charity Governance Code (first published in July 2017, updated 2020). The accounts have been prepared in accordance with the policies set out in note 1 to the financial statements and comply with 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 Governance

ETF's Board members are the charity's Trustees. The Board oversees the work of ETF. It sets strategic direction, ensures proper financial and governance arrangements are in place, and ensures that ETF remains focused on delivering successful outcomes for its beneficiaries.



As a charity and a company limited by guarantee, ETF also has Members. The Members of ETF are representative organisations with a unique stake in ensuring that FE professionals get the support and development they need and deserve. Members have a meaningful role in the stewardship of ETF and shape the FE sector workforce strategy. In 2022–23, the Association of Employment and Learning Providers (AELP) was reappointed as a Founding Member of ETF. The six Members are the Association of Colleges (AoC, Founding Member), HOLEX (Founding Member), AELP (Founding Member), the National Union of Students (NUS), NatSpec and the Trades Union Congress (TUC). The Members of ETF are the company Members for the purposes of company law.

ETF Member Group meets at least twice per year to consider key strategic matters influencing the FE sector; these discussions help to inform ETF's strategic approach. Outside these meetings, the senior leadership team (SLT) maintains strong relationships at all levels with its member organisations. The Member–Board relationship and ways of working is described through the ETF Member Group – roles and responsibilities document. Both groups recognise that one of the strengths of the ETF Member Group is the

powerful interest and involvement the Members have in ensuring that FE professionals get the support and development they want and deserve. At the same time, ETF is cognisant of, and closely manages, real and perceived conflicts of interest.

In 2023–24, following the Board's approval of the strategic direction, an independent review of ETF's governance and Board has been commissioned to support continuous improvement and ensure that arrangements continue to be fit for purpose.

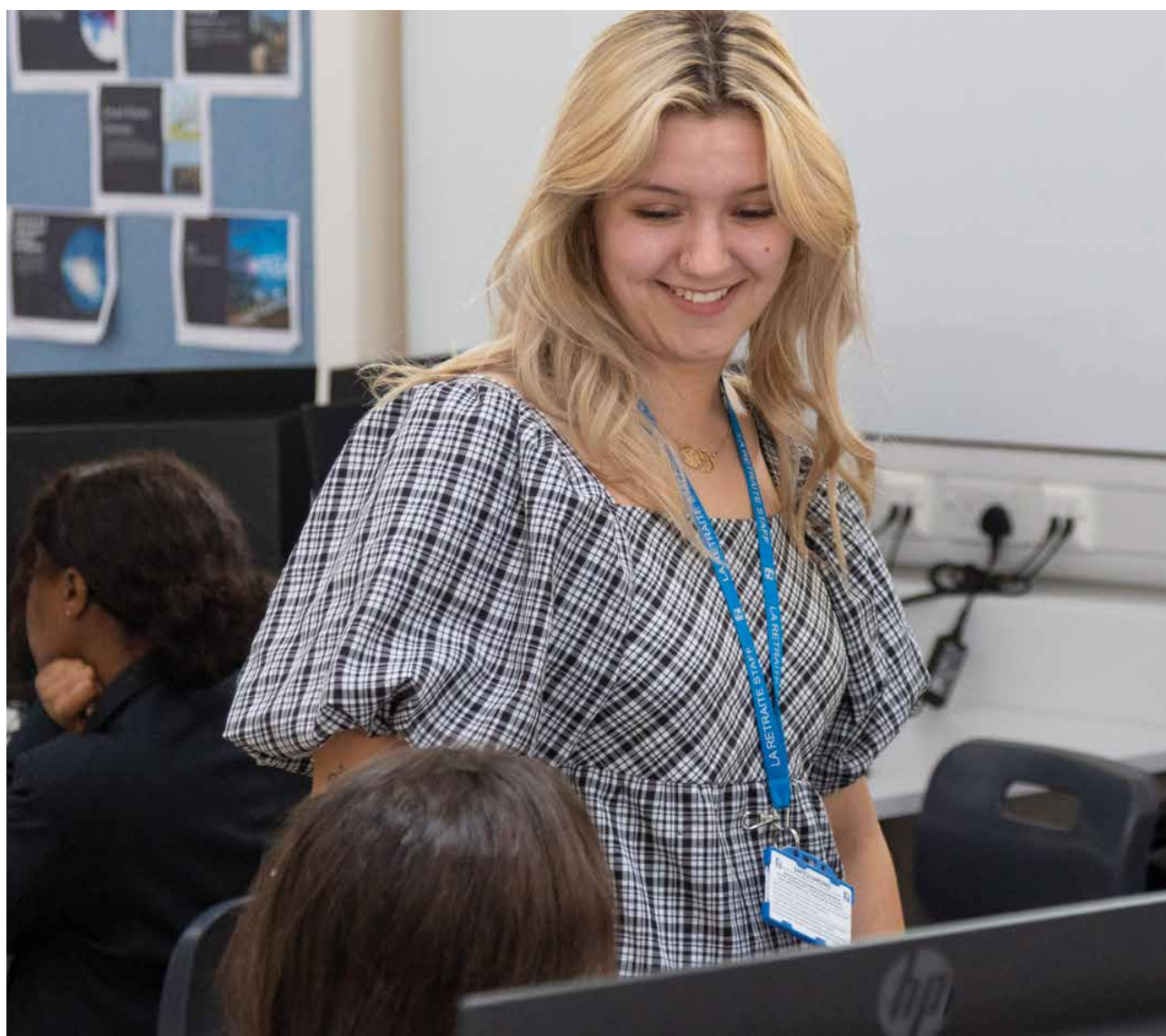
Trustees are appointed and reappointed by the ETF Board. A recruitment procedure outlines how the Board seeks the input of ETF's Members in the recruitment of new Trustees. Trustees may serve a maximum of two three-year terms on the Board (with a third term permitted in exceptional circumstances). Further detail is available in the Articles. The beginning-to-end process as a Trustee, including induction, training and appraisal, is described in ETF's Trustee journey. New Trustees meet with the Chair, CEO, Company Secretary and the SLT as part of their induction. Trustees are briefed on their responsibilities, the Articles, ETF's strategic priorities and business plans, its financial performance and key risks. On appointment and each year, Trustees are asked to adopt a code of conduct and declare their

interests. Trustees' interests are reviewed at each Board and committee meeting. Individual Trustees receive annual appraisals and Board effectiveness is routinely reviewed, including through meeting review discussions at the end of every Board and committee meeting, plus surveys. All Trustees are offered the opportunity to observe and/or attend ETF events, as well as to 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 5 December 2022, with the next away day planned for 4 December 2023.

In July 2023, ETF's Chair, Professor Peter Latchford OBE, announced that he would stand down at the end of 2023 to allow for the recruitment of a sector leader to chair the charity

through its next phase. The Board intends to seek a new Chair with significant experience of the FE and training sector, in order to best support the charity's new strategic direction. On behalf of the Board, the Senior Independent Director is overseeing the recruitment of Peter Latchford's successor, with an open and competitive exercise being underway.

In 2022–23, the Board made one serious incident report to the Charity Commission as a result of unintentionally failing to respond to a Fundraising Regulator request. The matter was responded to promptly once the charity had been made aware of the request and in October 2022 the Charity Commission agreed that the charity had responded appropriately and responsibly and no further action was required. The matter was overseen by the Audit Chair on behalf of the Board.



3.2 Key risks and risk management

The Board has agreed its approach to risk through its risk appetite framework and risk management policy; alongside these documents sits the corporate risk register (CRR).

Its oversight of risk comprises:

- a regular review of the principal strategic and operational risks faced by the charity
- at least biannual consideration by the Audit and Risk Committee of the operation of the risk management policy, along with scrutiny of the CRR, key strategic risks and the mitigating actions, making recommendations and reports to the Board where necessary
- delegation of the day-to-day oversight of risk to the CEO
- monthly consideration and update of ETF's corporate risk register by the SLT as risk owners. All risks and planned actions are recorded in the risk register, assigned owners and overseen by the SLT.

Over the course of 2022–23, the internal and external risk environment changed and the risks to the charity also evolved. At the end of 2022–23, the Board reviewed and reflected on the most significant internal and external risks to delivery of ETF's charitable aims. These are outlined below, including commentary and key mitigations.

Externally, at the start of the financial year (April 2022), attention was focused on the charity's strategic relationship with the DfE and the implications of the commercial approach being taken by the DfE. These risks were carefully mitigated through the course of the various reviews and contract negotiations (as well as through the charity's business-as-usual activities). ETF's relationship with DfE is still of vital importance and remains a risk on the CRR; it has informed its strategy development. At the end of the financial year and into 2023–24, attention turned to stakeholder management and particularly to the charity's relationships with key sector bodies. The risk has been mitigated through extensive engagement by the Board and CEO, which included stakeholder engagement being prioritised through the strategy development and implementation.

From an internal perspective, risks around IT management (including cyber security), back-office systems and staff retention were the focus at the beginning of 2022–23, with actions taken to invest in improved systems across the business (overseen by the Finance Committee). Attention is being maintained on back-office systems (including IT and cyber) into 2023–24, as these remain significant risks.

As 2022–23 progressed, the Board and the SLT's focus turned to managing the risks associated with leadership change, with the Board and Remuneration and Search Committee prioritising and overseeing the process of CEO recruitment, appointment, change and induction.

Losing key members of staff (including staff turnover), prioritising (while the strategy was under development) and demonstrating impact have been risk themes throughout the year, and the work being prioritised in Human Resources (including systems and the appointment of a People Director), along with CEO and SLT attention to clear prioritisation, have helped to mitigate the risks. In addition, the work on the charity's theory of change, along with taking a thematic approach to evaluation and impact reporting, has and continued to help manage and mitigate the demonstrating impact risk.

In 2023–24, and upon the finalisation of the new strategy, the risk position and risk appetite will be reviewed by the Executive and the Board. The review will focus on ensuring the charity's approach to, and management of, risk continues to be appropriate, with effective practice applied.



3.3 Section 172 reporting requirements, plus Streamlined Energy and Carbon Reporting (SECR) and fundraising statement

ETF had no fundraising activities requiring disclosure under Section 162A of the Charities Act 2011.

The Streamlined Energy and Carbon Reporting (SECR) legislation was implemented on 1 April 2019. The regulations apply to large unquoted companies, including charitable companies. The regulations require companies to disclose their energy and carbon emissions in their annual reports. For the first time in the year to 31 March 2022, ETF made SECR disclosures on a voluntary basis. Initial data indicated that our energy usage for the year 2022–23 was around 47,000 kWh.

Alongside our sector-facing ESD work, we are committed to operating as sustainably as possible, minimising our negative impact on people and planet, and maximising opportunities to make a positive impact through our infrastructure, ways of working and procurement. This also helps ensure we are demonstrating continued cost-effectiveness and efficiency.

Emission source	2022–23	2021–22	Unit of measurement
Combustion of gas (Scope 1)	3,170	5,941	kWh
	0.81	1.09	tCO ₂ e
Purchased electricity (Scope 2)	44,074	64,829	kWh
	0	0	tCO ₂ e
Waste (Scope 3)	1,777	1,370	kg
	0.04	0.03	tCO ₂ e
Water (Scope 3)	76.69	74.17	m ³
	0.01	0.01	tCO ₂ e
Business travel – employee-owned vehicles (Scope 3)	22.94	6.75	tCO ₂ e
Business travel – public transport (Scope 3)	5.26	3.23	tCO ₂ e
Total gross based on above	29.06	1,111	tCO₂e
Normalisation metric	193	140	FTE
Intensity ratio	0.15	0.08	Gross tCO₂e/FTE

Our reporting period is 1 April 2022 to 31 March 2023. This is the second reporting year for which we have well-documented, accurate data and as such we are presenting our data with comparatives for the first time.

The data detailed in the table above represents emissions and energy use for which ETF is responsible, including electricity use in our offices and fuel used in vehicles on company business. The energy and emissions totals reported above include all ETF business. We have used the main requirements of the Greenhouse Gas (GHG) Protocol Corporate Standard to calculate our emissions, along with the UK Government GHG Conversion Factors for company reporting 2021.

Scope 1 and 2 data is taken from validated invoices supplied by our landlord, as has scope 3 data relating to waste and water. Scope 3 data relating to transport has been taken from our internal expenses and procurement reporting systems. We benefit from leasing our office space from the NAO, whose environmental impact is well managed. Our electricity supply is currently from renewable sources, with Renewable Energy Guarantees of Origin (REGO)-backed certificates certified by The Carbon Trust.



As for most organisations, our activity in 2022–23 is different to 2021–22 because we have emerged from the Covid-19 pandemic. We have resumed business travel and have increased use of our London office space. In 2023–24, we anticipate greater use of our buildings and services, in turn increasing our energy demand and expected carbon emissions. However, we will also implement various activities through our annual sustainability planning to ensure that our emissions reduce between 2021 and 2035 so that we meet our target. These will be based on the GHG management hierarchy. Activity will involve:

- embedding sustainability as a consideration in decision-making
- scrutinising our digital infrastructure and practices so we understand how to maximise their carbon efficiency
- ongoing monitoring of staff commuting habits
- promoting and enhancing staff benefits that promote low-carbon travel
- continuing to work with our landlord to enhance efficiency and reduce carbon intensity of building utilities.

We are continuing to improve the quality of data we collect, analyse and report. In July 2022, we agreed our first comprehensive carbon reduction plan and have been meeting quarterly to drive actions forward. We have improved the measurement of carbon reporting, integrated sustainability questions into our annual staff survey and updated our procurement toolkit to give staff more guidance on integrating sustainability into tender specifications. In July 2023, we commenced quarterly measurement of carbon emissions, including further scope 3 data relating to staff working from home and our supply chain. Accountability for all this work sits with a specified member of the SLT.

3.4 Policies report, including pay policy

The Board keeps an overview of ETF's policies, procedures and processes; it routinely receives a policy list and review schedule.

We continue to systematically draft, review and update, where appropriate, all our policy documents for approval by executive directors, the SLT or the Board, as appropriate. All policies are stored centrally on ETF's intranet and key documents are circulated to staff. The Board has sight of and approves policies on a two-year cycle. In 2022–23, the Board reviewed its key delegation policies (including the Board-delegated authorities) to ensure that these remained fit for purpose while undergoing CEO change.

The Board considers the key management personnel of the charity to be the Trustees and the members of the SLT. The Board considered the CEO (including the Interim CEO), Deputy CEO (where filled), Director of Corporate Services, Director of Operations, Director of Professionalism and Customer Experience, Director of Education and Director of Finance, to comprise the key

management personnel. In addition, as a result of CEO change in 2022–23, the Chief of Staff to the Chair and CEO (previously Director of Governance) was appointed to the SLT to ensure proper oversight by the Board and a smooth transition of CEO. The SLT is in charge of directing and controlling, running and operating the charity on a day-to-day basis.

The Board has agreed a pay policy, which refers to regular benchmarking. The pay of staff is reviewed annually by the Board's Remuneration and Search Committee, taking into account variables including performance of the organisation, climate in the education and training, public and voluntary sectors, affordability for ETF, attracting and retaining excellent staff, cost of living indices, and sector benchmarks. The Board's Remuneration and Search Committee makes recommendations to the Board, which is responsible for final decisions.



3.5 Trustees and advisers

Trustees

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	Reappointed	Resigned
Dame S Dicketts DBE	8 December 2016	13 December 2019	Reappointed for a shortened third term under exceptional circumstances on 8 November 2022
Mr J Graham	27 March 2019	12 January 2022	
Mr W Ilowski	3 May 2022		
Prof P Latchford OBE (Chair)	23 October 2019	6 September 2022	
Ms L Leith	11 December 2020		
Mr A McConnell OBE (Finance Chair)	22 July 2019	12 January 2022	
Mr G McDonald	11 November 2021		
Ms R Musson (Audit Chair)	13 December 2019	8 November 2022	
Dr S Parrett CBE	11 November 2021		
Mr P Singh	11 December 2020		
Ms R Spellman OBE	27 March 2019	12 January 2022	



Officers

CEO:

Mr D Russell* (appointed 27 January 2014, resigned 5 April 2022)

Ms J Jarvis (appointed Interim CEO 6 April 2022, resigned 19 February 2023)

Dr K Kolyva (appointed 20 February 2023)

Company Secretary:

Dr G Hobson (appointed 19 June 2014)

Registered office

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

Auditor

RSM UK Audit LLP, 25 Farringdon Street,
London EC4A 4AB

Solicitor

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

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 Company Secretary (gina.hobson@etfoundation.co.uk). You can find more information about ETF's public benefit and impact on the website: [etfoundation.co.uk/governance/documents/](https://www.etfoundation.co.uk/governance/documents/).

Peter Latchford OBE

Chair

Dr Katerina Kolyva

CEO



*In April 2022, David Russell stood down as CEO of ETF. ETF Board commissioned David as Executive in Residence at Oxford Said Business School to complete a research project exploring the creation of a self-improving system in FE.

3.6 Statement of Responsibilities of the Trustees

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 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; and
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the charity will continue in operation.

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.



3.7 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 they ought to have taken as a trustee to make themselves 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 Trustees' Report) Regulations 2013, was approved by the Board, in their capacity as Trustees and company directors, and signed on its behalf on 8 November 2023 by:



Prof Peter Latchford OBE, Chair



Dr Katerina Kolyva, CEO



Independent auditor's report to the trustees of the Education and Training Foundation

Opinion

We have audited the financial statements of the Education and Training Foundation (the 'charitable company') for the year ended 31 March 2023, which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with 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 charitable company in accordance with the ethical requirements that are

relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or

- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of responsibilities of the trustees set out on page 27, the trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material

amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the charitable company operates in and how the charitable company is complying with the legal and regulatory framework
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed matters about non-compliance with laws and regulations and how fraud might occur, including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), the Companies Act 2006, the Charities Act 2011, the charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements, which included reviewing the financial statements, including the Trustees' report, remaining alert to new or unusual transactions which may not

be in accordance with the governing documents and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations (GDPR). We performed audit procedures to inquire of management whether the charitable company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and income recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included, but were not limited to, testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, and sample testing income completeness and cut off.

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

Use of our report

This report is made solely to the charitable company's Members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.



Hannah Catchpool (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP, Statutory Auditor Chartered Accountants
25 Farringdon Street, London EC4A 4AB

Date 6th December 2023

Statement of financial activities

For the year ended 31 March 2023

		2022-23			2021-22		
Income:	Note	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Income from charitable activities:							
Grant Income	3	–	7,781	7,781	–	20,699	20,699
Contract Income	4	22,039	–	15,568	15,568	–	15,568
TLPD contract payback to DfE		–	–	–	(4,727)	–	(4,727)
Professional Development		–	1,263	263	–	–	–
Donation from subsidiary		–	–	–	92	–	92
Administration services to subsidiary		–	–	–	6	–	6
Accreditation		710	–	710	664	–	664
Membership		1,083	–	1,083	814	–	814
		23,832	9,044	32,876	12,417	20,699	33,116
Income from trading activities:							
Other Income		233	–	233	29	–	29
Property Rental		–	–	–	95	–	95
Investment Income	5	80	–	80	2	–	2
Total Income		24,145	9,044	33,189	12,544	20,699	33,242
Expenditure:							
Expenditure on charitable activities	6	(24,665)	(8,290)	(32,955)	(14,135)	(20,814)	(34,949)
Total Expenditure		(24,665)	(8,290)	(32,955)	(14,135)	(20,814)	(34,949)
Net (expenditure)/income and movement in funds for the year		(5,20)	(754)	(234)	(1,591)	(115)	(1,706)
Reconciliation of funds							
Total funds brought forward		11,142	70	11,212	12,733	185	12,918
Total funds carried forward		10,622	824	11,446	11,142	70	11,212

The Statement of Financial Activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The notes on pages 35 to 49 form part of these financial statements.

Charity balance sheet

For the year ended 31 March 2023

		2023	2022
Note		£000	£000
Fixed assets			
Intangible assets	12	590	459
Tangible assets	12	244	249
		834	708
Investment in subsidiary	13	1	1
		835	709
Current assets			
Debtors	14	8,272	15,057
Cash at bank in hand		8,458	15,227
		16,730	30,284
Liabilities			
Creditors: amount falling due within one year	15	(6,119)	(19,781)
Total assets less current liabilities		11,446	11,212
Net assets		11,446	11,212
Unrestricted income funds	18	10,622	11,142
Restricted income funds	19	824	70
Total funds		11,446	11,212

The notes on pages 35 to 49 form part of these financial statements.

These financial statements were approved by the Trustees on 8 November 2023 and were signed on their behalf by:

Prof Peter Latchford OBE

Chair



Statement of cash flows

		2022-2023	2021-2022
	Note	£000	£000
Cash (used) in operating activities	21	(6,301)	(8,748)
Cash flows from investing activities			
Interest income		80	2
Purchase of fixed assets		(548)	(190)
Disposal of fixed assets		–	1
(Decrease) in cash and cash equivalents in the year		(6,796)	(8,935)
Cash and cash equivalents at the beginning of the year		15,227	24,162
Total cash and cash equivalents at the end of the year		8,458	15,227



8 Notes to the financial statements

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 (FRS 102), Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with FRS 102 Charities SORP (FRS 102), the Charities Act 2011 and the Companies Act 2006. ETF meets the definition of a public benefit charity under FRS 102. The financial statements are prepared in pounds sterling, which is the functional currency of the charity. Monetary amounts shown in these financial statements are rounded to the nearest £'000.

b) Going concern

The accounts have been prepared on a going concern basis. ETF will be able to meet its obligations in full for at least 12 months following the signing of these accounts. The Board has recently reviewed the out-turn forecast position for the year to 31 March 2024, and has seen a top-level forecast for the following year to 31 March 2025.

The Board has considered the longer-term position of ETF and its financial strength. In reviewing multi-year budget forecasts, cashflow forecasts and considering the current level of reserves, the Trustees were satisfied that ETF is in a strong position and were satisfied with the preparation of the accounts on a going concern basis.

c) Group financial statements

The financial statements show the results for just the charity. The charity's wholly owned subsidiary, ETF Services Ltd (ETFS), was dormant in the financial year to 31 March 2023 and therefore consolidated financial statements were not required.



d) Income

All income is recognised in the financial statements when ETF has absolute entitlement, there is a probability of receipt and the amount is measurable.

- **Grants:** Specifically, income from government and other grants is recognised when 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.
- **Contracts:** Income from government and other contracts is recognised over the period of the contract on an accruals basis. Income from government contracts is only recognised when there is entitlement under the contract once agreed milestones have been met and certified by the DfE.



