

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023



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About the Education and Training Foundation (ETF)

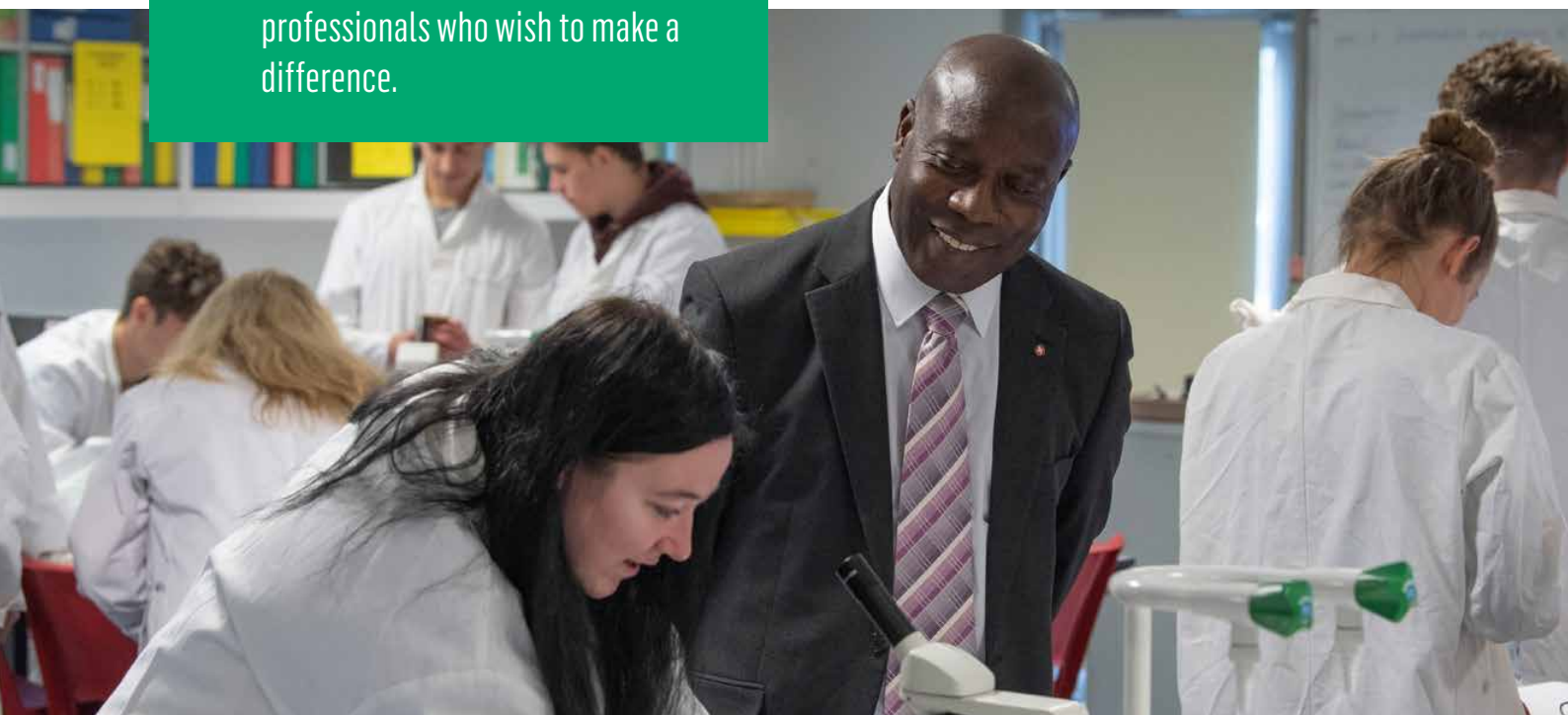
Education and Training Foundation (ETF) is the workforce development body for the Further Education (FE) and Skills sector. We work in partnership with others to deliver professional learning and development for teachers, trainers and leaders. We focus on sector needs and, with government and partners' 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.