• Membership and professional services

income: Income from membership subscriptions is recognised evenly over the period of membership. Income from registration onto accreditation schemes is recognised on a receivable basis and income from submission of accreditation workbooks is recognised after evaluation has been completed.

- Income from professional development is on an accruals basis.
- **Other income:** During 2022–23, ETF generated new income streams from creating new courses and running them commercially. An offering for basic skills in maths and English generated £117k, and courses on ESD and safeguarding generated £17k in total. Tickets were sold at the annual SET conference, with income also generated from exhibition stands and sponsors; this came to £35k. Other activities that generated income related to consultancy, panel, chairing and OFSTED inspections.

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). Overhead 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 those unrestricted funds which have been set aside by Trustees for a specific future purpose.

Unrestricted funds are available for general use by ETF or to meet possible shortfalls in revenue or unforeseen increases in expenditure, investment in business development initiatives and generally for the furtherance of the charitable objective to support the improvement of teaching and learning in the FE sector.

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.

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 depreciated over their estimated useful life on a straight-line basis as follows:

Tangible assets:

- Computer hardware – 3 years
- Furniture and fittings – 5 years

Intangible assets:

- Software development – 3 years

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



i) Financial instruments

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.

j) Pensions

ETF operated three pension schemes: staff transferred under TUPE regulations from The Learning and Skills Improvement Service (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 per cent of the employee's pensionable salary into the Aviva/LSIS scheme. For 2022–23, employer's contributions of £12,172 (2021–22: £18,017) were paid to Aviva.

ETF contributes 6 per cent of the employee's pensionable salary into the Standard Life scheme. For 2022–23, employer's contributions of £33,037 (2021–22: £42,302) were paid to Standard Life.

ETF contributes 6 per cent of the employee's pensionable salary into the Aviva auto-enrolment scheme. For 2022–23, employer's contributions of £498,408 (2021–22: £428,079) were paid to Aviva.

As of 1 April 2023, all ETF pensions are with Aviva and the majority of staff opted to move to a new salary sacrifice scheme.

k) Staff termination costs

Redundancy and termination costs are recognised in the accounts when (a) the decision about staff leaving has been made, (b) it is likely that such payments will be required, and (c) the amount to be paid can be reliably assessed.



2. Legal status of ETF

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. Government grants

ETF received government grants of £7,741k in 2022–23 (2021–22: £20,622k) from the DfE. A government grant of £2k (2021–22: Nil) was received from the Department for Work and Pensions (DWP) towards employee assistance.

ETF also received a grant of £38k (2021–22: £37k) from the Royal Commission for Technical Teaching Fellowships.

At the year end of 31 March 2023, there were no unfulfilled conditions of government grants.

4. Government contracts

In the year to 31 March 2023, ETF received income from a total of five contracts: four government contracts and one with the National Association for Special Needs. £1,124k (2021–22: Nil). The most significant contract was for TLPD. The total of £20,915k (2021–22: £15,568k) shown above includes £13,769k (2021–22: £13,598k) from the TLPD contract.

5. Investment income

All investment income of £80,041 (2021–22: £2,113) 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	2022-23 Total cost £000	2021-22 Total cost £000
Professional development	15,354	5,783	2,497	1,848	25,932	18,685
Sector development	2,868	1,782	548	400	5,698	15,105
Research and Data	–	–	–	82	82	60
Membership and Accreditation	302	779	–	162	1,243	1,214
	18,524	8,344	3,595	2,492	32,955	35,064

7. Grants awarded

A total grants figure of £4.2m has been awarded to 87 FE providers as part of the government's TTF Scheme (2021–22: £5.9m), with sums paid to individual providers ranging from £3.5k to £203k. Grants of £942k have been awarded to 79 FE providers under the mentoring scheme (2021–22: £1.5m), with sums paid to individual providers ranging from £1k to £20k. A complete list of recipients of government grants awarded by ETF can be provided on request to the Company Secretary.



8. Net income for the year

This is stated after charging.

	2022-23 £000	2021-22 £000
Operating leases - property	309	402
Governance costs:		
External Auditor's remuneration		
- Audit fees	55	56
- Other advice	29	4
Internal Auditor's remuneration	17	–
Legal and Professional	81	53
Trustees, remuneration and expenses	49	35
	231	148
Depreciation and Amortisation	422	243

9. Staff

The average number of staff, including senior post holders, employed by ETF during the year ended 31 March 2023, expressed as full-time equivalents (FTEs):

	2022-23	2021-22
Total number of FTEs	191	177
Average number of staff	194	185

Staff costs included within expenditure on charitable activities are:

	2022-23 £000	2021-22 £000
Salaries and wages	9,464	8,431
Social Security costs	1,064	900
Pension costs	544	488
Redundancy	137	–
Termination award	30	–
Ex-gratia payments	12	34
	11,251	9,853



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

	2022-23	2021-22
£60,001 – £70,000	20	20
£70,001 – £80,000	8	3
£80,001 – £90,000	2	1
£90,001 – £100,000	1	2
£130,001 – £140,000	1	–
£140,001 – £150,000	–	1
£150,001 – £160,000	–	1
£210,001 – £220,000	1	–

The payment bandings include payments in relation to staff termination.

During the year to 31 March 2023, ETF's organisation structure included an SLT. The Board considered the CEO (including Interim CEO), DCEO (when filled), Director of Corporate Services, Director of Operations, the Director of Professionalism and Customer Experience, Director of Education and Director of Finance to comprise the key management personnel. In addition, as a result of CEO change in 22–23, the Chief of Staff to the Chair and CEO (previously Director of Governance) was appointed to SLT to ensure appropriate oversight by the Board and a smooth transition of the change of CEO.

In 2022–23, this comprised 6.6 FTE (2021–22: 6.1 FTE)



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

	Key management personnel		Highest paid individual	
	2022-23 £	2021-22 £	2022-23 £	2021-22 £
Salaries and wages	690,968	696,231	186,324	153,288
Social Security costs	91,087	88,656	25,619	19,933
Pension Costs	37,619	39,947	7,601	9,197
Termination award	30,000	38,823	30,000	
	849,674	863,657	249,544	182,418



10. Trustees' remuneration and expenses

	2022-23 £	2021-22 £
A McConnell	8,000	2,000
R Musson	8,000	8,000
P Latchford	20,00	19,560
Reimbursement of trustees' expenses	7,906	5,005
	43,906	34,565

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), the Chair of the Audit Committee (R Musson) and the Chair of the Finance Committee (A McConnell) 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 seven Trustees during the year (2021-22: six Trustees).

11. Related party transactions

AoC, AAETO-HOLEX, NUS, Natspec and TUC were the Members of ETF throughout 2022–23. AELP was readmitted as a Member during the financial year. All are considered to be related parties by virtue of their rights, under the Articles of Association, to be consulted about the appointment of Trustees.

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 on the basis of the potential influence they could have. The Board considers this to be appropriate and requires that Trustees comply with its conflicts of interest policy.

Other than direct services to the Board (e.g. audit), the Board has no involvement in any of ETF's processes for assessing tenders. Similarly, no potentially conflicted Trustees take part in supplier performance reviews when the supplier is a related party.

ETF has entered into arms-length contractual arrangements with the following organisations which fall within the definition of related parties under FRS 102:

	2022-23 spend	2021-22 spend	2022-23 balance due (to)/from	2021-22 balance due (to)/from
	£000	£000	£000	£000
Activate Learning	13	44	(13)	(10)
Activate Learning	–	–	4	–
Association of Employment and Learning Providers	168	88	(66)	–
Association of Adult Education and Training Organisations	65	49	(13)	–
Association of Colleges (AoC)	1,831	1,955	(307)	(703)
AoC Regional Office - East Midlands (EMFEC)	59	99	–	–
AoC Create Limited	478	314	(201)	(175)
Pearson's	153	109	(10)	(44)
The National Learning and Work Institute	9	9	–	–
NatSpec	4	–	(2)	–
Wakefield College Corporation	99	18	–	–
Women's Leadership Network	–	38	–	(21)
Kirklees College	58	85	(12)	(59)
New City College	67	5	–	–
Black FE Leadership Group	8	5	–	(5)
University of Huddersfield Enterprises	–	4	–	–
Dicketts Development Consulting Ltd	24	–	12	–
	3,036	2,822	(632)	(1,017)

12. Fixed assets

	Computer Software Intangible £000	Computer Hardware Tangible £000	Furniture & Fittings Tangible £000	Total Tangible £000	Total fixed assets £000
Cost					
Opening Balance 1 April 2022	736	256	157	413	1,149
Additions	433	92	23	115	548
Closing Balance 31 March 2023	1,169	348	180	528	1,697
Depreciation and Amortisation					
Opening Balance 1 April 2022	277	164	-	164	441
Charge in year	302	87	33	120	422
Closing Balance 31 March 2023	579	251	33	284	863
Net Book Value 31 March 2023	590	97	147	244	834
Net Book Value 31 March 2022	459	92	157	249	708

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 subsidiary has been dormant since it transferred its assets to ETF on 7 July 2021; as a result, no consolidated accounts were prepared.



14. Debtors

	2023	2022
Income:	£000	£000
Trade debtors	5,828	6,219
Prepayments	141	64
Accrued income	2,253	8,770
Other debtors	50	4
	8,272	15,057

15. Creditors: amounts falling due within one year

	2023	2022
Income:	£000	£000
Trade creditors	3,860	5,704
Accruals	1,178	3,392
Accruals – Capital Expenditure	–	127
Deferred income	265	524
Taxation and Social Security	348	395
Amounts owing to subsidiary company	1	1
TLPD contract payback to DfE	–	6,227
Other creditors	467	3,411
	6,119	19,781

The TLPD contract payback of £6,227k was paid in full in the financial year ended 31 March 2023.

16. Deferred income

Deferred income comprises the SET membership fees, including corporate partners in respect of 2023–24 invoiced before 31 March 2023, consultancy fees paid in advance of work carried out in 2023–24, 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 2023.

	2023
	£000
Balance at 1 April 2022	524
Amount released to income earned from charitable activities	(524)
Amount deferred in year	265
Balance at 31 March 2023	265

Total deferred income in the charity comprises QTLS/ATS income of £103k (2021–22: £298k), membership fees in advance of £107k (2021–22: £62k), consultancy fees £40k (2021–22: Nil). Basic skills course £15k (2021–22: £Nil), Government grant: Nil (2021–22: £164k).

17. 2022-23 – Analysis of net assets in funds

	Unrestricted £000	Restricted £000	Total £000
Fixed assets	834	–	834
Cash in bank and in hand	7,634	824	8,458
Other net assets/(liabilities)	2,154	–	(2,154)
	10,622	824	11,446

2021-22 – Analysis of net assets in funds

	Unrestricted £000	Restricted £000	Total £000
Fixed assets	708	–	708
Cash in bank and in hand	15,17	70	15,227
Other net assets/(liabilities)	(4,723)	–	(4,723)
	11,142	70	11,212



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
2022-23					
Society for Education and Training Designated funds, of which:	–	–	–	–	–
- Wind-down of the ETF	3,000	–	–	–	3,000
- Strategic investment reserve	1,400	–	(800)	–	600
Fixed assets reserves	–	–	–	834	834
General fund - Free reserves	6,742	24,145	(23,865)	(834)	6,188
	11,142	24,145	(24,665)	–	10,622
2021-22					
Society for Education and Training Designated funds, of which:	232	214	(122)	(324)	–
- Wind-down of the ETF	2,550	–	–	450	3,000
- Strategic investment reserve	1,200	–	–	200	1,400
General fund reserves	8,751	12,445	(14,128)	(326)	6,742
	12,733	12,659	(14,250)	–	11,142

In accordance with ETF's reserves policy, a designated sum is held to cover the orderly wind-down of ETF, primarily for staff redundancy costs and the cost of exiting the NAO property lease.

A transfer has been made to create a Fixed Assets Reserve with a balance of £834k, to match the total net book value of the fixed assets as at 31 March 2023, representing a level of general fund not available for immediate use due to being tied up in fixed assets.

From 1 April 2023, ETF has moved away from creating a designated fund for orderly wind-down in favour of a broader reserves policy. The reserves policy for the year ended 31 March 2024 is set at £5.3m and will support the charity to be financially resilient and flexible, and secure the charity against sudden loss of income or provide for an orderly wind-down if necessary.

The reserves policy will be reviewed annually along with the cash reserves policy as part of the budget process and any significant reforecast or organisational change during the year.



19. Analysis of movements in restricted funds

	Funds at start of year £000	Incoming resources £000	Resources expended £000	Funds at end of year £000
2022–23				
DfE grant	70	7,741	(7,742)	69
TVET	–	38	(38)	–
DWP grant	–	2	(2)	–
Leadership & Governance course fees	–	1,263	(508)	755
	70	9,044	(8,290)	824
2021–22				
DfE grant	69	20,622	(20,621)	70
SET for Success	116	–	(116)	–
Further Forces	–	40	(40)	–
TVET	–	37	(37)	–
	185	20,699	(20,814)	70

DfE grant refers to unspent balance of a grant programme that is no longer ongoing. It is to be agreed with DfE how this should be spent in 2023–24 or returned.

Leadership and governance course fees is income from the DfE Leadership & Governance grant but not regarded as ETF fees. Instead, it will be spent on similar activities agreed between DfE and ETF.

20. Lease commitments

ETF had the following total lease commitments as at 31 March 2023:

	2022–23 £000	2021–22 £000
Operating lease – property rental		
Payments due within one year	395	389
Payments in 2–5 years	–	712
Payments in less than 2 years	329	–
	724	1,101



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

	2022-23 £000	2021-22 £000
Net movement in funds	234	(1,706)
Add back depreciation charge	422	243
Deduct interest received	(80)	(2)
Decrease/(Increase) in debtors	6,785	(13,772)
(Decrease)/Increase in creditors	(13,662)	6,489
Net cash (used)/generated in operating activities	(6,301)	(8,748)



THANK YOU

157–197 Buckingham Palace Road,
London SW1W 9SP

020 3740 8280
enquiries@etfoundation.co.uk
ETFOUNDATION.CO.UK

Company registration number (England and
Wales): 08540597. Charity number: 1153859

Accounts

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022



Contents

1. About the Education and Training Foundation (ETF)	03
2. Strategic Report	05
3. Trustees' Report	16
4. Independent auditor's report to the ETF	30
5. Consolidated statement of financial activities	33
6. Consolidated and Parent Charity Balance Sheets	34
7. Consolidated statement of cash flows	35
8. Notes to the financial statements	36
9. Annex	52

1. ABOUT THE EDUCATION AND TRAINING FOUNDATION (ETF)

The Education and Training Foundation (ETF) is the workforce development body for the Further Education and Training sector. We work in partnership with others to deliver professional learning and development for teachers, trainers and leaders to improve education and training for learners aged 14 and over.

The Further Education and Training (FE) sector currently faces a range of challenges which the ETF must help to support. The sector truly transforms lives, and the ETF has a remit to assist in that transformation through providing essential workforce development support to develop teachers and leaders to meet those challenges head on.



We believe 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 our vision of:



Highly effective, professionally confident teachers and trainers



First-class leadership of the sector



FE as the career of choice for ambitious professionals who wish to make a difference

To achieve our vision,
we pursue five strategic
objectives (GLIDE):

- 1 Grow** the capacity
of the sector
- 2 Lead** the sector's own
development activities
- 3 Influence** the system's
priorities, thinking
and behaviour
- 4 Develop** the capability
of the sector
- 5 Evolve** the ETF to
continuously adapt
and thrive

Further information regarding these objectives and our progress can be found in the Strategic Report (section 2).

We continue to provide support to teachers and their leaders across the FE sector to enable them to excel and ultimately improve education and training for learners.



2. STRATEGIC REPORT

The following sections provide an overview of the ETF's performance, achievements and impact in 2021–22 across three core strands of the FE sector's support activity: i) recruitment, ii) support for teachers, and iii) support for managers and leaders.

In addition, in this section you will find two spotlight features on equity, diversity and inclusion (EDI) and education for sustainable development (ESD), recognising the central importance of this work across our activity, as well as the sector as a whole. Further information regarding Section 172 can be found in the Trustees' Report (see section 3.3).

The ETF is committed to evaluating its activity and its latest Impact Report is available on the ETF website. This report describes the impact and public benefit of the ETF's continued professional development (CPD) programmes and the Society for Education and Training (SET)

on FE professionals, providers and ultimately their learners. Our impact assessment found that the ETF's strategic priorities are delivered through a dual approach to workforce development: the development of individual skills, knowledge and understanding by participating professionals; and collective learning and practice development through engagement with professional networks and collaborative projects. We consider that this dynamic dualism contributes to profound and sustained impact across the sector, which we continue to explore and evidence as part of the ETF's 2022–23 impact evaluation plans.



2.1 Recruitment

ETF recruitment programmes effectively recruited and engaged trainee and/or new teachers in 2021–22, despite the backdrop of the COVID-19 pandemic.

A highlight was the Taking Teaching Further (TTF) programme, which recruited high numbers of much-needed industry experts into teaching roles in 2021–22. The ETF's recruitment programmes seek to provide high-quality training and support to trainee/new teachers, and feedback from our participants shows that they are well received and valued, with high levels of satisfaction being reported. Collectively, our ETF teacher recruitment programmes are helping to continue to develop and improve professionals' knowledge, skills and practice, which has the benefit of professionalising the FE workforce. Some of the benefits and impact of these programmes include:

- **TTF** was able to attract more industry experts into teaching roles across the 15 subject specialisms, which meant more FE colleges benefited from having industry expertise in teaching roles, helping to improve delivery of subject teaching. Approximately one quarter of TTF participants maintain dual professionalism – working in both industry and FE. This is beneficial for the individual professional and also for the FE provider, as it keeps them up to date with current industry developments. Aligning TTF recruitment with the implementation of T Levels (particularly Construction, Business and Administration, Digital, Engineering) often emerged as important.
- **The SET for Teaching Success** programme recruited and trained graduates and industry professionals to become Science, Engineering and Technology teachers by providing a two-year Post-Graduate Certificate of Education (PGCE) plus wider technical knowledge, skills enhancement and work placements for recent graduates.



- **SET for Teaching Success** had a particular focus on breaking down barriers for women teaching in Science, Engineering and Technology, which has historically been male dominated. The programme saw increasing numbers of women teaching engineering in particular with one participant stating:

"There will always be a need for engineers.... It is important for young women, and young men, to see women lecturers in their subject area".

- **The SET for Teaching Success and Further Forces** programmes were both successful in recruiting, training, and supporting/mentoring people from industry and the military, who have valuable technical knowledge, skills and experience, into teaching in FE as dual professionals – despite the national recruitment challenge. Participants reported that they would not have been aware of, or considered, the opportunity to teach in FE without these programmes.
- **Engagement with student teachers** was stepped up, with free membership of the ETF's SET (Society for Education and Training) membership body offered and the launch of a Trainee Teacher Advisory Group. These initiatives are helping student teachers' knowledge of areas such as ethics and conduct, facilitating peer learning through the SET community of teachers, and ensuring that the needs of trainees are better understood and supported.



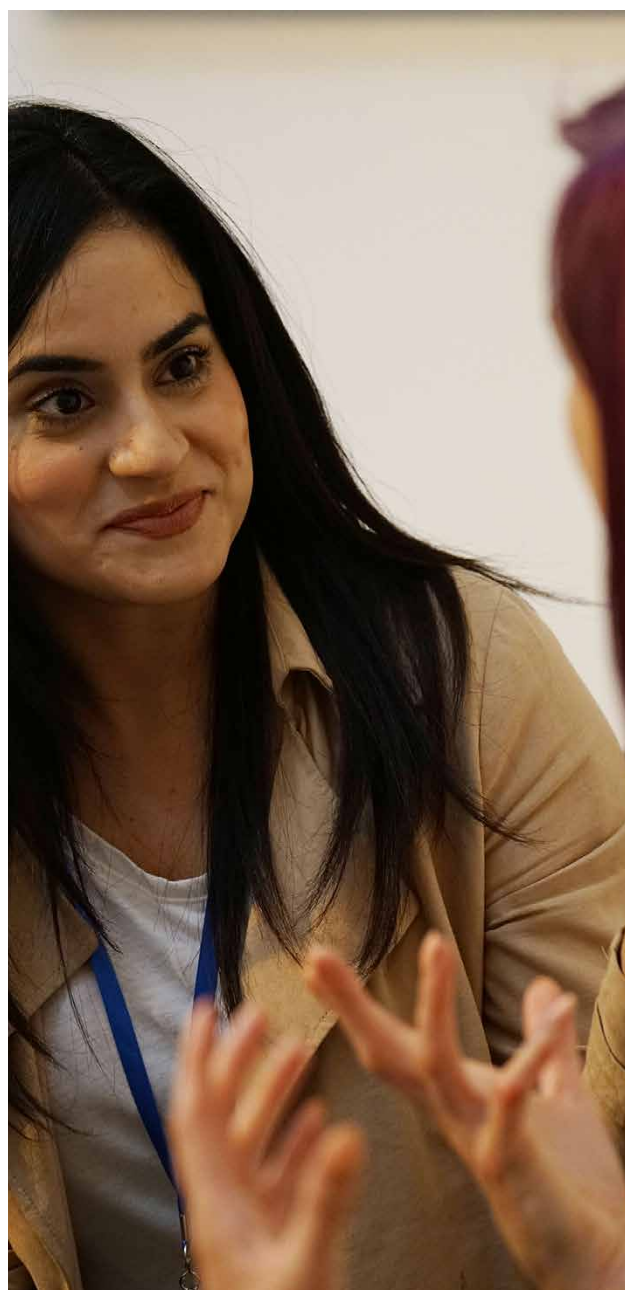
2.2 Support for teachers

Across all our CPD programmes for teachers we had high engagement and high levels of satisfaction.

There was clear evidence across these programmes that teachers had increased their knowledge and skills, felt more confident in their respective subject specialist knowledge, and were able to apply them to their practice. A key benefit of the ETF's CPD programmes is the opportunities they provide for teachers to connect with other professionals and, by doing so, learn from one another and feel part of a community of practice. Some key highlights from the programmes are described below.

- **EdTech's six reflective explorations** for teachers and trainers developing their digital pedagogy. These led to the adoption of new teaching tools and practices, which were carried forward and shared through staff development days and online platforms in their organisations. Evaluation of the Enhance Digital Teaching Platform and EdTech learning modules saw teachers and trainers reporting that their students were more engaged and learning more skills because their lessons incorporated new digital technologies. Participants also reported being able to support their learners more effectively when delivering lessons remotely.
- **The Advanced Practitioner Programme (APP)** provided the opportunity for participants to reflect on their practice and use theories, concepts, and innovative solutions to improve their own teaching, and to engage with peer-to-peer professional development. Evaluation of the programme found many examples where participants had undertaken CPD leadership roles and/or modelled effective CPD behaviours within their organisation. Some participants also reported that the training had a positive effect on learner engagement and motivation.
- **Participants on the Practitioner Research Programme (PRP)** shared learning arising from their research projects with colleagues and peers, both within their own organisations and externally. The evaluation of the programme indicated that outcomes and impacts for learners included: improvements to learner

experience; encouraging increased engagement and motivation; and some instances of improved attainment. The PRP and Outstanding Teaching Learning and Assessment (OTLA) programmes also provided a structure and platform for nationally and internationally renowned academics and sector leaders to share ideas and learning with like-minded communities of practitioners in the sector.



- **The Mentoring Programme** boosted participants' effectiveness as mentors, with 97% of new and 93% of experienced mentors reporting increased confidence in their abilities. Effective mentoring is associated with improved staff satisfaction scores and retention.
- **The Centres for Excellence in Maths (CfEM)** programme focused on four key themes: mastery, contextualisation, data and technology, and motivation and engagement. Participant satisfaction scores remaining high. Development of the production of the legacy resources that will be available to the sector when the programme concludes also began.
- **Our three Special Educational Needs and Disabilities (SEND) Centres of Excellence** delivered a range of support including specialist one-to-one provision for leaders and communities of practice for managers and practitioners. We also offered programmes for middle managers with responsibility for SEND, and support for teachers to help support learners with specific needs.
- **The Technical Level Professional Development (TLPD)** programme continued to adapt to meet the needs of providers and practitioners, with the offer available face to face or live online. There was an increased demand for TLPD to be provided as part of whole college CPD events. In response to feedback from the sector, delivery of embedded English, maths and digital skills was added to our provision.
- **Safeguarding and Prevent** included online training for teachers on how to meet and make effective use of the requirements of the Prevent agenda (also for use by/with FE learners), in addition to a very well attended series of forums, and research on British Values. Workforce development included support for leaders, managers, Chairs and Governors.

97%

of new mentors reported increased confidence in their abilities.



2.3 Support for managers and leaders

Feedback from participants across the ETF's management and leadership programmes was very positive. Participants emphasised the value of the networking and peer learning elements.

The programme of support for managers and leaders was extensive, and included:

- **CEO support through the Further Education Senior Leadership Programme (FESLP)**, which featured the popular CEO mentoring programme designed to develop the capacity of senior leaders whose colleges were experiencing financial and other specific challenges.
- **Diversity in Leadership with a focus on Equity, Diversity and Inclusion (EDI)** as well as a Women in Leadership programme to support a pipeline of women to senior leadership. The programme explored the mechanisms for developing a diverse talent pipeline (senior leaders/middle leaders).
- **Leadership development programmes** supported participants recently appointed to management roles and included action learning to help them overcome specific leadership challenges.
- **Support for those leading on Curriculum and Quality Senior Leadership**, which covered themes such as future jobs, future skills needs, curriculum and quality, and pedagogy in FE.
- **Governance and Governor development** featured development activities and mentoring for Governors and Chairs, as well as a network of support providing a safe space for exploration and problem solving.

From this suite of programmes, highlights included the newly introduced approach to crisis management, a package of support considered relevant given the context of the COVID-19 pandemic, building and leading effective teams, negotiation and influencing, developing a deeper understanding of sectoral trends and the political complexities of top tier leadership, critiquing the challenges and barriers that prevent middle and aspiring leaders progressing their careers.

Other timely interventions focused on leading change and future jobs and skills needs. Learning and insight from this programme showed good engagement with the CEO mentoring support, which was also highly rated by participants, and the welcome inclusion of a Women in Leadership programme designed to support a pipeline of women to senior leadership as part of the Diversity in Leadership programme. Our activity also explored what is meant by an inclusive curriculum, supporting managers and leaders with resources to engage with the learner's voice in EDI strategy development.



2.4 Spotlight on: equity, diversity and inclusion

The ETF continued to prioritise EDI through its support of the sector and its staff, promoting programmes that support EDI and identifying and sharing the outputs of EDI activity and strategies from across the FE sector.

Activity also supported FE leaders who have made a commitment to develop and implement EDI strategies in their organisations. Partnership working remains of high importance, and the ETF aims to amplify EDI activity and strategies through partnership engagement and sharing.

Within these key areas, much activity has taken place to support the FE sector, its workforce and students. Notable achievements from 2021–22 included the Diversity in Leadership programme, which delivered its third year of activity to the sector, including coaching for aspiring Black, Asian and Minority Ethnic (BAME) leaders. Discussions have taken place directly with colleges to discover their EDI journeys, ranging from West Yorkshire Partnership working on building an LGBTQ+ resource for staff, to Bradford College supporting neurodivergent staff to move into leadership roles through coaching support. The Gamechangers networking meeting evolved into the EDI Practitioners Forum Meeting, which includes over 50 FE middle and senior leaders who come together to share good practice and collaborate.

Another notable achievement from 2021–22 was the Governors and Senior Leaders programme, which was delivered between November 2021 and March 2022. It aimed to support Senior Leaders and Governors to build an organisation-wide strategy with close collaboration and a focus on EDI. Partnership work was also an important thread throughout 2021–22, from working with the Black Leadership Group (BLG) with the Anti-Racism Symposium, to attending panel meetings in colleges and collaborating on programmes. The ETF's partnership work with the BLG will increase through 2022–23, building on the Symposium work and engaging with their ten-point plan to inform anti-racism in the FE sector.

Internally, the ETF embeds EDI activity within the GLIDE strategic objectives and our ways of working. The internal EDI staff forum was established in early 2021; areas of work have included highlighting key messages, using LGBTQ+ appropriate language, faith days, and intersectionality support.



2.5 Spotlight on: education for sustainable development

This year marks the first full year of the ETF's education for sustainable development (ESD) activity. Progress was made across all four areas of our ESD strategy.

- ESD content was woven across the ETF portfolio, with audience and subject specific content being included across our offer for the sector's workforce. A new ESD module was included in the Governance Development Programme and explicit ESD content within the capital projects programme for Governors; ESD content was delivered to SET for Teaching Success participants; ESD webinars, conference and InTuition articles were included as part of the SET membership offer; and a review of TLPD was instigated to ensure opportunities to include ESD content are maximised.
- Despite not yet securing funding to develop ESD CPD courses, we have begun meeting our commitment to develop specialist ESD CPD and support for the FE and Training sector's workforce, with tools and resources to help practitioners and leaders to develop their ESD practice. These include resources for English to Speakers of Other Languages (ESOL) practitioners to 'adapt and adopt' to bring ESD content into their teaching practice, numerous recorded webinars and podcasts introducing ESD themes, regularly updated webpages, the development of a 'Sustainability in the Curriculum' resource suite and the publication of a series of multi format case studies of effective practice.
- Our work with sector partners to create a more enabling environment for ESD in FE has resulted in a new ESD professional standard being included in the 2022 revisions of the Professional Standards and Code of Conduct for SET members. Similarly, ESD content has been built into initial teacher education frameworks being revised, including the new occupational standard for Level 5 Learning and Skills Teacher and the minimum core for initial teacher education (ITE). We've collaborated

with others to secure and support sustainability and ESD inclusion within the Skills Bill, and our relationships with sector stakeholders continue to develop. We're also a contributing participant in the delivery of the Climate Education Action Plan, convened by the University of Reading.

- Internally, sustainability performance has influenced how many aspects of the ETF activity operate, including in the project design, processes and decision making of our organisational change groups. The inaugural ETF Sustainability Week included sustainability sessions at team meetings and the sustainability staff forum is working with colleagues from across the organisation to deliver the sustainability action plan. We've also created additional social value through our sustainability placements – we've created two jobs for young people as part of DWP's Kickstart schemes. Both placements have been successful in achieving their objectives and gaining relevant employment for the participants. (See section 3.4: SECR for further information on our internal sustainability activities).





To ensure we have a solid baseline for monitoring processes, and to inform work with a robust evidence base, we also undertook two pieces of research: Experiences of ESD in the FE workforce (a workforce survey) and Leadership for ESD in the FE curriculum research (an audit of sustainability content within qualification specifications including 13 case studies of leadership for ESD). The latter was particularly impactful, with its findings cited in a House of Lords debate on ESD. We have also collected the data for our first carbon report, including our baseline, which is the 2021–22 year. This will inform our carbon reduction plan intended for publication in 2022–23.

The ETF is now well-established as a ESD thought leader. We've contributed to 34 sector events and 11 provider events, whilst also publishing 13 op-ed pieces. Our expertise is in demand by others. We were invited to submit evidence as an expert to the Environmental Audit Committee's parliamentary scrutiny panel on Green Jobs and the House of Lords Built Environment Committee, contribute to DfE workshops informing its Sustainability and Climate Change Strategy, chair the judging for the Sustainability Institute of the Year in the Green Gown Awards and sit on numerous relevant sector fora including the Climate Education and Skills Group and the Institute for Apprenticeships and Technical Education's green apprenticeships working groups. We also had a presence at COP26 – the international climate change conference held in Glasgow in November 2021.

Priorities for 2022–23 include securing funding to establish an ESD CPD course for educators, developing an ESD strand of our Leadership mentoring programme and convening a high-level sector stakeholder group.

2.6 Financial review

Summary of Results

Income:	2021-22 £m	2020-21 £m
Income from charitable activities:	33.2	37.6
Other Income	0.2	0.3
Total Income	33.4	37.9
Expenditure on charitable activities:	35.1	32.6
Net (deficit)/surplus for year	(1.7)	5.3
Total Reserves Bfwd	12.9	7.6
Total Reserves Cfwd	11.2	12.9



The ETF's total income from its charitable activities in the year was £33.2m (2020-21: £37.6m) and £0.2m from trading activities (2020-21: £0.3m), total £33.4m (2020-21: £37.9m). Income from charitable activities included:

- £20.6m from Government grant (2020-21: £20.5m)
- £10.8m from Government contracts (2020-21: £14.7m)
- £1.7m from Membership and Accreditation income (2020-21: £1.7m)
- £0.1m from providers, practitioners and non-government grants (2020-21: £0.7m).

The ETF's total expenditure for the year was £35.1m (2020-21: £32.6m) and included:

- £33.8m for Programme & Sector Development (2020-21: £31.3m)
- £0.1m for Research & Data (2020-21: £0.1m)
- £1.2m for Membership and Accreditation (2020-21: £1.2m).

Overall the ETF is reporting a deficit for the year of £1.7m, stated after full provision for payback to DfE of the excess surplus made under the TLPD contract agreed with DfE in May 2022, in the sum of £6.2m, £1.5m of which was provided in the previous year's financial statements. The impact in the current year has been a reduction in income from Government contracts of £4.7m. The full provision of £6.2m is included within Creditors due within 1 year.



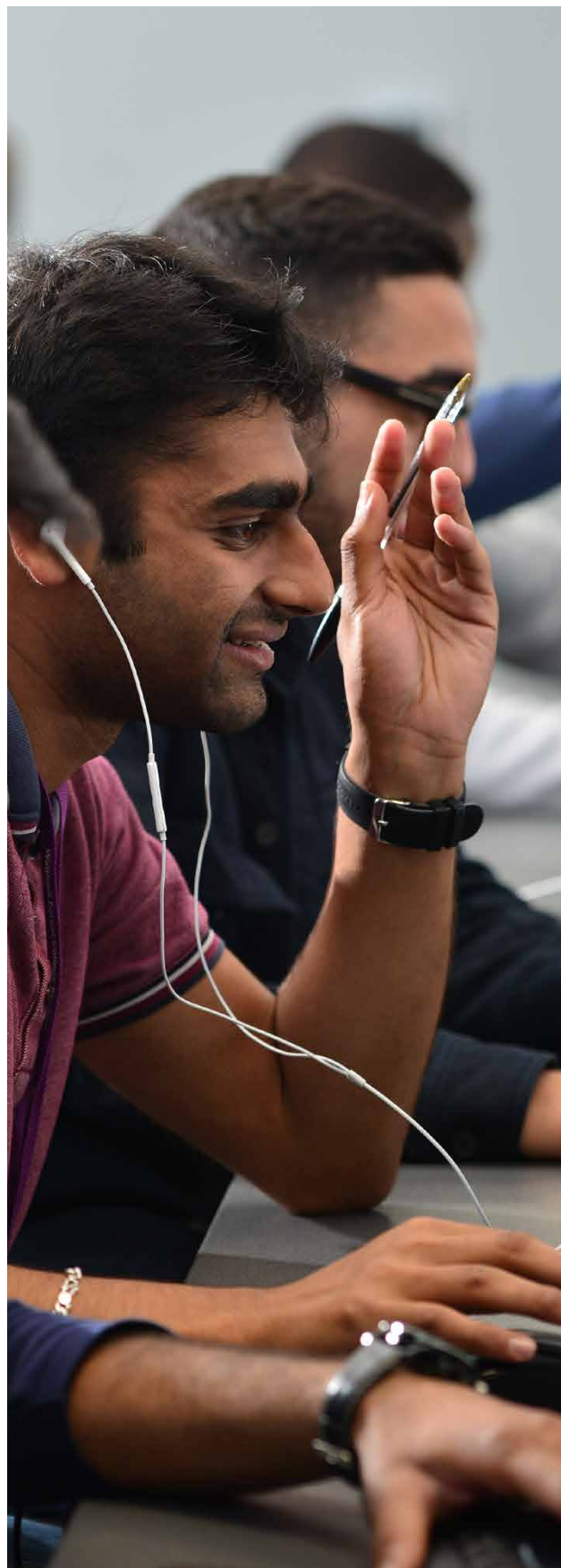
2.7 Reserves policy and going concern

Restricted reserves at the end of the year were £0.1m (2020–21: £0.2m). This represents grant funding that the ETF has received in advance of delivery costs being incurred.

Unrestricted reserves carried forward at the end of the year were £11.1m (2020–21: £12.7m). Unrestricted reserves are available for use in support of the ETF's charitable purposes.

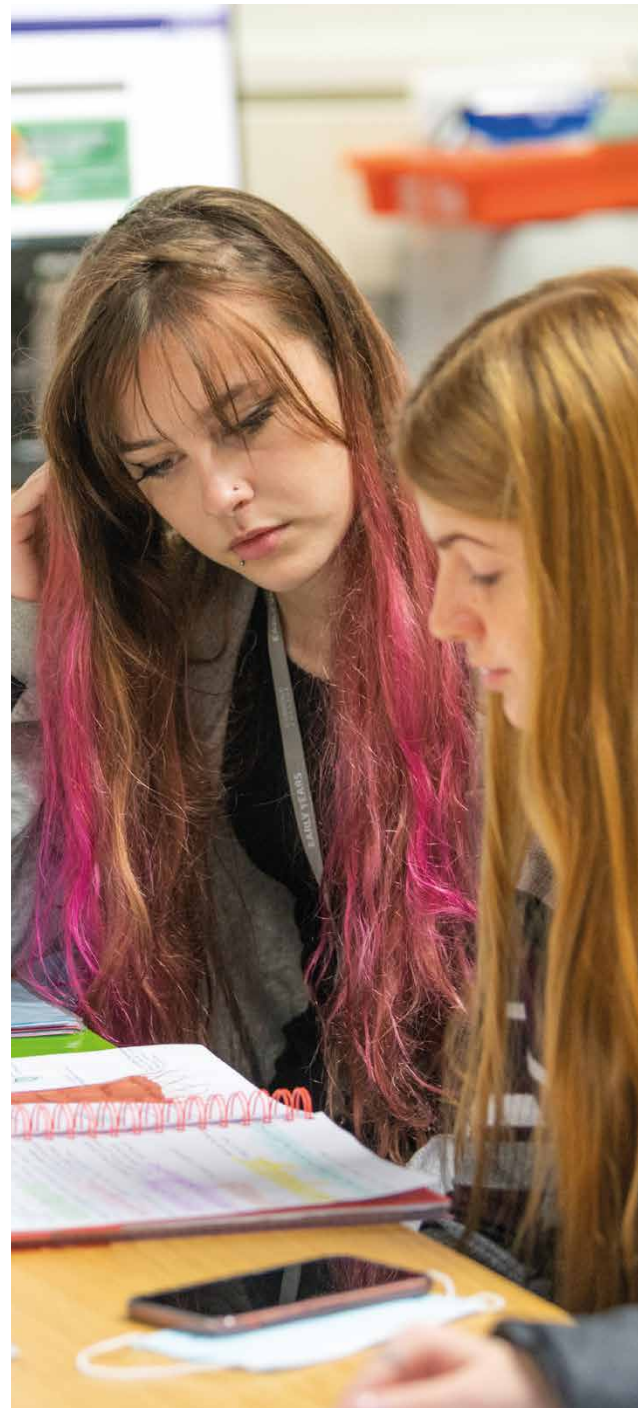
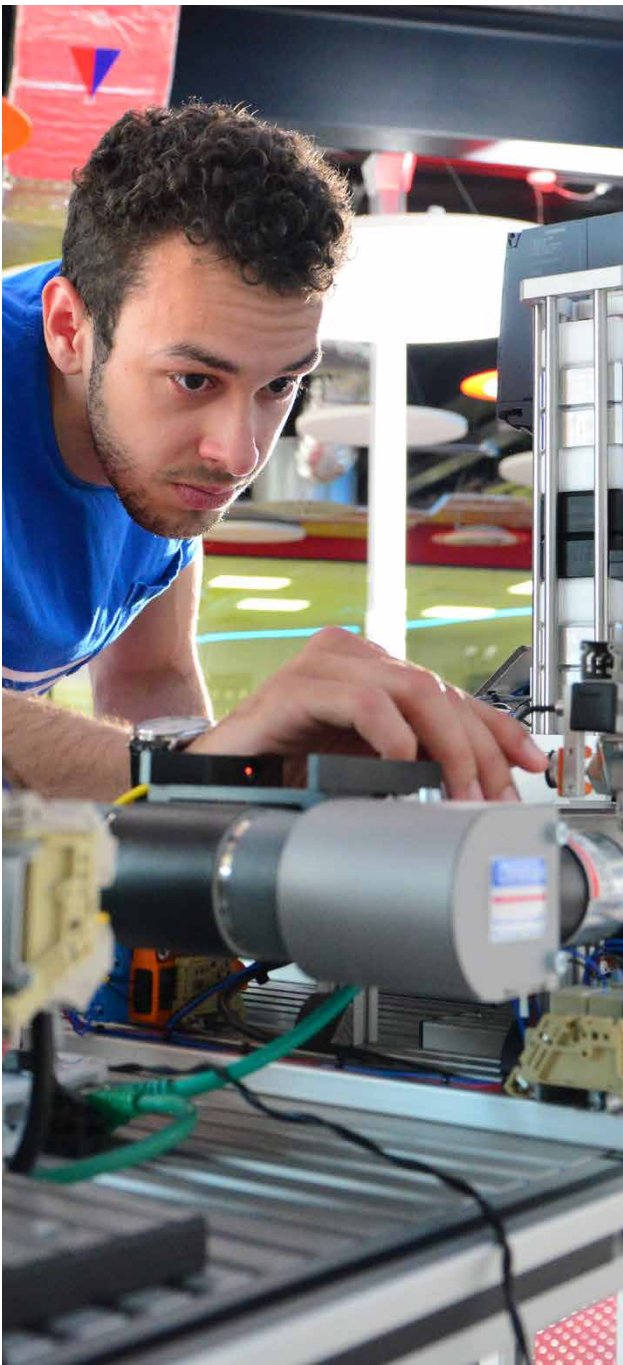
With Government income moving from grant to contract and potentially areas of unfunded activity in the future, there is a requirement for a level of reserves to be made available for the development of a new way of working, including new commercial income streams. The estimated unrestricted reserves required to cover this are £1.4m, including capital spend (2020–21: £1.2m). A further estimated £3m is earmarked for an orderly wind-down of the ETF, should that be necessary at any stage, being £2m staff redundancy costs and £1m cost of exiting the lease with the National Audit Office (NAO). The target level of reserves at the end of the financial year was a total £4.4m (2020–21: £3.75m). Remaining reserves will be used in future financial years for the furtherance of the ETF's charitable purposes of improving the quality of teaching and learning in the FE sector. This includes investment in the ETF's own digital and IT resources.

The level of reserves carried forward, together with the level of cash resources and the existing DfE contractual agreements in place mean the ETF can continue as a going concern and meet its liabilities as they fall due. A projection of the 2023–24 Income and Expenditure has been performed, showing that reserves are not expected to fall below the requisite level and that the cash position is robust.



2.8 Investment policy

The ETF holds its funds with A rated banks in immediate access accounts. In July 2020, the Board approved and introduced a 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 concern to ensure the security of its resources and minimise risk.



2.9 Grant making

Under the DfE's TTF scheme, the ETF makes grants to providers to help fund innovative projects to attract individuals into the sector and foster collaboration and secondment with industry. In addition, the ETF makes grants to providers to support with Mentoring. All grant awards are approved by the DfE and are subject to rigorous checks to ensure money is being used in accordance with the UK Charity Commission's rules on public benefit.

3. TRUSTEES' REPORT

The 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 Limited, company number 09511877) for the year ended 31 March 2022, ('the year'). ETF Services Limited ceased trading on 7 July 2021, the date on which the trade and assets were transferred to the ETF. ETF Services Limited remains in existence as a dormant company.

The trustees confirm that they have referred to the Charity Commission's guidance on public benefit and adopted the Charity Governance Code (first published in July 2017, updated 2020).

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 Governance

The ETF's Board are the charity's trustees. The Board oversees the work of the ETF. It sets strategic direction, ensures proper financial and governance arrangements are in place, and ensures that the ETF remains focused on delivering successful outcomes for its beneficiaries.

As a charity and a company limited by guarantee, the ETF also has Members. The Members of the ETF are representative organisations who have a unique stake in ensuring that FE professionals get the support and development they need and deserve. Members have a meaningful role in the stewardship of the ETF and shape the FE sector workforce strategy. The five Members are the Association of Colleges (Founding Member), HOLEX (Founding Member), the National Union of Students, NatSpec and the TUC. The Members of the ETF are the company Members for the purposes of company law. At the time of writing, the Board and the ETF Member Group are considering an application from the Association of Employment and Learning Professionals (AELP) to rejoin the ETF Member Group.