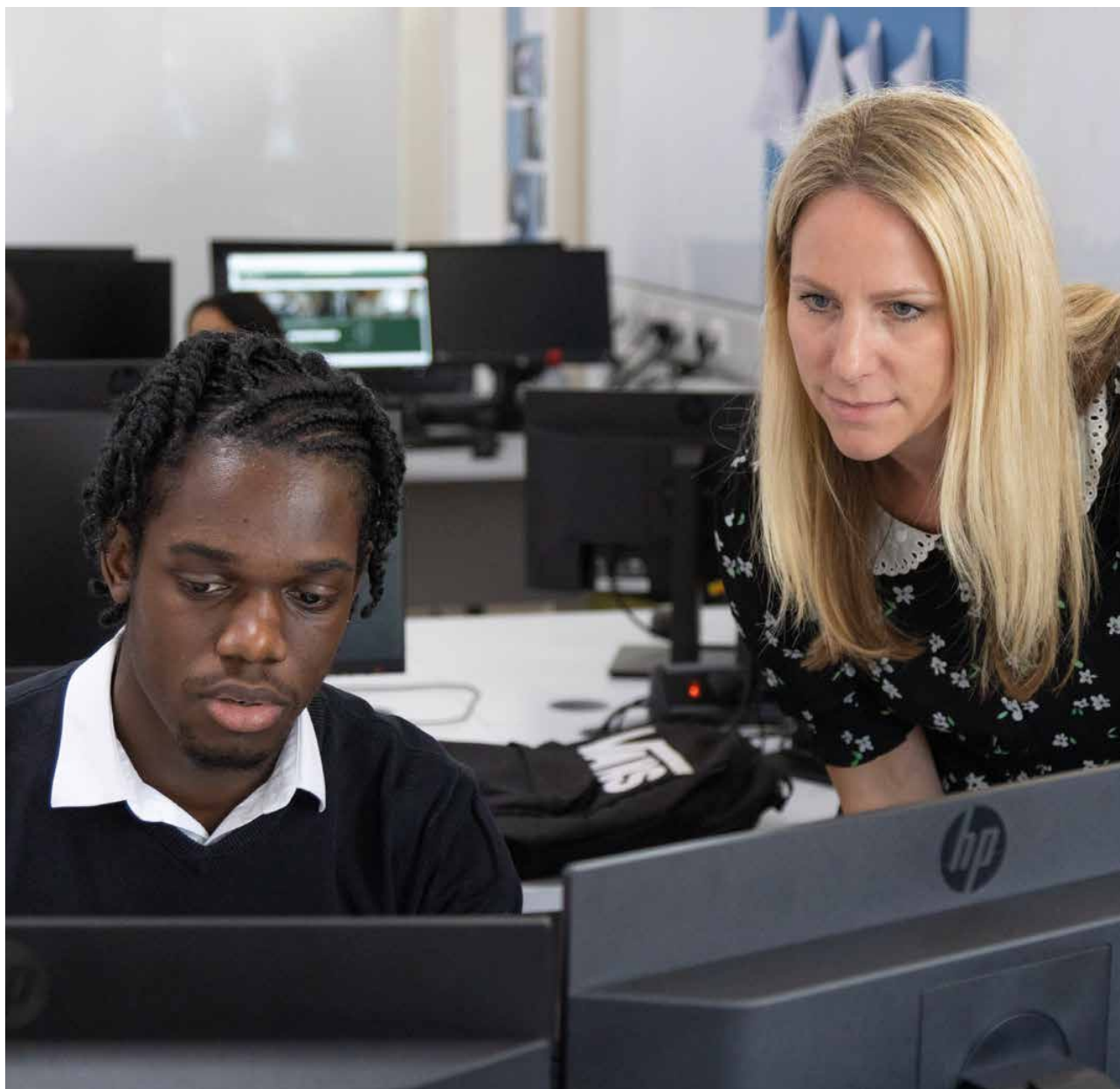


- **Governance and governor development** featured development activities and mentoring for governors, governance professionals and chairs, as well as a network of support providing a safe space for exploration and problem solving. The offer supports the strengthening of governance capacity and capability 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.

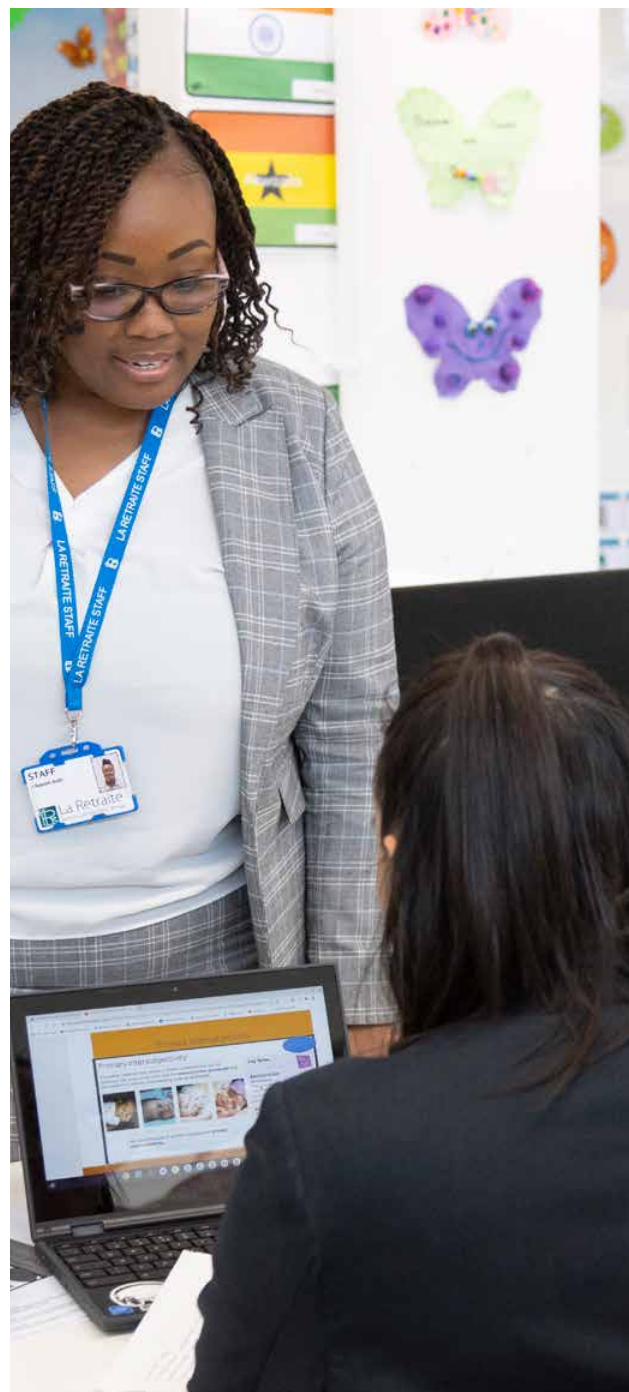
Free reserves at year end were £6.2m (free reserves being total reserves, less restricted reserves, less designated reserves and less fixed assets).