The ETF Member Group meets at least twice per year to consider key strategic matters influencing the FE sector; these discussions help to inform the ETF's strategic approach. Outside of these meetings, the Executive maintains strong relationships at all levels with its Member organisations. The Member-Board relationship and ways of working is described through the ETF Member Group – roles and responsibilities document. Both groups recognise that one of the strengths of the ETF Member Group is the powerful interest and involvement the Members have in

ensuring that FE professionals get the support and development they want and deserve. At the same time, the ETF is cognisant of and closely manages real and perceived conflicts of interest.

In 2022–23, an independent review of the ETF's governance and Board will be commissioned to support continuous improvement and ensure that arrangements continue to be fit for purpose.

Trustees are appointed and reappointed by the ETF Board. A recruitment procedure outlines how the Board seeks the input of the ETF's Members in the recruitment of new trustees. Trustees may serve a maximum of two terms on the Board (with a third term permitted in exceptional circumstances). Further detail is available in the Articles.

The beginning-to-end process as an ETF trustee, including induction, training and appraisal, is described in the ETF trustee journey. New trustees meet with the Chair, CEO, Deputy CEO, Company Secretary and SLT as part of their induction. Trustees are briefed on their responsibilities, the Articles, the ETF's strategic priorities and business plans, its financial performance and key risks. On appointment and each year trustees are asked to adopt a code of conduct and declare their interests. Trustees' interests are reviewed at each Board and Committee meeting.

Individual trustees receive annual appraisals and Board effectiveness is routinely reviewed, including through meeting review discussions at the end of every board and committee meeting, plus surveys.

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 the ETF's operating environment, strategic priorities and opportunities. The most recent away day was held on 9 December 2021, with the next away day planned for 5 December 2022.



3.2 Key risks and risk management

The Board has agreed its approach to risk through its risk appetite framework and risk management policy; alongside these documents sits the corporate risk register.

Its oversight of risk comprises:

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



At the end of 2021–22, the Board considered the most significant risks to delivery of the ETF's charitable aims. These are outlined below, with the key mitigations and actions:

Risk of damaging our strategic relationship with the DfE	• Strong relationship management, with regular engagements with all levels and relevant components of DfE • Internal TLPD Governance Review completed, with action plan in place
Development of DfE commercial approach creates a significant challenge	• Discussions at Board away day have helped to inform our approach to DfE, the relationship and our key customers • Strengthening of internal business development capacity and expertise
IT infrastructure or model is not fit for purpose or doesn't deliver outputs required by the business	• Target state architecture concepts introduced to SLT by Head of IM&T • Ongoing resourcing and people investment within IM&T which will explore development of further capacity and expertise

The Board kept a close scrutiny of the ETF's responses to the above risks, along with risks linked to the long-term implications of COVID-19 and the ETF's organisational response. In the first part of 2022–23 a review of the ETF's approach to risk, risk appetite and risk management has been completed, with updates being made to the risk appetite framework and risk management process as necessary.

3.3 Section 172

Companies are required to include a statement of how directors have complied with their duty to promote the long-term success of the organisation (section 172 of the Companies Act).

The directors' duty specifically covers consideration of:

- i. The long-term consequences of decisions
- ii. The interests of our employees
- iii. The need to foster strong relationships with suppliers, customers etc
- iv. The impact of our operations on the community and environment
- v. Our reputation for high standards of conduct
- vi. The need to act fairly between Members (see section 3.1 Governance)

During 2021–22, Directors have considered the impact of the decisions they make on the future of the ETF. They have taken into account the views of different stakeholders when making these decisions. The Board considers that it has acted in the best interests of the charity and its beneficiaries.



The ETF's values and its culture are integral to how we operate individually and collectively and help to ensure that the statutory requirements detailed in section 172 of the Companies Act are met. Our values are:



Responsive



Striving for excellence



Inclusive



Expert



Trustworthy

And our culture is described through the '3 Cs' of:



Can do attitude



Collaborative approach



Curious mindset

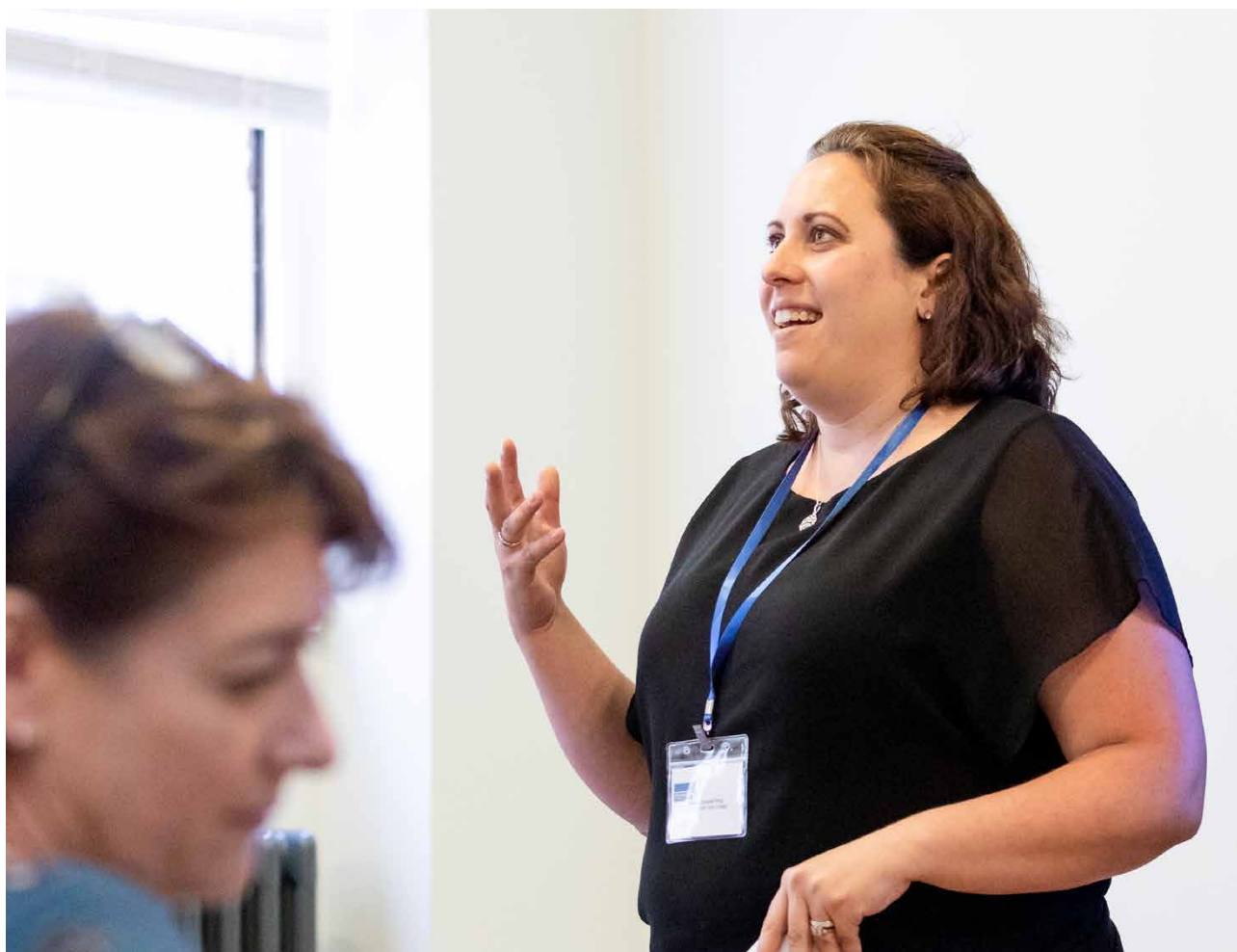
The ETF Board considers and makes decisions informed by long-term considerations. Its meeting agendas and decisions are informed by key risks and it oversees a comprehensive risk approach and risk management policy (see section 3.2: key risks for further information). The Board spends a significant proportion of its time considering strategic position and priorities, and in 2022–23 is commissioning a strategic review.

The ETF Board and SLT consider continuing organisational and professional development to be vital to the ETF's success, and we prioritise staff wellbeing and engagement. Development is driven by SHAPE, the ETF's organisational development change programme. We recognise that with a growing and more regionally based organisation, all employees must continue to recognise and share the same culture, values and ways of working, sitting alongside the creation and use of common operating systems, policies and procedures.

We are committed to being a learning organisation and strive for continuous improvement. SHAPE has continued to work toward the following objectives in relation to staff wellbeing:

- To continuously improve the business through staff feedback, surveys, and staff away days
- To encourage staff engagement across the business
- To ensure we are 'One ETF' through cross-team projects and opportunities
- To demonstrate our commitment to being a mentally healthy workplace

Our successes in 2021–22 include (but are not limited to): being nominated for two external staff wellbeing awards; winning the WorldSkills EDI award; running sustainability and mental health awareness weeks; engaging an external organisation to deliver monthly wellbeing learning hours for staff; and delivering staff away days.



Staff forums continue to be run across 1) wellbeing and resilience, 2) environmental sustainability and 3) equity, diversity, and inclusion. Expert organisations are engaged to externally benchmark, and assess strengths and areas for improvement in all three areas and help develop thinking and action plans.

The Board considers the key stakeholder groups for the ETF to be:

- **Government vehicles:** this includes Government departments, the Further Education Commissioner and bodies like Ofsted and Ofqual
- **Business groups:** these are organisations which have a primary link with employers and includes the Confederation of British Industry (CBI), Chambers of Commerce and the Federation of Small Businesses (FSB)
- **Educational bodies:** like the ETF which operate within the education sector, including the Association of Colleges (AoC), the Chartered College of Teaching (CCT) and World Skills UK
- **Private enterprises:** organisations which have an interest and role within the education sector, including Capita, banks and other FTSE businesses
- **Influential sector providers and leaders:** the group of key organisations and individuals which have the greatest influence over the sector.



The Board engages with and builds its understanding of the respective needs of these stakeholder groups through a number of different means, including:

- ensuring a diverse range of perspectives on the Board, from sector practitioners and leaders, through to employers
- engagement with key stakeholder groups through its Member organisations (AoC, HOLEX, NatSpec, NUS and TUC)
- formal reporting mechanism for the Society of Education and Training and its Management Board (SMB) to the ETF Board, along with Trustee membership on the SMB
- board away days and other opportunities to 'bring the outside in' and better understand the challenges of the sector and wider system.

The Executive is developing an overall stakeholder strategy which includes determining a specific status for key stakeholders in each stakeholder category, which will result in a specific action plan for engagement and action.

The ETF is committed to being a responsible business which understands its environmental and societal impacts. Activities in this area include:

- Sought external validation of our commitment to EDI with pledges made to Mind Workplace Wellbeing Index, member of Inclusive Employers, Disability Confident, and Time to Change (mental health) (see section 2.4 for more information on our EDI activities)
- Staff driven action plans in place covering EDI and Sustainability (see section 2.5 for more information on our ESD activities)
- Launch of our six principles which drive our culture of compliance and ethical behaviour.



3.4 Streamlined Energy and Carbon Reporting (SECR)

The Streamlined Energy and Carbon Reporting (SECR) legislation was implemented on 1 April 2019.

The regulations apply to large unquoted companies, including charitable companies. The regulations require companies to disclose their energy and carbon emissions in their annual reports. For the first time in the year to 31 March 2021, the ETF was defined as a "large" organisation, with turnover exceeding £36m and Balance Sheet total (total Fixed Assets and total Current Assets) exceeding £18m. It was anticipated that the ETF would be defined as large in 2021-22 (prior to TLPD pay back) and it is expected that the ETF will be large in the future and hence we have provided SECR

disclosures in anticipation. Initial data indicated that our energy usage for the year to 31 March 2021 was around 46,000 kWh.

Alongside our sector-facing ESD work, we're committed to operating as sustainably as possible, minimising our negative impact on people and the planet, and maximising opportunities to make a positive impact through our infrastructure, ways of working and procurement. This also helps ensure we're demonstrating continued cost-effectiveness and efficiency.

Emission source	Total	Unit of measurement
Combustion of gas (Scope 1)	5,941	kWh
	1.09	tCO ₂ e
Purchased electricity (Scope 2)	64,829	kWh
	0	tCO ₂ e
Waste (Scope 3)	1,370	kg
	0.03	tCO ₂ e
Water (Scope 3)	74.17	m ³
	0.01	tCO ₂ e
Business travel – employee-owned vehicles (Scope 3)	6.75	tCO ₂ e
Business travel – public transport (Scope 3)	3.23	tCO ₂ e
Total gross based on above	1,111	tCO₂e
Normalisation metric	140	FTE
Intensity ratio	0.08	Gross tCO₂e/FTE

Our reporting period is 1 April 2021 to 31 March 2022. This is the first reporting year for which we have well documented, accurate data and as such will forge our comparative baseline for future comparison and monitoring.

The data detailed in the table on page 22 represents emissions and energy use for which the ETF is responsible, including electricity use in our offices and fuel used in vehicles on company business. The energy and emissions totals reported on page 22 include all the ETF business. We have used the main requirements of the Greenhouse Gas Protocol Corporate Standard to calculate our emissions, along with the UK Government GHG Conversion Factors for Company Reporting 2021.

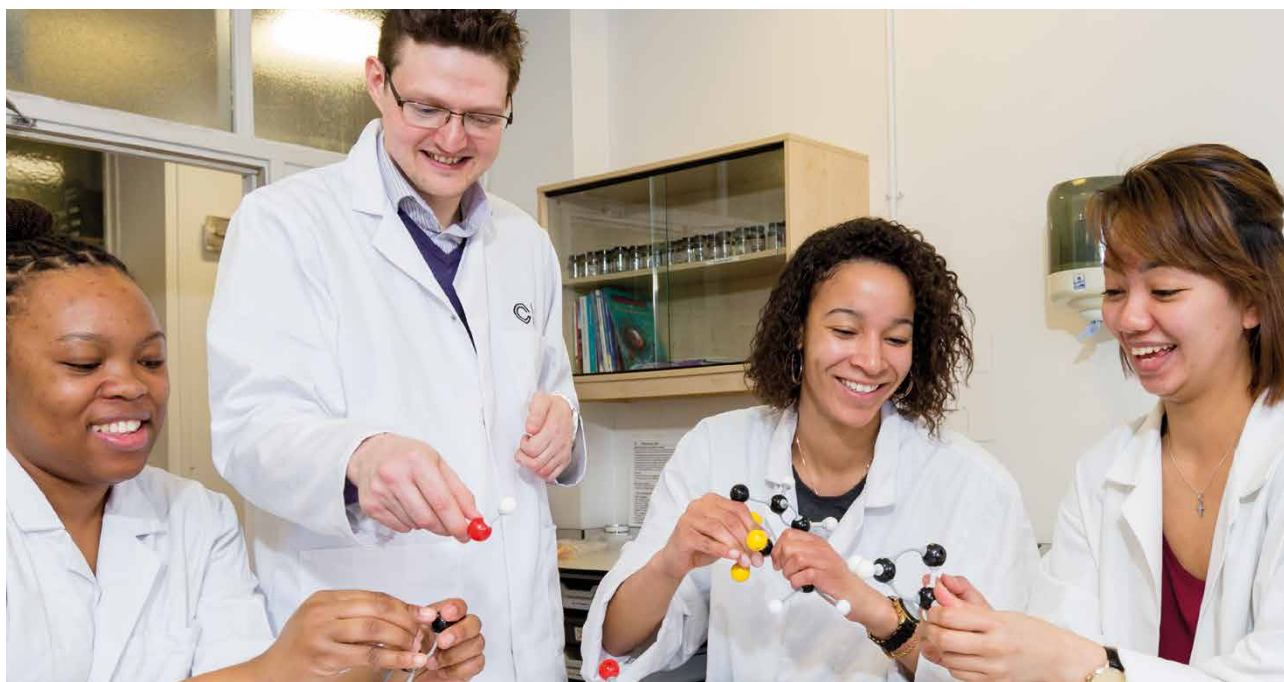
Scope 1 and 2 data is taken from validated invoices supplied by our landlord, as has Scope 3 data relating to waste and water. Scope 3 data relating to transport has been taken from our internal expenses and procurement reporting systems. We benefit from leasing our office space from the National Audit Office, whose environmental impact is well managed. Our electricity supply is currently from renewable sources, with REGO backed certificates certified by The Carbon Trust.

As for most organisations, our activity in 2021–22 was shaped by the COVID-19 pandemic. This included reduced use of our London office space and reduced business travel. In 2022–23 we anticipate greater use of our buildings and

services, in turn increasing our energy demand and expected carbon emissions. However, we will also implement various activities through our annual sustainability planning to ensure that our emission reductions between 2021–35 reduce and we meet our target. These will be based on the greenhouse gas management hierarchy. Activity will involve: embedding sustainability as a consideration in decision making; scrutinising our digital infrastructure and practices so we understand how to maximise their carbon efficiency; ongoing monitoring of staff commuting habits, promoting and enhancing our offer of staff benefits that promote low-carbon travel; continuing to work with our landlord to enhance efficiency and reduce carbon intensity of building utilities; staff engagement; and carbon capture through offsetting through accredited schemes.

We're continuing to improve the quality of data we collect, analyse and report. In July 2022 we agreed our first comprehensive carbon reduction plan, including further Scope 3 data relating to staff commuting and our procurement and commissioning.

Our sustainability staff forum continues to inform and drive the delivery of our carbon reduction, as part of our wider sustainability action plan. Accountability for this work sits with a specified member of the senior leadership team and aligns with our SHAPE organisational improvement programme.



3.5 Fundraising

Section 162A of the Charities Act 2011 requires charities to make 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 or in the comparative 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
- there were no complaints received by the Charity or person acting on behalf of the Charity for the purpose of fundraising.



3.6 Policies, including pay policy

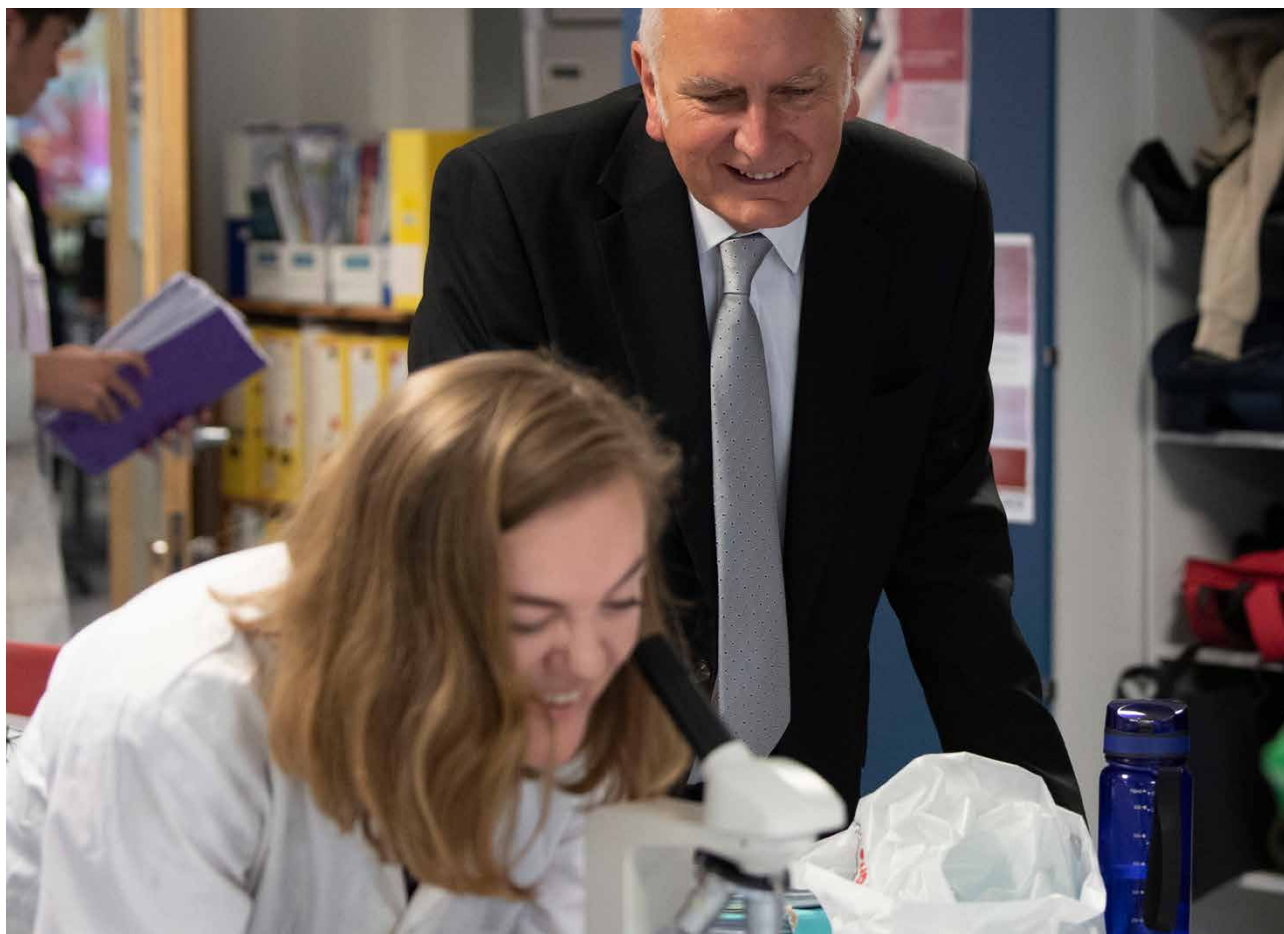
The Board keeps an overview of the ETF's policies, procedures and processes; it routinely receives a policy list and review schedule. We continue to systematically draft, review and update, where appropriate, all our policy documents, for approval by Executive Directors, SLT or the Board, as appropriate. All policies are stored centrally on the ETF Intranet and key documents are circulated to staff. The Board has sight of and approves policies on a two-year cycle.

The Board considers the key management personnel of the charity to be the trustees and the members of the Senior Leadership Team (SLT). At the end of 2021–22 this comprised CEO, Deputy Chief Executive Officer (DCEO), Director of Finance, Director of Operations, Director of Business Strategy (up until the incumbent's departure in February 2022), and the Director of Professionalism and Customer Experience (appointed June 2021). The SLT is 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's Remuneration and Search Committee 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's Remuneration and Search Committee makes recommendations to the Board, which is responsible for final decisions.

3.7 Plans for 2022-23

The Board and Executive continue to focus on strategic planning, with a strategic review (in partnership with key sector stakeholders) planned for 2022-23.



In addition, there will be a change of CEO leadership in 2022-23, following the ETF's first permanent CEO stepping down in April 2022 after eight years in the role. The Board is focused on ensuring a smooth transition and continued positive progression of the ETF, staying focused on the achievement of its strategic purpose and priorities.

The ETF will focus on reclarifying what the core of its work should be, to fully support the FE and Training sector. Through a process of iterative listening, consultation, review of the evidence base and exploration of opportunities, there will be an update from the strategic review which reframes the vision and mission aligned to how the ETF needs to meet the needs of the sector now and in the future.

In addition to considering what is at the heart of meeting sector needs, the organisation will

explore how it evolves to be the most impactful organisation it can be. Some of that evolution builds on the foundations of the work outlined in this report. This includes ensuring that we continue to strengthen key strategic partnerships with important stakeholders, that we enhance our ability to quality assure the sector by embodying the standards and frameworks which underpin our professionalism agenda. We will continue to make best use of our capability to directly engage with the sector through the key sector member organisations and representative bodies, and our regional teams, CPD trainers and our design teams.

Our GLIDE framework (see page 4) still applies and is at the centre of our ambition to support a self-improving system.

3.8 Trustees and Advisors

Trustees

The 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	Reappointed	Resigned
Ms S Dicketts CBE	8 December 2016	13 December 2019	
Mr J Graham	27 March 2019	12 January 2022	
Mr W Ilowski	3 May 2022		
Prof P Latchford OBE (Chair)	23 October 2019	6 September 2022	
Ms L Leith	11 December 2020		
Mr A McConnell OBE (Finance Chair with effect from 1 January 2022)	22 July 2019	12 January 2022	
Mr G McDonald	11 November 2021		
Ms R Musson (Audit Chair)	13 December 2019		
Ms F Orban	8 June 2016	1 March 2019	12 January 2022
Mr M Ord	18 November 2016	1 March 2019	12 January 2022
Dr S Parrett CBE	11 November 2021		
Mr P Singh	11 December 2020		
Ms R Spellman OBE	27 March 2019	12 January 2022	

Officers

CEO:

Mr D Russell (appointed 27 January 2014, resigned 5 April 2022)

Ms J Jarvis (appointed Interim CEO 6 April 2022)

Company Secretary:

Dr G Hobson (appointed 19 June 2014)

Registered Office

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

Auditor

RSM UK Audit LLP, 25 Farringdon Street,
London EC4A 4AB

Solicitor

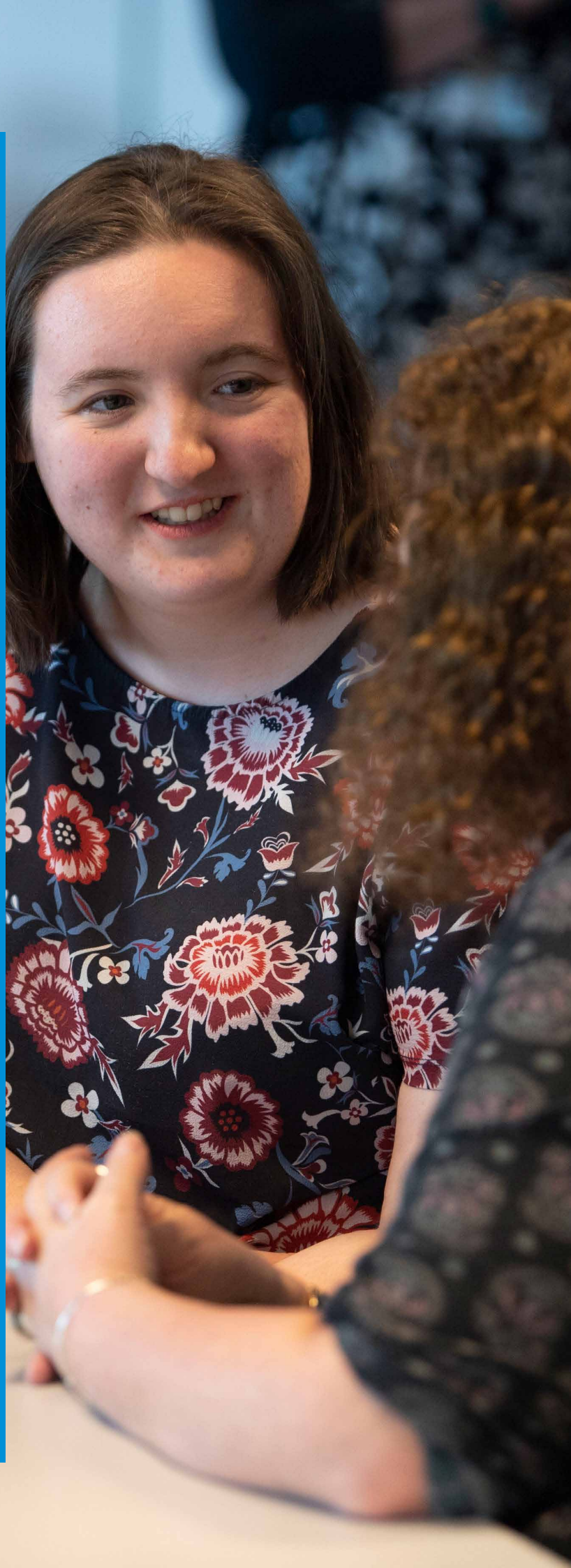
Stone King LLP, Boundary House,
91 Charterhouse Street, London EC1M 6HR

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 Company Secretary (gina.hobson@etfoundation.co.uk). You can find more information about the ETF's Public Benefit and Impact on the website: www.etfoundation.co.uk/governance/documents/.



3.9 Statement of Responsibilities of the Trustees

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 operation.



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.

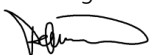
Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility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



3.10 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 they ought to have taken as a trustee to make themselves 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 18 November 2022 by:



Prof Peter Latchford OBE

Chair



Jenny Jarvis

Chief Executive Officer (Interim)



4. INDEPENDENT AUDITOR'S REPORT TO THE ETF

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE EDUCATION AND TRAINING FOUNDATION

Opinion

We have audited the financial statements of Education and Training Foundation (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2022, which comprise the Consolidated statement of financial activities, the Consolidated and Charity balance sheets, the Consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 the parent charitable company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- 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 parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's

Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Directors' Report and the Strategic Report included within the Trustees' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report or the Strategic Report included within the Trustees' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report 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 trustees' 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 Trustees' responsibilities set out on page 17, the trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's and 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 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

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.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other

laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the group and parent charitable company operates in and how the group and parent charitable company are complying with the legal and regulatory framework
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Charities SORP (FRS 102), Companies Act 2006, Charities Act 2011 and the parent charitable company's governing document and tax legislation. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included

reviewing the financial statements including the Trustees' Report, remaining alert to new or unusual transactions which may not be in accordance with the governing documents and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to General Data Protection Regulations (GDPR). We performed audit procedures to inquire of management whether the charity is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at 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.

RSM UK Audit LLP

Hannah Catchpool (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP,
Statutory Auditor, Chartered Accountants
25 Farringdon Street, London EC4A 4AB

25th November 2022

5. CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2022

		2021-22			2020-21		
Income:	Note	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Income from charitable activities:							
Grant Income	4	–	20,699	20,699	–	20,637	20,637
Government Contracts	5	15,568	–	15,568	14,685	–	14,685
TLPD contract payback to DfE		(4,727)	–	(4,727)	–	–	–
Professional Development		–	–	–	568	–	568
Accreditation		664	–	664	787	–	787
Membership		1,028	–	1,028	936	–	936
		12,533	20,699	33,232	16,976	20,637	37,613
Income from trading activities:							
Property Rental		95	–	95	295	–	295
Other		29	–	29	48	–	48
Investment Income	6	2	–	2	4	–	4
Total Income		12,659	20,699	33,358	17,323	20,637	37,960
Expenditure:							
Expenditure on charitable activities	7	(14,250)	(20,814)	(35,064)	(11,720)	(20,876)	(32,596)
Total Expenditure		(14,250)	(20,814)	(35,064)	(11,720)	(20,876)	(32,596)
Net (expenditure)/income and movement in funds for the year		(1,591)	(115)	(1,706)	5,603	(239)	5,364
Reconciliation of funds							
Total funds brought forward		12,733	185	12,918	7,130	424	7,554
Total funds carried forward		11,142	70	11,212	12,733	185	12,918

The Statement of Financial Activities includes all gains and losses recognised in the year. All income and expenditure derive from continuing activities. The notes on pages 36–51 form part of these financial statements.

6. CONSOLIDATED AND PARENT CHARITY BALANCE SHEETS

		Group 2022	Charity 2022	Group 2021	Charity 2021
	Note	£000	£000	£000	£000
Fixed assets					
Intangible assets	13	459	459	542	542
Tangible assets	13	249	249	93	93
		708	708	635	635
Investment in subsidiary	14	–	1	–	1
		708	709	635	636
Current assets					
Debtors	15	15,057	15,057	1,285	1,481
Cash at bank in hand		15,227	15,227	24,162	24,103
		30,284	30,284	25,447	25,584
Liabilities					
Creditors: amount falling due within one year	16	(19,780)	(19,781)	(13,164)	(13,302)
Total assets less current liabilities		11,212	11,212	12,918	12,918
Net assets		11,212	11,212	12,918	12,918
Unrestricted income funds	19	11,142	11,142	12,733	12,733
Restricted income funds	20	70	70	185	185
Total funds		11,212	11,212	12,918	12,918

The Statement of Financial Activities for the charity alone has not been presented, as permitted by s408 of the Companies Act 2006. During the year ended 31 March 2022, the charity results showed a deficit of £(1,706)k (2020–2021 surplus of £5,364k). The financial results of the charity are summarised in note 3.

The notes on pages 36–51 form part of these financial statements.

These financial statements were approved by the trustees on 18 November 2022 and were signed on their behalf by:

Prof Peter Latchford OBE

Chair



7. CONSOLIDATED STATEMENT OF CASH FLOWS

		Group 2021-2022	Group 2020-2021
	Note	£000	£000
Cash (used)/generated in operating activities	23	(8,748)	12,033
Cash flows from investing activities			
Interest income		2	4
Purchase of fixed assets		(190)	(663)
Disposal of fixed assets		1	–
(Decrease)/Increase in cash and cash equivalents in the year		(8,935)	11,374
Cash and cash equivalents at the beginning of the year		24,162	12,788
Total cash and cash equivalents at the end of the year		15,227	24,162



8. NOTES TO THE FINANCIAL STATEMENTS

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. The ETF meets the definition of a public benefit charity under FRS 102. The financial statements are prepared in sterling, which is the functional currency of the Charity. Monetary amounts shown in these financial statements are rounded to the nearest £'000.

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 recently reviewed the out-turn forecast position for the year to 31 March 2023 and has seen a top-level forecast for the following year to 31 March 2024.

The Board has 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.

c) Group financial statements

The financial statements consolidate the results of the charity and its wholly owned subsidiary, ETF Services Ltd (ETFS), for the period 1 April 2021 to 7 July 2021, when the trade and assets

were transferred to the ETF 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. Equivalent disclosure has been included in note 3.



d) Income

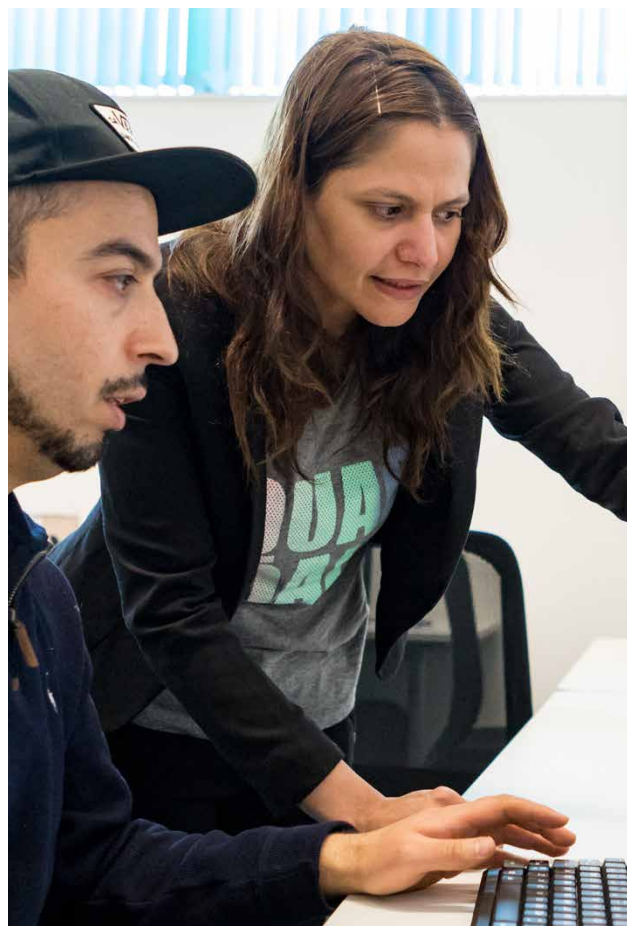
All income is recognised in the financial statements when the ETF has absolute entitlement, there is certainty of receipt and the amount is measurable.

- Grants: Specifically, 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.
- Contracts: Income from Government and other contracts is recognised over the period of the contract on an accruals basis. Income from Government contracts is only recognised when there is entitlement under the contract, once agreed milestones have been met and certified by the DfE.
- Membership and Professional services income: Income from Membership subscriptions is recognised evenly over the period of membership. Income from registration onto accreditation schemes is recognised on a receivable basis and income from submission of accreditation workbooks is recognised after evaluation has been completed.
- Income from professional development is on an accruals basis.
- Income from rental and investment activities is recognised on an accruals basis, in accordance with the terms of the sub-lease agreement.

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). Overhead 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 those funds set aside for the purposes of an unexpected orderly wind-up of the company and for specific development needs.

Unrestricted funds are available for general use by the ETF or to meet possible shortfalls in revenue or unforeseen increases in expenditure, investment in business development initiatives and generally for the furtherance of the charitable objective to support the improvement of teaching and learning in the FE sector.

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 depreciated over their estimated useful life on a straight-line basis as follows:

- Computer hardware 3 years;
- Computer software 3 years;
- Furniture and fittings 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 of purchase 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 the ETF's defined-contribution scheme operated by Standard Life;

and new employees join the ETF's auto-enrolment defined-contribution scheme operated by Aviva.

The ETF contributes 6% of the employee's pensionable salary into the Aviva/LSIS scheme. For 2021–22, employer's contributions of £18,017 (2020–21: £13,899) were paid to Aviva.

The ETF contributes 6% of the employee's pensionable salary into the Standard Life scheme. For 2021–22, employer's contributions of £42,302 (2020–21: £45,318) were paid to Standard Life.

The ETF contributes 6% of the employee's pensionable salary into the Aviva auto-enrolment scheme. For 2021–22, employer's contributions of £428,079 (2020–21: £302,923) were paid to Aviva.

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), for the period from 1 April 2021 to 7 July 2021 when the trade and assets were transferred to the ETF. ETF Services originally operated SET. The results for the charity alone are shown below.

	2021-22			2020-21		
	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Income:						
Income from charitable activities:						
Government grant	–	20,622	20,622	–	20,537	20,537
Non-Government grant	–	77	77	–	100	100
Government Contract	15,568	–	15,568	14,685	–	14,685
TLPD contract payback to DfE	(4,727)	–	(4,727)	–	–	–
Professional Development	–	–	–	568	–	568
Accreditation	664	–	664	787	–	787
Administration services to subsidiary	6	–	6	24	–	24
Membership	814	–	814	–	–	–
Donation from subsidiary	92	–	92	196	–	196
Other income	29	–	29	48	–	48
	12,446	20,699	33,145	16,308	20,637	36,945
Property Rental income	95	–	95	295	–	295
Investment Income	2	–	2	4	–	4
Total Income	12,543	20,699	33,242	16,607	20,637	37,244
Expenditure:						
Expenditure on charitable activities	14,134	20,814	34,948	11,004	20,876	31,880
Total Expenditure	14,134	20,814	34,948	11,004	20,876	31,880
Net (expenditure)/income and movement in funds for the year	(1,591)	(115)	(1,706)	5,603	(239)	5,364
Reconciliation of funds:						
Total funds brought forward	12,733	185	12,918	7,130	424	7,554
Total funds carried forward	11,142	70	11,212	12,733	185	12,918

4. Government Grants

The ETF received Government grants of £20,622k in 2021–22 (2020–21: £20,537k) from the Department for Education (DfE). Included within Creditors is a sum of £164k (2020–21: £465k) of unspent grants to be repaid to DfE.

The ETF also received grants of £37k (2020–21: £50k) from the Royal Commission for Technical Teaching Fellowships and £40k (2020–21: £50k) from the Gatsby Foundation for Further Forces.

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 20.

5. Government Contracts

In the year to 31 March 2022 the ETF received income from three Government contracts, the most significant of which was for TLPD. The total of £15,568k (2020–21: £14,685) shown in note 3 includes £13,598k (2020–21: £13,019k) from the TLPD contract. After a significant period of negotiation between the ETF and DfE, with legal advice sought by both parties, a final settlement was agreed in May 2022 in the sum of £6,227k for a pricing adjustment relating to the TLPD contract delivery during the COVID-19 period. This was for the year to 31 March 2020–£1,198k and for the year to 31 March 2021–£5,029k.

Against the total sum of £6,227k, an estimated provision was made last year in the sum of £1,500k giving rise to a net reduction to income of £4,727k in the current financial year. The provision of £1,500k made last year on finalisation of the accounts was based on the best information at the time and on the ETF having received legal advice to the effect that this could in their view be considered a commercial contract. The sum represented a calculated figure (cost plus contribution) believed to represent a fair adjustment for activity that was curtailed by COVID-19. There was no suggestion by DfE that the ETF had not delivered on the agreed objectives.

A pricing adjustment was also made within the year to 31 March 2022 and fully accounted for within the year on agreement of a revised Delivery Plan with DfE.

6. Investment income

All the group's investment income of £2,113 (2020–21 £4,130) arises from money held in interest bearing deposit accounts.



7. Analysis of expenditure on charitable activities

	Direct cost & grants £000	Direct staff cost £000	Indirect staff cost £000	Overhead cost £000	2021-22 Total cost £000	2020-21 Total cost £000
Professional development	11,752	4,302	1,658	973	18,685	17,409
Sector development	10,864	2,136	1,343	762	15,105	13,845
Research and Data	–	–	–	60	60	130
Membership and Accreditation	369	704	–	141	1,214	1,212
	22,985	7,142	3,001	1,936	35,064	32,596

8. Grants Awarded

A total Grants figure of £5.9m has been awarded to 129 FE providers as part of the Government's TTF Scheme (2020–21: £4.6m), with sums paid to individual providers ranging from £2k to £223k. Grants of £1.5m have been awarded to 127 FE providers under the Mentoring scheme (2020–21: £1.4m) with sums paid to individual providers ranging from £1k to £42k. In addition, £78k EdTech grants were awarded (2020–21: £nil). A complete list of recipients of government grants awarded by the ETF can be provided on request to the Company Secretary.

9. Net income for the year

This is stated after charging:

	2021-22 £000	2020-21 £000
Operating leases - property	402	547
Governance costs:		
External Auditor's remuneration		
- Audit fees	56	54
- Other advice	4	6
Internal Auditor's remuneration	–	10
Legal and Professional	53	15
Trustees, remuneration and expenses	35	29
	148	114
Depreciation and Amortisation	243	28

10. Staff

The average number of staff, including senior post holders, employed across the ETF Group during the year ended 31 March, expressed as full-time equivalents (FTEs):

	2021-22	2020-21
Total number of FTEs	177	132
Average number of staff	185	141

Staff costs included within expenditure on charitable activities are:

	2021-22 £000	2020-21 £000
Salaries and wages	8,431	6,455
Social Security costs	900	682
Pension costs	488	362
Ex-gratia payments	34	78
	9,853	7,577

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

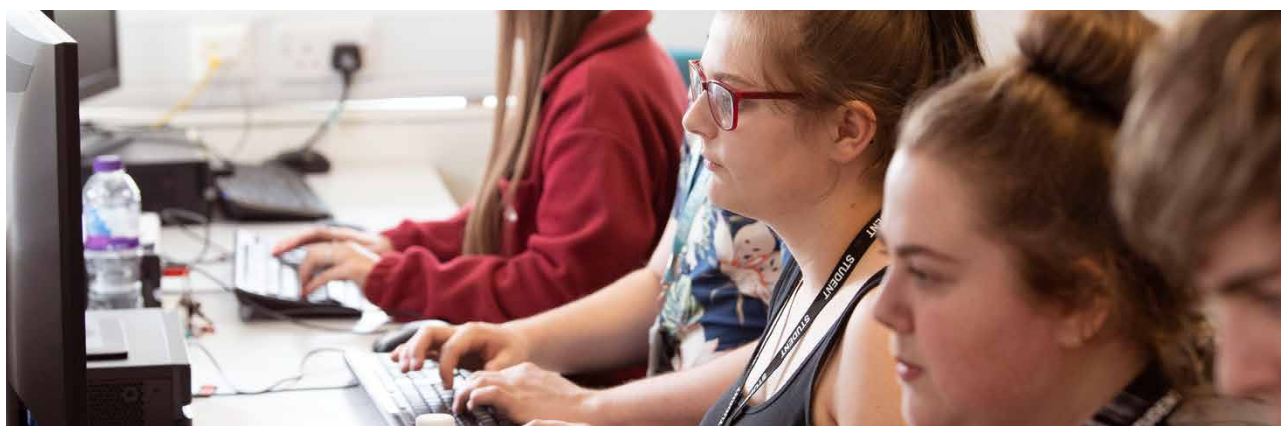
	2021-22	2020-21
£60,001 – £70,000	20	13
£70,001 – £80,000	3	1
£80,001 – £90,000	1	1
£90,001 – £100,000	2	2
£130,001 – £140,000	–	1
£140,001 – £150,000	1	–
£150,001 – £160,000	1	–
£170,001 – £180,000	–	1

During the years to 31 March 2022 and 2021 the ETF organisation structure included a Senior Leadership Team (SLT) and an operational Senior Management Team (SMT). The Board considered the CEO, DCEO, Director of Finance, Director of Operations, Director of Business Strategy and the Director of Professionalism and Customer Experience to comprise the key management personnel. For 2021–22 this comprised 6.1 FTE and in the prior year (2020–21) this comprised 5 FTE.