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.



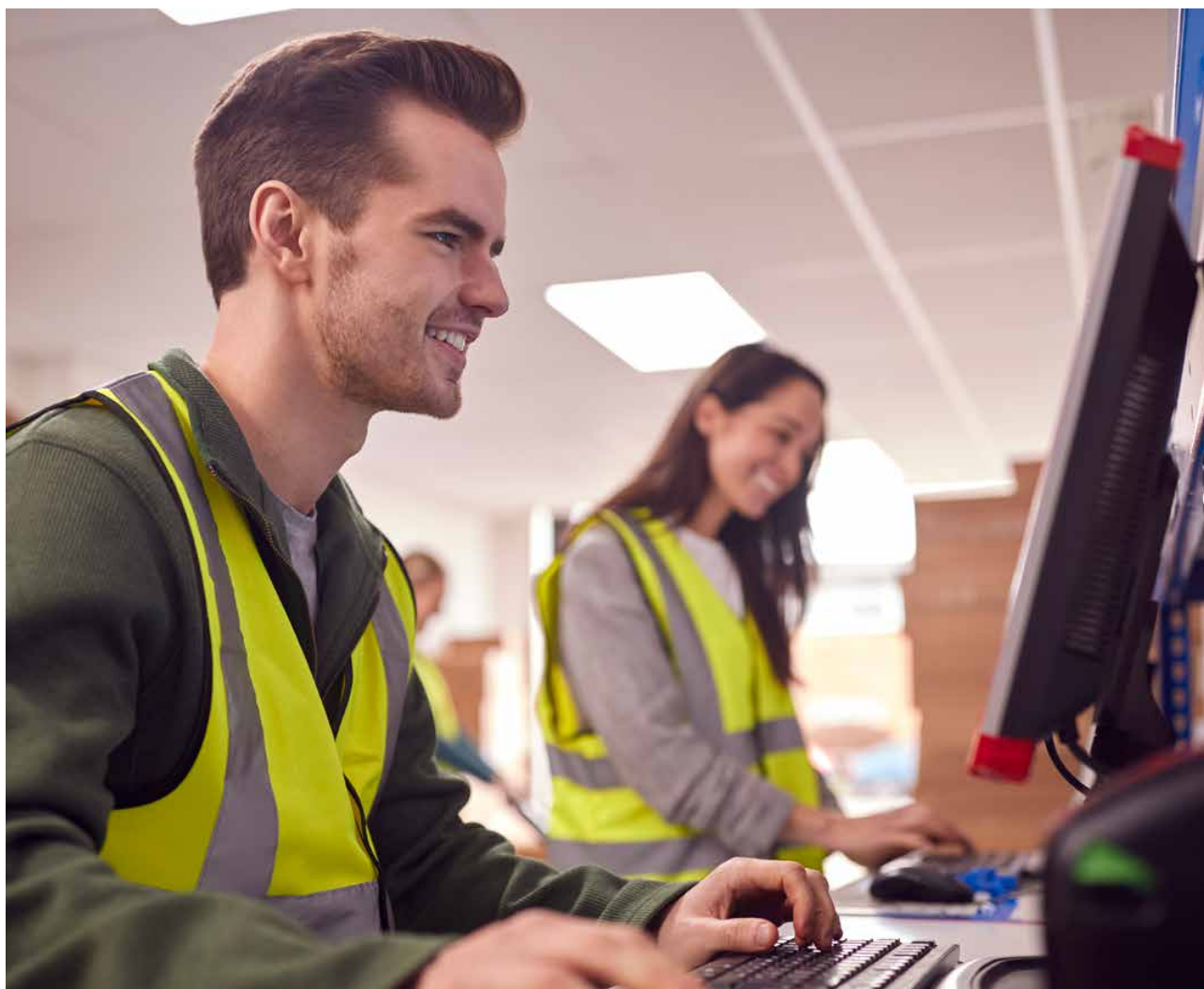
2.11 Grant making

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.