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

	Key management personnel		Highest paid individual	
	2021-22 £	2020-21 £	2021-22 £	2020-21 £
Salaries and wages	696,231	580,268	153,288	177,970
Social Security costs	88,656	74,006	19,933	23,346
Pension Costs	39,947	32,336	9,197	8,202
Ex-gratia payments	38,823			
	863,657	686,610	182,418	209,518

It should be noted that the salary shown above for 2020–21 for the highest paid individual includes residual bonus payments, relating to earlier years. No bonuses have been awarded in respect of the financial year 2021–22 and there is no longer a bonus element to the remuneration package.



11. Trustees' remuneration and expenses

	2021-22 £	2020-21 £
A McConnell	2,000	–
R Musson	8,000	8,000
P Latchford	19,560	20,400
Reimbursement of trustees' expenses	5,005	181
	34,565	28,581

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 the ETF, requiring significant amounts of time. The Chair (P Latchford), the Chair of the A&R Committee (R Musson) and the Chair of the Finance Committee (A McConnell) are contracted and remunerated. No pension contributions are made on their behalf.

No other trustee received any remuneration or received any other benefit from the ETF. Travel, accommodation and subsistence expenses were reimbursed to six trustees during the year (2020–21: one trustee).

12. Related party transactions

AoC, AAETO-HOLEX, NUS, NatSpec and TUC were the Members of the ETF throughout 2021–22 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 on the basis of the potential influence they could have. The Board considers this to be appropriate and requires that trustees comply with its conflicts of interest policy.

Other than direct services to the Board (e.g. audit), 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.

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

	2021-22 spend	2020-21 spend	2021-22 balance due (to)/from	2020-21 balance due (to)/from
	£000	£000	£000	£000
Activate Learning	44	51	(10)	–
Association of Employment and Learning Providers (AELP)	88	42	–	(21)
Association of Adult Education and Training Organisations	49	35	–	–
Association of Colleges (AoC)	1,955	1,055	(703)	(290)
Association of Colleges (AoC)	–	–	–	10
AoC Regional Office -East Midlands (EMFEC)	99	285	–	–
AoC Create Limited	314	442	(175)	(289)
Pearson	109	293	(44)	(194)
The National Learning and Work Institute	9	47	–	(24)
NatSpec	–	30	–	–
Wakefield College Corporation	18	73	–	(61)
Women's Leadership Network	38	50	(21)	(10)
Kirklees College	85	–	(59)	–
New City College	5	–	–	–
Black FE Leadership Group	5	–	(5)	–
University of Huddersfield Enterprises	4	–	–	–
	2,822	2,403	(1,017)	(879)

13. Fixed assets – group and charity

	Computer Software Intangible £000	Computer Hardware Tangible £000	Furniture & Fittings Tangible £000	Total Tangible £000	Total £000
Cost					
Opening Balance 1 April 2021	629	204	–	204	833
Additions	107	53	157	210	317
Disposals	–	(1)	–	(1)	(1)
Closing Balance 31 March 2022	736	256	157	413	1,149
Depreciation and Amortisation					
Opening Balance 1 April 2021	87	111	–	111	198
Charge in year	190	53	–	53	243
Closing Balance 31 March 2022	277	164	–	164	441
Net Book Value 31 March 2022	459	92	157	249	708
Net Book Value 31 March 2021	542	93	–	93	635



14. 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 for the period to 7 July 2021 when the trade and assets were transferred to the ETF, are summarised in note 22. 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.

15. Debtors

	Group 2022	Charity 2022	Group 2021	Charity 2021
Income:	£000	£000	£000	£000
Trade debtors	6,219	6,219	721	721
Prepayments	64	64	65	65
Accrued income	8,770	8,770	498	498
Accrued donation by subsidiary company	–	–	–	196
Other debtors	4	4	1	1
	15,057	15,057	1,285	1,481



16. Creditors: amounts falling due within one year

	Group 2022	Charity 2022	Group 2021	Charity 2021
Income:	£000	£000	£000	£000
Trade creditors	5,704	5,704	7,600	7,600
Accruals	3,392	3,392	1,770	1,768
Accruals - Capital Expenditure	127	127	–	–
Deferred income	524	524	1,650	1,561
Taxation and Social Security	395	395	321	321
Amounts owing to subsidiary company	–	1	–	229
TLPD contract payback to DfE	6,227	6,227	1,500	1,500
Other creditors	3,411	3,411	323	323
	19,780	19,781	13,164	13,302

In 2020/21 a provision of £1.5m was made for the TLPD pricing adjustment, based on the best information available at the time. This sum now forms part of the total £6,227k, being the final sum agreed with the DfE, all repayable within one year by 31 March 2023.

17. Deferred income

Deferred income comprises the SET membership fees in respect of 2022–23 invoiced before 31 March 2022, 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 2022. Deferred income also includes TTF grant income received within the year to 31 March 2022, the conditions for which are not satisfied through delivery until 2022–23.

	Group 2022	Charity 2022
	£000	£000
Balance at 1 April	1,650	1,561
Amount released to income earned from charitable activities	(1,650)	(1,561)
Amount deferred in year	524	524
Balance at 31 March	524	524

Total deferred income in the charity and the group comprises: government grants of £164k (2020–21: £769k), QTLS/ATS income of £298k (2020–21: £452k), membership fees in advance of £62k (2020–21: £89k), non-government grants – Nil (2020–21: £40k) and TLPD maths and English Nil (2020–21: £300k).



18. Analysis of Group net assets in funds

	Unrestricted £000	Restricted £000	Total £000
Fixed assets	708	–	708
Cash in bank and in hand	15,157	70	15,227
Other net assets/(liabilities)	(4,723)	–	(4,723)
	11,142	70	11,212

19. 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
2021-22					
Society for Education and Training Designated funds, of which:	232	214	(122)	(324)	–
- Wind-down of the ETF	2,550	–	–	450	3,000
- Strategic investment reserve	1,200	–	–	200	1,400
General fund	8,751	12,445	(14,128)	(326)	6,742
	12,733	12,659	(14,250)	–	11,142
2020-21					
Society for Education and Training Designated funds, of which:	20	936	(731)	7	232
- Wind-down of the ETF	2,550	–	–	–	2,550
- Strategic investment reserve	1,200	–	–	–	1,200
General fund	3,360	16,387	(10,989)	(7)	8,751
	7,130	17,323	(11,720)	–	12,733

In accordance with the ETF's reserves policy, a designated sum is held to cover the orderly wind-up of the ETF, primarily being staff redundancy costs and the cost of exiting the NAO property lease. This has been calculated to have increased to circa £3m, an increase of £450k. In addition, a 'ring-fenced' sum is considered to be designated funds required for investment in major projects as the ETF re-shapes for the future, an increase of £200k to £1.4m. These funds are transferred from the general unrestricted fund. The transfer from SET to general of £324k is on the transfer of all assets and liabilities to the ETF on 7 July 2021.



20. Analysis of movements in restricted funds

	Funds at start of year £000	Incoming resources £000	Resources expended £000	Funds at end of year £000
2021-22				
DfE grant	69	20,622	(20,621)	70
SET for Success	116	–	(116)	–
Further Forces	–	40	(40)	–
TVET	–	37	(37)	–
	185	20,699	(20,814)	70
2020-21				
DfE grant	207	20,537	(20,675)	69
SET for Success	217	–	(101)	116
Further Forces	–	50	(50)	–
TVET	–	50	(50)	–
	424	20,637	(20,876)	185

Of the total 2021-22 DfE grant received, it has been agreed that a sum of £164k will be refunded to the DfE. The total of £20,622k shown above is net of this sum. Unspent grant of £70k, due to timing of delivery, will be spent in 2022-23.



21. Lease commitments

The ETF had the following total lease commitments as at 31 March 2022.

	2021-22 £000	2020-21 £000
Operating lease – property rental		
Payments due within one year	389	509
Payments in 2–5 years	712	1,105
	1,101	1,614
Operating lease – property rental		
Payments due within one year	–	(88)
Payments in 2–5 years	–	–
	–	(88)

22. Subsidiary company

ETFS is a wholly owned subsidiary of the charity, which operates SET. The retained profit of the subsidiary alone is as follows.

	2021-22 £000	2020-21 £000
Turnover		
Membership subscriptions	214	936
	214	936
Cost of sales and administration cost	(122)	(740)
Excess of income over expenditure	92	196
Gift Aid donation to parent charity	(92)	(196)
Retained Profit/(loss)	–	–
The assets and liabilities of the subsidiary are:		
Current assets	1	288
Current liabilities	–	(287)
	1	1
Aggregate share capital and reserves	1	1

With effect from 7 July 2021, the trade and assets of ETFS were hived-up to the parent company, the ETF. ETFS remains as a dormant company.

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

	Group	Group
	2021-22 £000	2020-21 £000
Net movement in funds	(1,706)	5,364
Add back depreciation charge	243	28
Deduct interest received	(2)	(4)
(Increase) in debtors	(13,772)	(288)
Increase in creditors	6,489	6,933
Net cash (used)/generated in operating activities	(8,748)	12,033

24. Post balance-sheet events

Included within the Balance Sheet, Creditors: amounts falling due within one year, there is a figure of £640k repayable to the DfE in respect of bookings income, which strictly in accordance with the Grants Terms and Conditions should be offset against grants payable. Discussions between DfE and the ETF have progressed and the likely outcome is that the ETF will be permitted to retain this money to fund the continuation of support to the FE sector, including areas which are no longer directly funded.

Following a period of consultation, members of the FE Advisory Team were made redundant in October 2022 at a total gross pay cost of £168k. This was not a decision taken lightly, but the nature of the services has changed significantly and is largely covered by the DfE advisory service. Some members of the team had worked for the ETF and its predecessor organisations for more than 20 years.

In October 2022, the ETF received an invitation to tender for two government contracts; Leadership and Governance worth £9.5m and Mentoring worth £1.2m, over the two years. Previously, the ETF has received grant funding in these areas and the bid response to DfE will be critical.



9. ANNEX 1: Acronyms

AAETO-HOLEX	Association of Adult Education and Training Organisations
AELP	Association of Employment and Learning Providers
AoC	Association of Colleges
APP	Advanced Practitioner Programme
ARPCE	Association for Research in Post Compulsory Education
ATS	Advanced Teacher Status
BAME	Black, Asian and Minority Ethnic
BERA	British Education Research Association
BLG	Black Leadership Group
CBI	Confederation of British Industry
CCT	Chartered College of Teaching
CEO	Chief Executive Officer
CfEM	Centre for Excellence in Mathematics
CFO	Chief Finance Officer
CMS	Content Management System
CPD	Continued Professional Development
CRM	Customer Relationship Management
DCEO	Deputy Chief Executive
DfE	Department for Education
DWP	Department for Work and Pensions
EDI	Equality, Diversity, and Inclusion
EEF	Education Endowment Foundation
ESD	Education for Sustainable Development
ESOL	English for Speakers of Other Languages
ETF	The Education and Training Foundation
ETFS	ETF Services Ltd
FE	Further Education and Training
FSB	The Federation of Small Businesses
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Principles
GDPR	General Data Protection Regulation
GLIDE	Grow, Lead, Influence, Develop, Evolve

HR	Human Resources
ITE	Initial Teacher Education
IM&T	Information, Management and Technology
ITT	Initial Teacher Training
LGBTQ+	Lesbian, gay, bisexual, transgender, queer and others
LSIS	Learning and Skills Improvement Service
NAO	National Audit Office
NUS	National Union of Students
PRP	Practitioner Research Programme
QTLS	Qualified Teacher Learning and Skills
REGO	Renewable Energy Guarantees of Origin
SLT	Senior Leadership Team
SMT	Senior Management Team
SET	Society for Education and Training
SEND	Special Educational Needs and Disabilities
TLPD	T Level Professional Development
TTF	Taking Teaching Further
TUC	Trades Union Congress
TUPE	Transfer of Undertakings (Protection of Employment)
TVET	Technical and Vocational Education and Training

THANK YOU

157–197 Buckingham Palace Road,
London SW1W 9SP

020 3740 8280
enquiries@etfoundation.co.uk
ETFOUNDATION.CO.UK

Company registration number (England and
Wales): 08540597. Charity number: 1153859

Accounts

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 2021**

CONTENTS

	Page
1. Trustees and Advisors	3
2. Trustees' Report	4
3. Statement of responsibilities of the Trustees	20
4. Independent auditor's report to the ETF	21
5. Consolidated statement of financial activities	25
6. Consolidated and Parent Charity Balance Sheets	26
7. Consolidated statement of cash flows	27
8. Notes to the accounts	28
9. ANNEX	42

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		11 December 2020
Ms S Dicketts CBE	8 December 2016	13 December 2019	
Mr J Graham	27 March 2019		
Prof P Latchford OBE (Chair)	23 October 2019		
Ms L Leith	11 December 2020		
Mr A McConnell OBE (Finance Chair wef 1 January 2022)	22 July 2019		
Mr G McDonald	11 November 2021		
Ms R Musson (Audit Chair)	13 December 2019		
Ms F Orban	8 June 2016	1 March 2019	
Mr M Ord	18 November 2016	1 March 2019	
Dr S Parrett CBE	11 November 2021		
Mr P Singh	11 December 2020		
Ms R Spellman OBE	27 March 2019		
Mr D Williams	18 November 2016	1 March 2019	21 May 2020

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 the ETF's Public Benefit and Impact on the website: <https://www.etfoundation.co.uk/governance/documents/>.

2. Trustees' Report

The 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 2021 ("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 (first published in July 2017, updated 2020).

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

2.1.1. The ETF supports teachers and leaders across the Further Education (FE) sector to help them achieve their professional development goals for the benefit of learners and employers across England. In doing so, we help to transform the lives of individuals and communities across the country, unleashing potential and benefitting the economy.

2.1.2. Our work has three key principles at its heart:

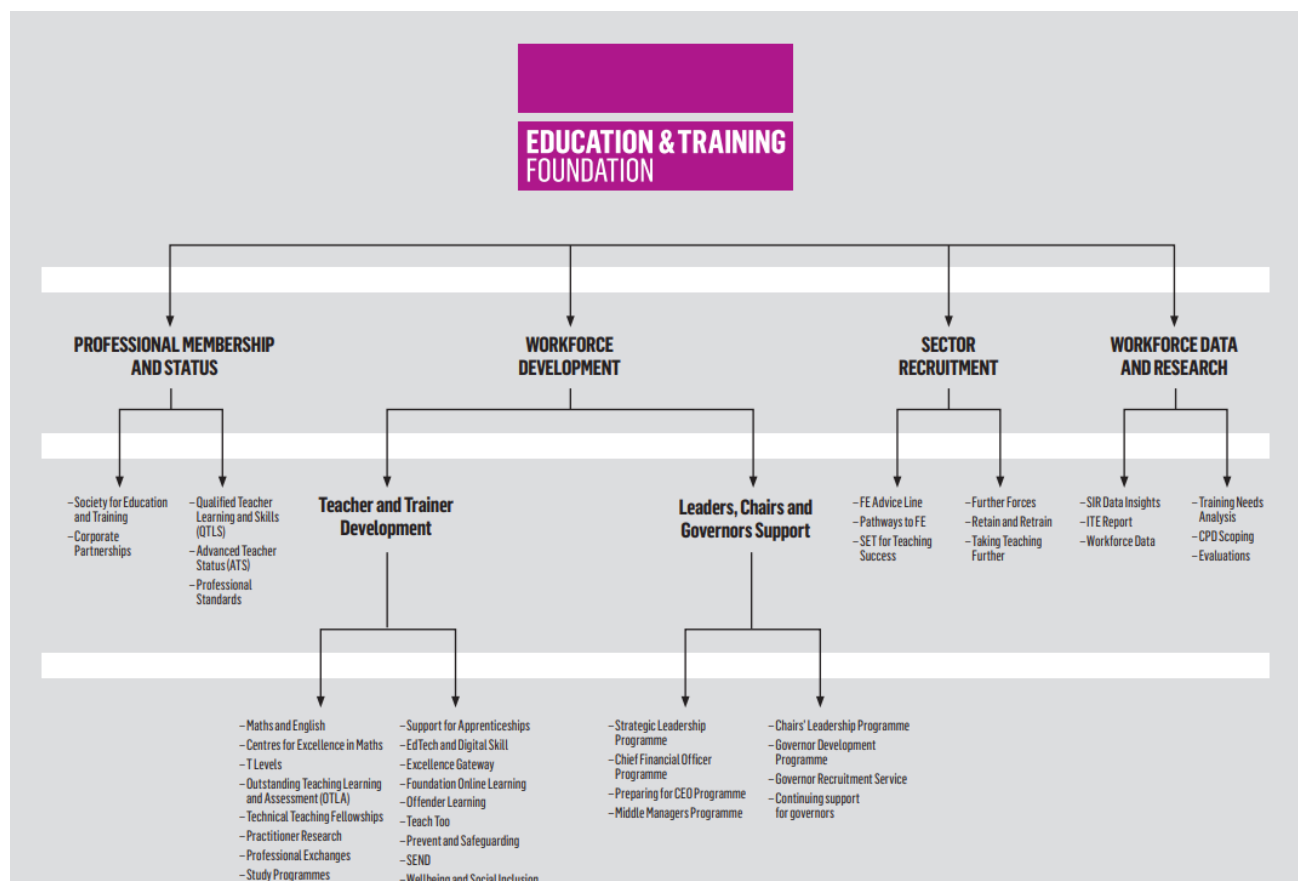
- The first is that we exist for the benefit of learners, something we achieve by improving the professional practice of teachers and leaders in the sector;
- The second is that we exist as a means to an end, not an end in itself. We have no shareholders and are not motivated to make a profit. Everything we do is about helping our fantastic sector unlock the talents and potential of our learners and improving productivity, employability, skills and educational attainment;
- And the third is that we exist to support professionals to be even better than they already are, identifying excellence and seeking to understand and disseminate it through collaborative practice. Although our work focuses on FE, we bring in expert challenge and support from outside the sector.

2.1.3. Our support ranges from leadership development through to maths and English enhancement, to Prevent training and digital teaching skills. As well as professional development, we support recruitment into the sector and provide key data and research. We are also the guardian of the sector's Professional Standards and home to the professional membership body for the sector, the Society for Education and Training (SET), whose 20,000 plus members we support. SET is responsible for the awarding of both Qualified Teacher Learning and Skills (QTLS) status and Advanced Teacher Status (ATS).

2.1.4. Over 2019-20 and 2020-21 the ETF has provided additional and bespoke support to the sector while providers have operated through a global pandemic. This will continue to be a priority as the long-term implications of the pandemic are fully realised.

2.1.5. 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); the Trades Union Congress (TUC)), and a wide range of bodies and experts to deliver support and development programmes.

2.1.6. An overview of our activity is shown below:



2.2. Overview of our achievements

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

2.2.2. Everything the ETF does is in pursuit of our vision of:

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

2.2.3. To achieve our vision, we pursue five strategic objectives:

1. GROW: the capacity of the sector;
2. LEAD: the sector's own development activities;
3. INFLUENCE: the system's priorities, thinking and behaviour;
4. DEVELOP: the capability of the sector;
5. EVOLVE: the ETF to continually adapt and thrive;

2.2.4. 2020-21 has been a successful year for ETF. The tables below set out an overview of achievements against the objectives and strategic priorities. In addition, throughout this report (and in section 2.8 in particular), detail is provided regarding how the ETF has responded and continues to respond to the Covid-19 pandemic.

2.3. Achievements against our strategic objectives (GLIDE)

Objective	Priorities 2020-21	Achievements in 2020-21
GROW the capacity of the sector	1. Set out a career framework model that then gets sector buy-in 2. Encourage high quality entrants into the sector 3. Reflect the views of the workforce in order to take actions that benefit the whole sector	1. Career framework model outline developed and discussed with Department for Education (DfE) in support of its ambitions set out in the White Paper. 2. Programmes including Taking Teaching Further (TTF), mentoring provision, and Initial Teacher Education support assisted in building workforce capacity. 3. Research initiatives including membership, practitioner, and advanced practitioner generating significant insights which inform our work with the sector and DfE.
LEAD the sector's own development activities	1. Enabling the ETF and the sector to rise to the challenge of corporate and social responsibility 2. Establish the ETF leadership institute	1. Strong delivery in Governance programmes and chairs events providing essential support to the sector at this time. 2. Consultation with the sector through a steering group to establish foundations for an institute.
INFLUENCE the system's priorities, thinking and behaviour	1. Lead the continuous improvement of Professional Workforce Development in support of a self-improving system 2. Work with the sector to identify effective practice and encourage engagement	1. Advanced practitioners programme reach target exceeded with positive feedback received, whilst the Centres for Excellence in Maths (CfEM) programme has successfully delivered against targets this year and has been extended for the full contract lifespan. Our new Quality team is having a positive impact across all our work with its interventions and quality dashboards. 2. Practitioner led research target met, with high quality of delivery recorded by participants.

Objective	Priorities 2020-21	Achievements in 2020-21
DEVELOP the capability of the sector	1. Sector sees SET membership as essential and Professional Status is undertaken by majority of teachers 2. Striving for Excellence in Sector Teaching and Learning through CPD delivery	1. SET membership ended the year at over 21k members with a very positive renewal rate and growth of around 3%. 2. Strong performance across range of ETF development programmes achieving over 100% of delivery targets including Outstanding Teaching Learning and Assessment (OTLA), maths & English, learning technologies, and inclusion and wellbeing.
EVOLVE ETF to continually adapt and thrive	1. Realise the benefits of our organisational change 2. Enhancing our reputation as an Employer of Choice, through culture, climate and values 3. Demonstrate our impact	1. Business Development and Procurement teams have significantly upgraded their processes and procedures. Our change programme delivered strong outputs in support of collaborative working and improvement in the year. Majority of the work to deliver our IT transformation project completed. 2. A new HR Learning and Development system was rolled out. Forums and focus groups reviewed ETF as an Employer of Choice and identified areas to address in the coming year. 3. A new Research and Evaluation Manager and a Knowledge Management Officer embedded in the business. Evaluation undertaken across grant programmes. New Evaluation strategy and framework signed off by SMT with Public Benefit and Impact reports published.

2.3.1. In the following sections we outline our operational priorities over 2020-21 and provide some of the highlights.

Workforce Development: Teacher and Trainer Development

- **Advanced Practitioners:** A package of training and support delivered through a range of collaborative projects, national conferences and Continuing Professional Development (CPD) sessions. Overall, demand for the programme has been strong and target numbers have been met despite the challenging circumstances the sector has faced. Participant feedback remains high for this programme.
- **CfEM:** The CfEM programme has been focused on four key themes of: mastery; contextualisation; data and technology; and motivation and engagement. KPIs continue to be met and participant satisfaction remains high. The CfEM programme has been granted a two-year contract extension from the DfE.
- **Excellence Gateway and Foundation Online Learning (FOL):** The FOL repository and Excellence Gateway have been widely accessed by the sector. Work has taken place

in a range of individual subject areas to review and update some of the resources that are available, for example on Prevent, and maths and English.

- Maths and English: The maths and English offer is delivered through Shaping Success, a CPD pathway with specific targeted courses, and the Regional Specialist Leads, who provide free in-depth advice and guidance and facilitate networking opportunities. Our 'New to ESOL' CPD provided targeted events to address the needs of practitioners.
- Mentoring: A wide range of support provided through activities such as the development of a mentoring guide, the delivery of CPD courses which focused on the provision of high-quality mentoring and career support for teachers, and providing grants for teachers to undertake development opportunities in their own organisations.
- Online Teaching Resources: A series of effective online teaching resources produced for Mentoring, T Levels Professional Development (TLPD), plus certification for the new Apprenticeship Workforce Development offer introduced which promoted a high level of take up. Development started on upcoming course areas including safeguarding, maths, and equality, diversity and inclusion. Further opportunities to use the FutureLearn platform explored.
- Outstanding Teaching Learning and Assessment (OTLA): The OTLA programme focused on the improvement of teaching, learning and assessment through the delivery of small-scale action research projects. Themes included learner progress, maths, English, English for Speakers of Other Languages (ESOL) and digital skills
- Practice Development Groups: These locally organised groups engaged regularly, identified practitioner focused issues, and worked together to reflect on their practice. Evaluation reports positive regarding delivery, value and impact of the programme.
- Supporting learners with Special Educational Needs and Disabilities (SEND): A range of support delivered through our three SEND Centres of Excellence including specialist one to one support for leaders and communities of practice for managers and practitioners. We also offered programmes for middle managers with responsibility for SEND, and support for teachers to help support learners with specific needs.
- TLPD: The TLPD programme is designed to promote understanding of the T Levels qualifications (generally and by subject), teaching and learning in technical education, and leadership. The programme is informed by external experts, employers and the sector via a rigorous series of validation panels and a regular update requirement. Over 50 courses released (28 online and 26 face to face). Feedback from participants across all courses is uniformly positive, including for courses amended to take into account of delivery challenges created by the pandemic.
- Technical Teaching Fellowships: Four Fellows funded this year and supported to promote a model of professional excellence in delivery of technical education, and to disseminate effective practice around improving the quality of technical teaching and training.
- Safeguarding and Prevent (inc. ETF Learners): Our offer in this area included online training available for teachers on how to meet and make effective use of the requirements of the Prevent agenda (also for use by / with learners) as well as an extremely well attended series of forums.

Workforce Development: Leaders, Managers, Chairs and Governors' Support

- Chief Finance Officers (CFO) Programme: Supported CFOs to become more effective strategic business partners within their organisations and to work better with their CEO / Principal to drive strategy forward. The participants attended a residential CPD programme and follow up sessions.

- CEO Mentoring: Support provided to develop the capacity of senior leaders, through alumni events and mentoring. This focused on colleges with financial and other specific challenges and is a popular part of the leadership offer.
- Diversity in Leadership: Programme designed to improve management team decision making through encouraging diversity. It included a Women-in-Leadership programme to support a pipeline of women to senior leadership.
- First line leadership programme (Stepping into Leadership): Programme supported participants recently appointed to management roles. Activities included action learning to support participants overcome specific leadership challenges.
- Leading from the middle: Programme supported middle managers through a range of activity including face-to-face immersive days, bespoke online content, 1:1 mentoring, webinars and focused learning activities to meet the needs of a specific organisational challenge. It included a series of masterclass alumni events for middle managers aspiring to senior leadership.
- New to senior leadership: A new pilot programme enabled newly appointed senior leaders to take up their roles more effectively and forge a cross-sector cadre of leaders. Facilitated through a blend of theory 'bursts', leadership skills development, exploring knowledge and evidence, debate and facilitated group discussions, and learning from leaders, from the FE sector and the wider system.
- Prep for CEO: Programme supported experienced FE leaders who seek to move into the CEO / Principal role to be able to better articulate purpose and set vision and think strategically in the short, medium and long term. Targeted module delivery to encourage network events to a cohort of participants and through alumni events.
- Strategic Leader Programme (SLP): The SLP was partly oriented to help CEOs deal with the issues presented by Covid-19 and took place online. Some modules deferred until face to face is an option, at the request of participants. Activities included mentoring, network learning groups and cutting-edge classes delivered by world class leaders offering a deeper understanding of important trends in the sector and the political complexities of top tier leadership.
- Chairs' Leadership Programme: A cohort of chairs supported to reflect on their role as governance leaders and to identify ways in which they can further enhance the value they add to the board and their wider organisation. Facilitated through targeted module delivery and alumni events.
- Continuing support of governors: A range of activities supported and facilitated the successful recruitment of governors to the sector, from regional events to governor and student governor inductions. Themes included: 'ensuring board members are equipped with the necessary skills and knowledge to fulfil their responsibilities', and 'providing a comprehensive and structured approach to board member induction and their ongoing development.
- Governor Development Programme: A range of CPD modules has been developed and delivered to governors focusing on search and succession planning, sustainable education, board evaluations.
- Governance Professionals Development Programme: Programme provided support for governance professionals. In particular, this focused on role expansion from administrator of the board to technical adviser and strategic enabler, a critical role in meeting the administrative and procedural requirements of boards, and enabling efficient, effective discussion and decision making.

Sector Recruitment

- FE Advice: A team of experts has provided specialist advice and guidance to potential new recruits into FE teaching. FE advisors also supported existing teachers considering a move in the sector and want to explore training which might help them. Enquiries have focused on SEND, maths, English, schools to FE, and apprenticeships.

- SET for Teaching Success: Programme successfully provided a wide range of support for high quality STEM staff. It focused on recruiting and training graduates and industry professionals to become SET (Science, Engineering and Technology) teachers by providing a 2-year Post-Graduate Certificate of Education (PGCE) plus wider technical knowledge, skills enhancement and work placements for recent graduates.
- Taking Teaching Further: TTF successful in recruiting a high number of industry experts into FE teaching. Funding now provided for the qualification, shadowing / mentoring and a reduced timetable, plus a focus on 15 technical subject areas.
- Talent to Teach: Programme successfully recruited high numbers of talented people to support the increase in the FE teacher talent pipeline. Funding provided to support recruits for the AET (Award in Education and Training), and FE placements.

Professional Membership and Status

- To grow SET: Membership grew by around 3% to around 21.5k. The third annual conference held in November 2020 achieved its highest ever online attendance. A large-scale research survey undertaken to inform future growth plans and aligned the positioning of the new website launch and CRM data migration project.
- To maintain registration of QTLS and ATS: Registrations for QTLS lower than last year due to the pandemic, but better than expected. ATS had its highest ever enrolment of over 100 and supported again by a bursary scheme. A second 'Chartered Teacher' graduation ceremony with the Chartered College of Teaching held in March 2021.
- Continue to improve relationships with existing Corporate Partners: 93% of corporate partners committed to continuing the scheme in March 2021. Number of corporate partners reached 27.

2.3.2. The above provides a summary view of the various activities and achievements of the ETF during 2020-2021. For further detail regarding our impact and public benefit, please refer to the corresponding reports available on the ETF website (<https://www.etf-foundation.co.uk/governance/documents/>).

2.4. ETF Impact and Public Benefit

2.4.1. In 2020-21, the ETF's evaluation practice was constrained by the DfE research moratorium (from March to September 2020) after which more than a dozen external evaluations were rapidly commissioned for delivery by 2020-21 year end. As in previous years, these projects relied on the Kirkpatrick framework for assessing the impact of training interventions on individual participants. Project timescales prevented consideration of wider and longer-term impact. Nevertheless, the ETF has committed to publishing the reports and its plans for implementing its recommendations to strengthen programme quality and impact. The ETF is also evolving its evaluation practice to focus more strongly on reporting impact in the future.

2.4.2. In 2020-21, the ETF produced its annual [Public Benefit](#) and [Impact](#) Reports for 2019-20. The Public Benefit Report showcases ETF Continuing Professional Development programmes and SET. It highlighted the benefits and sustained positive impact both have brought to supporting leaders, teachers and trainers across the FE sector. The Impact Report goes further, discussing the challenges of capturing impact, presenting independent systematic analysis of two dozen programme evaluation reports, and recommending actions for strengthening impact reporting. It found the ETF's strategic objectives are delivered through a dual approach to workforce development: the development of skills, knowledge

and understanding by participating professionals; and community development through engagement with professional networks and collaborative projects. This dynamic dualism has the potential to contribute profound and sustained impact across the sector.

2.4.3. The ETF Impact report for 2019-20 made recommendations for demonstrating impact following the adoption of a new evaluation strategy in 2020-21. Implementation of the strategy began in 2021-22, when commissioned external evaluations included process and impact evaluations of programmes within broad programme areas and adopted theory of change logic models to provide a sharper focus on how programme participation improves professional practice, organisational performance and learner outcomes. Implementation of the strategy in full depends on creating more uniform programme management information, stronger governance for programme participant surveys, the appointment of a single evaluation partner and the introduction of longitudinal evaluation designs spanning more than a single year.

2.5. Education for Sustainable Development (ESD)

2.5.1. The ETF recognises the vital role the FE sector has to play in combating climate change and achieving sustainability and social justice both nationally and globally. To meet our national and global sustainability goals, both the education and employment landscape will need to respond and there are significant implications and opportunities for the sector workforce.

2.5.2. In October 2020 the ETF recruited its first National Head of Education for Sustainable Development (ESD) who has led the development of the ESD strategy, in consultation with various sector stakeholders, to identify how the ETF can add value and enable greater ESD uptake to enhance teaching, learning, assessment and leadership.

2.5.3. The strategy is fourfold:

- Weave ESD content throughout the existing CPD offer;
- Develop specialist ESD CPD;
- Work with others in the sector to create a more enabling environment for ESD in FE;
- Ensure that the ETF as an organisation is walking the walk with its own sustainability performance.

2.5.4. This work will contribute to the strategic objectives and form part of considerations within the SHAPE groups. Progress has been made across all four areas:

1. Solid progress at embedding ESD within the ETF's leadership, governance, initial teacher education and SET offers;
2. Submitting funding bids to finance the development of specialist ESD CPD;
3. The ETF being recognised as an FE thought leader in the ESD space, invited to submit evidence as an expert to the Environmental Audit Committee's parliamentary scrutiny panel on Green Jobs and sit on numerous relevant sector fora;
4. Internal sustainability performance will initially be led by the sustainability SHAPE staff forum who submitted a recommended action plan to SMT in June 2021. The first stage of which is to develop monitoring systems to capture and evaluate robust and comprehensive data.

2.5.5. To give the ETF a baseline for monitoring processes, and to inform work with a robust evidence base the ETF is undertaking two pieces of research for publication in July 2021: Experiences of ESD across the FE workforce and an audit of ESD within the current FE curriculum alongside a number of case studies showcasing existing leadership in the field. In

development is an articulated theory of change for the ETF's work in this field and longer-term ambitions are to equip the sector to deliver impactful and quality ESD.

2.6. Equity, Diversity and Inclusion

2.6.1. The ETF runs a number of programmes aimed at increasing the diversity of the FE sector by challenging bias and reducing barriers to attaining leadership roles for black, Asian, female and other underrepresented groups. The impact of Black Lives Matter, the Me-Too movement (along with the intersectionality of all underrepresented characteristics, as well as neurodiversity) combined with socio-economic inequalities brought about by Covid-19 highlighted the impact these inequalities have on the experience of staff and students in the post-16 sector. These inequalities risk leading to major differences in the educational success of individuals and may ultimately suppress their social and economic mobility. As a result, the ETF has sought to mitigate this risk by working in partnership with sector organisations to implement short- and long-term strategies geared at encouraging and supporting systemic change in the post 16 sector. Change that places equity and inclusion at the fore in balancing these inequalities.

2.6.2. In 2020-21 the ETF has been working with the AoC and other organisations to identify and share progress that practitioners in FE colleges are making in developing and implementing inclusion and diversity strategies within the curriculum and organisational development.

2.6.3. Acting as a thought leader, the ETF is challenging and supporting leaders in FE and training to develop and implement equity and inclusion strategies that impact at governance and CEO level. Equity recognises that each person has different circumstances and allocates the resources and opportunities needed to reach an equal outcome. ETF is also working with partner organisations such as WorldSkills and awarding organisations to amplify the voices of students, practitioners, and leaders.

2.6.4. As an organisation committed to living the values it espouses externally, the ETF is seeking to embed equity, diversity, and inclusion into its DNA through its strategy, SHAPE, its policies, lived practice and in its externally facing programmes. The ETF has engaged Inclusive Employers to support the organisation in developing its internal strategy and action plan. The ETF aims to be an organisation in which diversity is valued for the addition it brings, inclusion is expected, and staff have a strong sense of belonging. Identified steps:

- Ensure staff have a good understanding and awareness of the organisation's vision for diversity and inclusion;
- Equip all staff, managers and leaders through training, policies, and guidance to build equity, diversity, and inclusion into the work they do and the way they work;
- Empower by involving staff through networks, team discussions;
- Embed inclusion and diversity into the organisation's corporate strategy;
- Evaluate diversity and inclusion progress;
- Evolve by continuously learning and drawing on best practice.

2.7. Organisational development: SHAPE

2.7.1. The Board and Senior Management Team (SMT) consider continuing organisational and professional development to be vital to the ETF's success. Under SHAPE, the ETF's organisational development change programme consisting of strategic and cross cutting projects, this development is taking place. 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, sitting alongside the creation and use of common operating systems, policies and procedures.

2.7.2. SHAPE's purpose is to ensure the organisation operates internally as "One ETF" and is recognised and perceived externally as "One ETF" to achieve its strategic priorities. This is achieved through operating in the most efficient and effective way possible to maximise the impact the ETF has, and ensure the sector recognises the full range of support the ETF offers.

2.7.3. Key achievements of SHAPE in 2020-21 included:

- A digital estate review and quick wins exercise to prioritise the medium to long term actions when reviewing and consolidating the ETF's digital estate;
- Considering, developing and testing four career framework prototypes;
- Carrying out external benchmarking in sustainability and equality, diversity and inclusion to drive forward ETF's commitment;
- The implementation of a comprehensive wellbeing support package in response to Covid-19;
- Progressing recommended areas from work with MIND to ensure effective practice linked to staff wellbeing and mental health;
- Continuing to develop new ways of recognising staff achievements (e.g. the launch of an online "recognise a colleague" channel);
- Utilising informal feedback mechanisms to ensure staff are listened to through staff forums, suggestions boxes and short surveys;
- Leading a successful virtual staff away day, with discussion points centred on cross team collaboration and values.

2.7.4. The following table shows the changes in SHAPE's set-up from 2020-21 to 2021-22:

2020		2021
• Wellbeing and Staff Engagement		• Organisation and People
• Digital Estate		• Digital Transformation
• Career Framework		• Products and Propositions
• Learning Organisation		• CI and Learning Organisation
• SET/ETF Pivot		• ONE ETF

2.7.5. Groups will focus on:

- Organisation and People;
- Digital Transformation;
- Products and Propositions;
- Continuous Improvement (CI) and Learning Organisation;
- One ETF.

2.7.6. Staff forums will continue to be run across 1) wellbeing and resilience, 2) environmental sustainability and 3) equality, diversity, and inclusion. Expert organisations are engaged to assess strengths and areas for improvement in all three areas and help develop thinking and plans for 2022.

2.8 The ETF's response to Covid-19

2.8.1. As a result of the Covid-19 pandemic and UK Government advice, the ETF's physical office closed on 19 March 2020. In the run up to the office closure, the ETF's Business Continuity Plan was enacted and escalated to Incident Response through March and April 2020. From 19 March 2020, all staff worked from home; 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 the Board kept oversight of the charity's response to the pandemic. In addition, close contact was maintained with the ETF's funders, DfE, throughout the period and the relationship remains positive.

2.8.2. One of the ETF's first responses to the UK lockdown was to review and, where possible, move 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). Delivery across 2020-21 considered the priorities and challenges faced by the sector, the impact on the workforce, and how our support could be tailored to meet these new needs. A campaign called #ETFSupportsFE showcasing the support that the ETF provided during this period was launched along with a range of commissioned bespoke webinars.

2.8.3 Following preparations to establish a 'Covid-secure' workplace, over the summer of 2020, the ETF office partially reopened based on the following criteria:

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

2.8.4. Further office closures were necessitated as a result of follow up lockdowns. A Covid-19 office risk assessment is published [on the ETF website](#).

2.8.5. Through the period of home working, a package of support 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 and online yoga sessions;
- Wellbeing days (in addition to staff's annual leave entitlement).

2.8.6. The ETF has built into its strategic priorities actions to support the sector with post-Covid recovery activities, including new materials to support delivery which reflect the challenges being faced by the sector and wider society (e.g. Levelling Up).

2.9. Financial review

2.9.1 The ETF's total income from its charitable activities in the year was £37.6m (2019-20: £29.8m) and £0.3m from trading activities (2019-20: £0.2m), total £37.9m (2019-20: £29.9m). Income included:

- £20.5m from Government grant (2019-20: £22.8m);
- £14.7m from Government contract (2019-20: £4.4m);
- £1.7m from Membership and Accreditation income (2019-20: £1.6m); and
- £0.7m from providers, practitioners and non-government grants (2019-20: £1.0m).

2.9.2 The ETF's total expenditure for the year was £32.6m (2019-20: £28.0m) and included:

- £31.3m for Programme & Sector Development (2019-20: £25.7m);
- £0.1m for Research & Data (2019-20: £0.5m);
- £1.2m for Membership and Accreditation (2019-20: £1.8m).

2.9.3 This resulted in an unrestricted surplus for the year of £5.6m. This is stated after provision for payback to DfE of the excess surplus made under the TLPD contract. The majority of this surplus will be reinvested in delivery activities for this contract and more generally for furtherance of ETF's charitable objectives to support the improvement of teaching and learning in the FE sector.

2.10. Reserves policy and going concern

2.10.1 Restricted reserves at the end of the year were £0.2m (2019-20: £0.4m). This represents grant funding that the ETF has received in advance of delivery costs being incurred.

2.10.2 Unrestricted reserves carried forward at the end of the year were £12.7m (2019-20: £7.1m). Unrestricted reserves are available for use in support of the ETF's charitable purposes.

2.10.3 With some Government income moving from grant to contract and payment in arrears, the unrestricted reserves required to cover fluctuations in working capital is estimated at £1.2m (2019-20: £0.6m). A further £2.5m is earmarked for an orderly wind down of the ETF, should that be necessary at any stage. The remainder will be used in future financial years in connection with the expanding delivery of the TLPD contract and more generally to further ETF's charitable purposes of improving the quality of teaching and learning in the FE sector. This includes investment in ETF's own digital and IT resources.

2.10.4 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.

2.11 Investment policy

2.11.1 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 concern to ensure the security of its resources and minimise risk.

2.12 Grant making

2.12.1 Under the DfE's TTF scheme, the ETF makes grants to providers to help fund innovative projects to attract individuals into the sector and foster collaboration and secondment with industry. All grant awards are approved by the DfE and are subject to rigorous checks to ensure money is being used in accordance with the UK Charity Commission's rule on public benefit.

2.13 Other reporting requirements

2.13.1 Under Section 172 of the Companies Act 2006, the ETF's Trustees, as Directors of the company, have a duty to promote the long term success of the charity. They have done that during 2020-21 by considering the impact of the decisions they make on the future of

the ETF. They have taken into account the views of different stakeholders when making these decisions. The Board considers that it has acted in the best interests of the charity and its beneficiaries.

2.13.2 The Board considers the key stakeholder groups for the ETF to be:

- External stakeholders: who affect the external and corporate reputation of the ETF, including Government departments, other funders, membership bodies, media/political, and key influencers;
- Operational stakeholders: who form part of the ETF's operational delivery space, including delivery partners, suppliers, and competitors;
- Customers: who use or could use ETF's products and services at individual and provider level, including practitioners and FE providers.

2.13.3 The Board engages with and builds its understanding of the respective needs of these stakeholder groups through a number of different means, including:

- Ensuring a diverse range of perspectives on the Board, from sector practitioners and leaders, through to employers;
- Engagement with key stakeholder groups through its Member organisations;
- Formal reporting mechanism for the Society of Education and Training and its Management Board (SMB) to the ETF Board, along with Trustee membership on the SMB;
- Board away days and other opportunities to bring the 'outside in' and better understand the challenges of the sector and wider system.

2.13.4 During 2020-21 the Board has made a number of significant decisions which have impacted on the charity's stakeholders, including:

- Creation and review of ETF's strategic objectives and priorities, resulting in the GLIDE framework;
- Consideration of a number of operational plans which support the achievement of the strategic objectives and priorities, including consideration of the stakeholder operational plan;
- Recruitment of additional trustees to widen the perspectives and strengthen the diversity of the Board.

2.13.5 Additional information regarding Section 172 reporting requirements can be found in the following sections:

- Interests of the charity's employees, see section 2.7;
- Impact of the charity's operations on the community and environment, see sections 2.5 and 2.6;
- Maintaining high standards, see sections 2.3 and 2.4.

2.13.6 The Streamlined Energy and Carbon Reporting (SECR) legislation was implemented on 1 April 2019. The new regulations apply to large unquoted companies, including charitable companies. The regulations require companies to disclose their energy and carbon emissions in their annual reports. For the first time in the year to 31 March 2021, ETF is defined as a "large" organisation, with turnover exceeding £36m and Balance Sheet total (Total Fixed Assets and total Current Assets) exceeding £18m.

2.13.7 However, in the first financial year that an unquoted company meets the qualifying size conditions it is exempt from the SECR disclosures and ETF has taken advantage of this exemption. Initial data indicates that our energy usage for the year to 31 March 2021 was around 46,000 kWh. Further information on ETF's approach to sustainability can be found in section 2.5.

2.13.8 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.