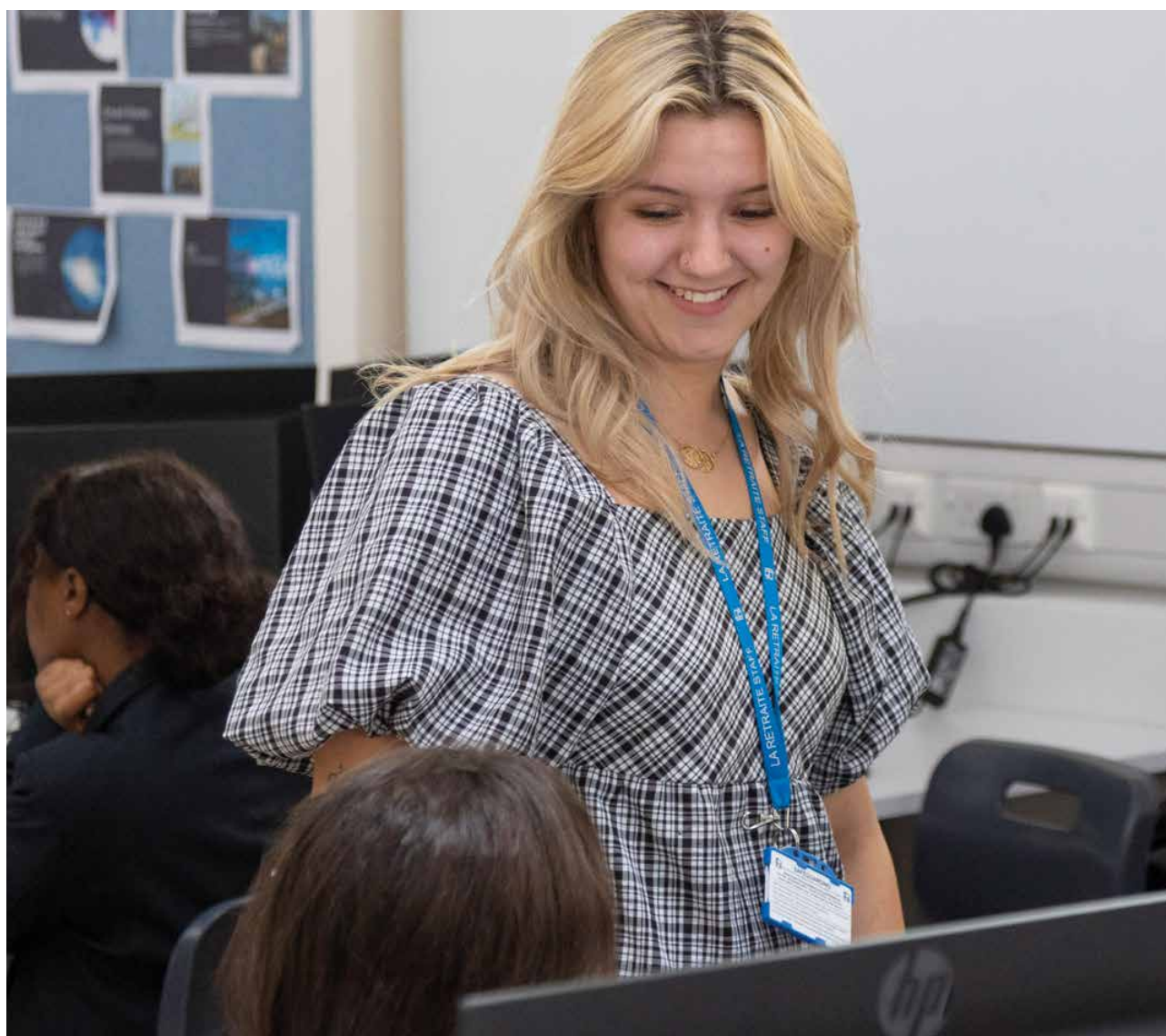
Trustees are appointed and reappointed by the ETF Board. A recruitment procedure outlines how the Board seeks the input of ETF's Members in the recruitment of new Trustees. Trustees may serve a maximum of two three-year terms on the Board (with a third term permitted in exceptional circumstances). Further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



7

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

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