2.14 Plans for 2021-22

2.14.1. In 2021-22, the ETF will further consolidate changes introduced over the last few years to organisational design and the operating model. In 2020-21, several new teams were created to support a split in organisational functions and operating a role culture with the separation of (i) planning and doing and (ii) designing and managing.

2.14.2. Aligned to this change and due to the implementation of a large new contract (TLPD), a significant change to headcount occurred in 2020-21. In 2021-22 and beyond further work will be completed to embed business change and enhance ways of working of a larger and more complex structure.

2.14.3. The advantage of this target operating model enables agility and response on curriculum design and development, meeting DfE and sector needs though the team of National Heads and managing and driving performance improvement through the delivery team. In addition, it allows the Board and the Executive to continue to prioritise and be responsive to sector need in the post-Covid environment.

2.14.4. Through 2020-21 and into 2021-22 the Board and Executive focus on strategic planning and its 3-year strategy (giving due consideration to the long term impact of Covid-19 for the ETF, the sector and wider society) applied across four lenses:

1. Considering ETF's overall mission and vision to 'help support the sector to become a self-improving system';
2. Applying GLIDE organisational objectives to help deliver the strategy;
3. Underpinning the GLIDE objectives with 12 strategic priorities; and
4. Using the SHAPE programme to enable cross-organisational change programmes.

2.15 Governance

2.15.1. 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 were completed:

- 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; and
- introduced a trustee appraisal process, and implemented a new Board committee structure.

2.15.2. Through 2020-21 these governance changes were embedded across the business. We also moved to online meeting arrangements as a result of Covid-19. The Board focused on becoming a 'high performing board' and to improve its diversity, which continues to be a priority.

2.16 Trustee induction and training

2.16.1 New trustees meet with the Chair, CEO, Deputy CEO, Company Secretary, SLT and other members of the SMT as part of the induction. Trustees 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 trustees' interests are reviewed at every Board and Committee meeting.

2.16.2. 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 the ETF's operating environment, strategic priorities and opportunities. The most recent away day was held online on 11 December 2020, with the next session planned on 9 December 2021.

2.17 Risk management

2.17.1. The Board has reviewed and agreed an updated risk management policy and procedure 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 and Risk Committee of the operation of the risk management policy, along with scrutiny of the key strategic risks and the mitigating actions, making recommendations and reports to the Board where necessary;
- Monthly consideration and update of the ETF's corporate risk register by the 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.

2.17.2. At the end of 2020-21, the Board considered the most significant risks to delivery of the ETF's charitable aims. These are outlined below, with the key mitigations and actions:

Risk	Mitigations and Actions
Macro environment and funding	• Ongoing Grant and contract discussions • Responding to the White Paper and feeding into the Spending Review to ensure ETF stays relevant
Digital systems are not fit for purpose	• Implementation of the digital transformation programme, Transform • Re-structure of IT and Digital team
DfE Commercial approach	• Ongoing DfE relationship strategy management, including open dialogue between DfE Commercial and ETF • Development of commercial strategy
Demonstrating and communicating impact	• Development of Evaluation Strategy, with task and finish group established to embed the strategy • Development of comms plan

2.17.3. The Board kept a close review of ETF's responses to the above risks, along with risks linked to Covid-19.

2.18 Pay policy

2.18.1. The Board considers the key management personnel of the charity to be the members of the Senior Leadership Team (SLT), comprising; CEO, DCEO, Director of Finance, Director of Operations, Director of Business Strategy and the Director of Professionalism and Customer Experience (appointed June 2021). The SLT is in charge of directing and controlling, running and operating the charity on a day-to-day basis.

2.18.2. The Board has agreed a pay policy. The pay of staff is reviewed annually by the Board's Remuneration and Search Committee 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's Remuneration and Search Committee makes recommendations to the Board which is responsible for final decisions. In 2021-22 a review of the ETF's pay, benefits, reward and recognition policies will be completed.

2.19. Disclosure of Information to the Auditors

2.19.1. 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 16 December 2021 by:

Prof Peter Latchford OBE
Chair
16 December 2021

David Russell
Chief Executive Officer

3. Statement of Responsibilities of the Trustees

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

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 on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charity's affairs as at 31 March 2021 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.

We have audited the financial statements of the Education and Training Foundation ("the Parent Charitable Company") and its subsidiary ("the Group") for the year ended 31 March 2021 which comprise the Consolidated statement of financial activities, the Consolidated and Charity balance sheets, the Consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain 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.

Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' (Who are the Directors) use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

Other information

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

Other Companies Act 2006 reporting

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

- the information given in the Trustees' 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 Trustees' Report, which are included have been prepared in accordance with applicable legal requirements.

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 misstatements in the Trustees' report or Strategic 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 Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Trustees' report and from the requirement to prepare a Strategic report.

Responsibilities of Trustees

As explained more fully in the Trustees' Responsibilities statement, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud
- Reviewing minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC and the DfE to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility
- Reviewing items included in the fraud register as well as the results of internal audit's investigation into these matters
- Challenging assumptions made by management in their significant accounting estimates
- In addressing the risk of fraud, including the management override of controls and improper income recognition, we tested the appropriateness of certain manual journals, reviewed the application of judgements associated with accounting estimates for the indication of potential bias and tested the application of cut-off and revenue recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to

fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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, UK

Date: 17 December 2021

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

5. Consolidated statement of financial activities

	Note	2020-21 Unrestricted £000	2020-21 Restricted £000	Total £000	2019-20 Unrestricted £000	2019-20 Restricted £000	Total £000
Income:							
Income from charitable activities:							
Grant Income	4	-	20,637	20,637	-	22,865	22,865
Professional Development		15,253	-	15,253	5,346	-	5,346
Accreditation		787	-	787	760	-	760
Membership		936	-	936	803	-	803
		<u>16,976</u>	<u>20,637</u>	<u>37,613</u>	<u>6,909</u>	<u>22,865</u>	<u>29,774</u>
Income from trading activities:							
Property Rental		295	-	295	106	-	106
Other		48	-	48	33	-	33
Investment Income	5	4	-	4	33	-	33
Total Income		<u>17,323</u>	<u>20,637</u>	<u>37,960</u>	<u>7,081</u>	<u>22,865</u>	<u>29,946</u>
Expenditure:							
Expenditure on charitable activities:	6	(11,720)	(20,876)	(32,596)	(4,420)	(23,534)	(27,954)
Total Expenditure		<u>(11,720)</u>	<u>(20,876)</u>	<u>(32,596)</u>	<u>(4,420)</u>	<u>(23,534)</u>	<u>(27,954)</u>
Net income and movement in funds for the year		5,603	(239)	5,364	2,661	(669)	1,992
Reconciliation of funds							
Total funds brought forward		7,130	424	7,554	4,469	1,093	5,562
Total funds carried forward		<u>12,733</u>	<u>185</u>	<u>12,918</u>	<u>7,130</u>	<u>424</u>	<u>7,554</u>

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

The notes on pages 28 to 41 form part of these financial statements.

6. Consolidated and Parent Charity Balance Sheets

	Note	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Fixed assets					
Intangible assets	12	542	542	-	-
Tangible assets	12	93	93	-	-
		635	635	-	-
Investment in subsidiary	13	-	1	-	1
		635	636	-	1
Current assets					
Debtors	14	1,285	1,481	997	1,083
Cash at bank and in hand		24,162	24,103	12,788	12,643
		25,447	25,584	13,785	13,726
Liabilities					
Creditors: amounts falling due within one year	15	(13,164)	(13,302)	(6,231)	(6,173)
Total assets less current liabilities		12,918	12,918	7,554	7,554
Net assets		12,918	12,918	7,554	7,554
Unrestricted income funds	18	12,733	12,733	7,130	7,130
Restricted income funds	19	185	185	424	424
Total funds		12,918	12,918	7,554	7,554

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 2021, the charity results showed a surplus of £5,364k (2019-20 surplus of £1,992k). The financial results of the charity are summarised in note 3.

The notes on pages 28 to 41 form part of these financial statements.

These financial statements were approved by the trustees on 16 December 2021 and were signed on their behalf by:

Prof Peter Latchford OBE
Chair

7. Consolidated statement of cash flows

	Note	Group 2020-21 £000	Group 2019-20 £000
Cash provided by operating activities	22	11,370	1,912
Cash flows from investing activities			
Interest income		4	33
Increase in cash and cash equivalents in the year		<u>11,374</u>	<u>1,945</u>
Cash and cash equivalents at the beginning of the year		12,788	10,843
Total cash and cash equivalents at the end of the year		<u>24,162</u>	<u>12,788</u>

The notes on pages 28 to 41 form part of these financial statements.

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 2021-22 including the reserves that will be available to support trading after that period. The Board has also recently reviewed the out-turn forecast position for 2022.

The Board has 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.

In conjunction with this, considering Covid-19 and the continual potential operational and financial impact on the ETF the Board also considered a reverse stress test, 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.

8. Notes to the accounts (continued)

1. Accounting policies (continued)

d) Income (continued)

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 is recognised on an accruals basis. Income from rental and investment activities is recognised on an accruals 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, investment in business development initiatives and generally for the furtherance of the charitable objective to support the improvement of teaching and learning in the FE sector.

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.

8. Notes to the accounts (continued)

1. Accounting policies (continued)

h) Fixed assets and depreciation

Individual fixed assets or groups of assets costing in excess of £5,000 are capitalised at cost and 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 2020-21, employer's contributions of £13,899 (2019-20: £13,772) were paid to Aviva. ETF contributes 6% of the employee's pensionable salary into the Standard Life scheme. For 2020-21, employer's contributions of £45,318 (2019-20: £74,746) were paid to Standard Life.

ETF contributes 6% of the employee's pensionable salary into the Aviva auto-enrolment scheme. For 2020-21, employer's contributions of £302,923 (2019-20: £125,340) 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.

8. Notes to the accounts (continued)

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 SET. The results for the charity alone are shown below:

	2020-21			2019-20		
	Unrestricted £000	Restricted £000	Total £000	Unrestricted £000	Restricted £000	Total £000
Income:						
<i>Income from charitable activities:</i>						
Government grant	-	20,537	20,537	-	22,794	22,794
Non-Government grant	-	100	100	-	71	71
Government contract	14,685	-	14,685	4,439	-	4,439
Professional Development	568	-	568	907	-	907
Accreditation	787	-	787	760	-	760
Administration services to subsidiary	24	-	24	24	-	24
Donation from subsidiary	196	-	196	7	-	7
Other income	48	-	48	14	-	14
	16,308	20,637	36,945	6,151	22,865	29,016
Property rental income	295	-	295	106	-	106
Seconded staff	-	-	-	-	-	-
Investment income	4	-	4	33	-	33
Total Income	16,607	20,637	37,244	6,290	22,865	29,155
Expenditure:						
Expenditure on charitable activities	11,004	20,876	31,880	3,628	23,534	27,162
Total expenditure	11,004	20,876	31,880	3,628	23,534	27,162
Net income and movement in funds for the year	5,603	(239)	5,364	2,661	(669)	1,992
Reconciliation of funds:						
Total funds brought forward	7,130	424	7,554	4,469	1,093	5,562
Total funds carried forward	12,733	185	12,918	7,130	424	7,554

8. Notes to the accounts (continued)

4. Government Grants and Contracts

The ETF received a Government grant of £20.5m in 2020-21 (2019-20: £22.8m) from the Department for Education. Included within Creditors is a sum of £465k of unspent grants to be repaid to DfE. The ETF also received grants of £50k from the Royal Commission for Technical Teaching Fellowships and £50k from the Gatsby Foundation for Further Forces.

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.

In the year to 31 March 2021 ETF received income from three Government contracts, the most significant of which was for TLPD. The total of £14.7m shown includes £13.0m from the TLPD contract, stated after making a provision of £1.5m for payback of surplus generated from this contract to the DfE. See also Note 23 regarding contingent liability.

5. Investment income

All the group's investment income of £4,130 (2019-20 £33,329) 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	2020-21 Total cost £000	2019-20 Total cost £000
Professional development	11,946	3,060	1,417	986	17,409	10,269
Sector development	10,598	1,493	1,141	613	13,845	15,419
Research and data	67	9	7	47	130	500
Membership and accreditation	508	604	-	100	1,212	1,766
	23,119	5,166	2,565	1,746	32,596	27,954

7. Grants Awarded

Grants of £4.6m have been awarded to various providers as part of the Government's TTF Scheme (2019-20: £2.8m) and grants of £1.4m have been awarded under the Mentoring scheme (2019-20: nil).

8. Notes to the accounts (continued)

8. Net income for the year

This is stated after charging:

	2020-21 £000	2019-20 £000
Operating leases - property	547	289
Governance costs:		
External Auditor's remuneration		
- Audit fees	54	36
- Other advice	6	5
Internal Auditor's remuneration	10	10
Legal and Professional	15	28
Trustees remuneration & expenses	29	41
	114	120
Depreciation	28	-

9. Staff

The average number of staff, including senior post holders, employed across the ETF Group during the year ended 31 March, expressed as full-time equivalents (FTEs):

	2020-21	2019-20
Total number of FTEs	132	69
Total number of heads	141	75

Staff costs included within expenditure on charitable activities are:

	2020-21 £000	2019-20 £000
Salaries and wages	6,455	3,542
Social Security costs	682	405
Pension costs	362	214
Termination payments	78	12
	7,577	4,173

8. Notes to the accounts (continued)

9. Staff (continued)

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

	2020-21	2019-20
£60,000 - £69,999	13	6
£70,000 - £79,999	1	1
£80,000 - £89,999	1	1
£90,000 - £99,999	2	-
£120,000 - £129,999	-	1
£130,000 - £139,999	1	-
£140,000 - £149,999	-	1
£170,000 - £179,999	1	-

The ETF organisation structure includes a Senior Leadership Team (SLT) and an Operational Senior Management Team (SMT). The Board considers the CEO, DCEO, Director of Finance, Director of Operations, Director of Business Strategy and the Director of Professionalism and Customer Experience (appointed to SLT June 2021) to comprise the key management personnel. For 2020-21 this is for 5 FTE and in the prior year 2019-20 this comprised 4.4 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>	
	2020-21	2019-20	2020-21	2019-20
	£	£	£	£
Salaries and wages	580,268	487,600	177,970	148,756
Social Security costs	74,006	61,930	23,346	19,338
Pension costs	32,336	43,281	8,202	24,608
	686,610	592,811	209,518	192,702

It should be noted that the salary shown above for 2020-21 for the highest paid individual includes residual bonus payments, relating to earlier years. No bonuses have been awarded in respect of the financial year 2020-21 and there is no longer a bonus element to the remuneration package.

8. Notes to the accounts (continued)

10. Trustees' remuneration and expenses

	2020-21	2019-20
	£	£
S R Freer	-	6,720
P Mullins	-	13,446
R Musson	8,000	6,052
P Latchford	20,400	16,872
Reimbursement of trustees' expenses	181	9,265
	28,581	52,355

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) and the Chair of the A&R Committee (R Musson) are contracted and remunerated. No pension contributions are made on their behalf.

No other trustee received any remuneration or received any other benefit from the ETF. Travel, accommodation, and subsistence expenses were reimbursed to 1 trustee during the year (2019-20: 10 trustees).

8. Notes to the accounts (continued)

11. Related party transactions

AoC, AAETO-HOLEX, NUS, Natspec and TUC were the Members of the ETF throughout 2020-21 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.

Other than direct services to the Board (e.g. Audit), 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.

	2020-21 spend	2019-20 spend	2020-21 balance due (to)/from	2019-20 balance due (to)/from
	£000	£000	£000	£000
Activate Learning	51	77	-	-
Association of Employment and Learning Providers	42	226	(21)	-
Association of Adult Education and Training Organisations	35	11	-	-
Association of Colleges (AoC)	1,055	2,633	(290)	(305)
Association of Colleges (AoC)	-	-	10	-
AoC Regional Office - East Midlands (EMFEC)	285	1,596	-	-
AoC Create Limited	442	315	(289)	(169)
Candour Collaborations Ltd	NA	97	-	-
Pearson's	293	907	(194)	-
Learning & Work Institute	47	190	(24)	(108)
NatSpec	30	18	-	(8)
University of Derby	NA	2	-	-
Wakefield College Corporation	73	85	(61)	-
Women's Leadership Network	50	28	(10)	-
	2,403	6,185	(879)	(590)

8. Notes to the accounts (continued)

12. Fixed assets – group and charity

	Computer Software Intangible £000	Computer Hardware Tangible £000	Total £000
Cost			
Opening Balance 1 April 2020	87	83	170
Additions	542	121	663
Disposals	-	-	-
Closing Balance 31 March 2021	629	204	833
Depreciation			
Opening Balance 1 April 2020	87	83	170
Charge in year	-	28	28
Closing Balance 31 March 2021	87	111	198
Net Book Value 31 March 2021	542	93	635
Net book Value 31 March 2020	-	-	-

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 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Trade debtors	721	721	466	466
Prepayments	65	65	64	64
Accrued income	498	498	430	430
Amounts owing from subsidiary company	-	-	-	79
Accrued donation by subsidiary company	-	196	-	7
Other debtors	1	1	37	37
	1,285	1,481	997	1,083

8. Notes to the accounts (continued)

15. Creditors: amounts falling due within one year

	Group 2021 £000	Charity 2021 £000	Group 2020 £000	Charity 2020 £000
Trade creditors	7,600	7,600	3,831	3,831
Grants payable	-	-	507	507
Accruals	1,770	1,768	1,001	992
Deferred income	1,650	1,561	601	552
Taxation and social security	321	321	206	206
Amounts owing to subsidiary company	-	229	-	-
Provision for TLPD contract payback to DfE	1,500	1,500	-	-
Other creditors	323	323	85	85
	13,164	13,302	6,231	6,173

16. Deferred Income

Deferred income comprises the SET membership fees in respect of 2021-22 invoiced before 31 March 2021, 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 2021. Deferred income also includes grant income received within the year to 31 March 2021, the conditions for which are not satisfied through delivery until 2021-22

	Group 2021 £000	Charity 2021 £000
Balance at 1 April	601	552
Amount released to income earned from charitable activities	(601)	(552)
Amount deferred in year	1,650	1,561
Balance at 31 March	1,650	1,561

Total Deferred income in the Charity comprises of Government grants £769k (includes £465k payback re Management fee overclaimed), non-Government grants £40k, Professional Development £452k and maths & English (TLPD) £300k. The Group figure includes SET membership fees in advance of £89k.

17. Analysis of Group net assets in funds

	Unrestricted £000	Restricted £000	Total £000
Cash in bank and in hand	23,977	185	24,162
Other net assets (liabilities)	(11,244)	-	(11,244)
	12,733	185	12,918

8. Notes to the accounts (continued)

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
2020-21					
Society for Education and Training	20	936	(731)	7	232
Designated funds, of which:	-				
- Wind-down of ETF	2,550	-	-	-	2,550
- Strategic investment reserve	1,200	-	-	-	1,200
General fund	3,360	16,387	(10,989)	(7)	8,751
	7,130	17,323	(11,720)	-	12,733
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)	-	7,130

19. Analysis of movements in restricted funds

	Funds at start of year £000	Incoming resources £000	Resources expended £000	Funds at end of year £000
2020-21				
DfE grant	207	20,537	(20,675)	69
SET for Success	217	-	(101)	116
Further Forces	-	50	(50)	-
TVET	-	50	(50)	-
	424	20,637	(20,876)	185
2019-20				
DfE grant	876	22,700	(23,369)	207
Home Office grant	-	94	(94)	-
SET for Success (previously shown as BIS)	217	-	-	217
Gatsby Foundation	-	45	(45)	-
Royal Fellowship	-	26	(26)	-
	1,093	22,865	(23,534)	424

Of the total 2020-21 DfE grant received it has been agreed that a sum of £465k will be refunded to the DfE. The total of £20,537k shown above is net of this sum. Unspent grant of £69k, due to timing of delivery, will be spent in 2021-22.

The balance of £116k of the Grant for SET for Success has been carried forward.

8. Notes to the accounts (continued)

20. Lease commitments

ETF and the charity had the following lease commitments as at 31 March 2021:

	2020-21 £000	2019-20 £000
Operating lease - property rental		
Payments due within one year	509	547
Payments in 2-5 years	1,105	1,279
	1,614	1,826
Operating lease - sub-rental income		
Payments due within one year	(88)	(199)
Payments in 2-5 years	-	(66)
	(88)	(265)

21. Subsidiary company

ETFS is a wholly-owned subsidiary of the charity, which operates SET. The retained profit of the subsidiary alone is:

	2020-21 £000	2019-20 £000
Turnover		
Membership subscriptions	936	803
Other Income	-	19
	936	822
Cost of sales and administration cost	(740)	(815)
Excess of income over expenditure	196	7
Gift aid donation to parent charity	(196)	(7)
Retained Profit/(Loss)	-	-

The assets and liabilities of the subsidiary are:

Current assets	59	145
Current liabilities	(58)	(144)
	1	1
Aggregate share capital and reserves	1	1

8. Notes to the accounts (continued)

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

	Group 2020-21 £000	Group 2019-20 £000
Net movement in funds	5,364	1,992
Add back depreciation charge	28	-
Deduct interest received	(4)	(33)
(Increase)/Decrease in debtors	(288)	826
Increase/(Decrease) in creditors	6,933	(873)
Payments made to acquire Fixed Assets	(663)	-
Net cash provided by operating activities	11,370	1,912

23. Contingent Liability

The ETF is in on-going discussions with the DfE regarding the extent of the surplus generated under the TLPD contract during the year to 31 March 2021. The ETF's position on this is that there is a fair sum which could and should reasonably be repaid to the DfE. This figure of £1,500k is included within current liabilities. It is a complicated contract and the DfE position is that there is a potential maximum sum payable of up to £4,800k for the year to 31 March 2021. As such there is currently a degree of uncertainty regarding the level of any further payments which may be settled relating to the year to 31 March 2021, up to a maximum liability of £3,300k.

Furthermore, the DfE position regarding the pricing of the TLPD contract potentially has implications for the prior year to 31 March 2020, with a maximum further liability of £2.7m, should a similar methodology be applied by DfE to the early months of the contract.

24. Post balance-sheet events

In July 2021, ETF signed a Transfer Agreement with ETFS transferring ETFS trade and assets to ETF.

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
ESOL	English to Speakers of Other Languages
FD	Finance Director
FTE	Full Time Equivalent
FE	Further Education and Training
GAAP	Generally Accepted Accounting Principles
HR	Human Resources
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
SLT	Senior Leadership Team

SMT
SET
SEND

Senior Management Team
Society for Education and Training
Special Educational Needs and
Disabilities