



Institute for Apprenticeships  
& Technical Education

# Annual Report and Accounts for year ended 31 March 2019

# **Institute for Apprenticeships and Technical Education Annual Report and Accounts 2018-19**

**Presented to Parliament pursuant to paragraph 11(2) of schedule A1 to The  
Apprenticeships, Skills, Children and Learning Act 2009**

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# Who we are

The Institute for Apprenticeships and Technical Education (the Institute) is a non-departmental public body (NDPB) sponsored by the Department for Education and established in April 2017.

## What we do and how we operate

As an employer-led organisation we work with employers to develop and approve high-quality apprenticeships and technical qualifications that provide the skills required in England’s workforce. By addressing the skills gap we support the UK economy, address the nation’s productivity problem, and help employers in England to compete globally. By giving individuals the skills they need to succeed, progress and thrive, we are enabling them to realise their potential.



Sir Gerry Berragan  
Chief Executive

Rob Nitsch  
Chief Operating  
Officer

Peter Schild  
Chief Financial  
Officer

Ana Osborne  
Approvals

Lucy Rigler  
Funding



Carmel Grant  
Technical Education  
(Implementation)

Chris Morgan  
Technical Education  
(Commercial)

Alex Wilson  
Digital and Data  
Science

Nikki Christie  
Assessment and  
Quality

Jonathan Mitchell  
Standards development

## Developing, approving and reviewing apprenticeship standards and technical qualifications

We work with groups of employers called trailblazers and T Level panels who develop the apprenticeships and technical qualifications. These are approved by our Route Panels of industry experts and by our Board. These apprenticeships and technical qualifications must meet the quality criteria to ensure a high-quality apprenticeship or technical qualification that works for the learner, the employer and the economy. The Institute has now started to review established apprenticeships to ensure they continue to meet the needs of employers and apprentices.

# Performance report

## Ensuring quality across the system

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We lead the Quality Alliance – a group consisting of regulatory bodies from across the apprenticeship and technical education landscape – who set out the standards they expect to see in high-quality apprenticeships.

Our statutory role in this domain is twofold: first, designing in quality at the outset, by helping trailblazers to develop and then approving high quality occupational standards and assessment plans; and then, at the end, by ensuring evaluations of the quality of end point assessment.

The combination of both of these measures provides employers and apprentices with confidence that the training and end point assessment for all apprenticeship standards are relevant and reliable in ensuring current occupational competence.



## Ensuring apprenticeships are appropriately funded

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The Government provides funding for the training and assessment elements of an apprenticeship.

Our role is to consider the cost of delivering high-quality training for an apprenticeship and make a recommendation to the Government on the maximum level of funding that should be made available.

Our aim is that the apprenticeship is appropriately funded to deliver a high level of training whilst ensuring value-for-money for the taxpayer, and that the funding can benefit as many apprentices as possible.



# Our mission

*Our mission is to improve access to high-quality apprenticeships and technical education in order to transform the skills landscape*

## Our strategy is based upon three Strategic Principles:

### Efficient, quality solutions ●

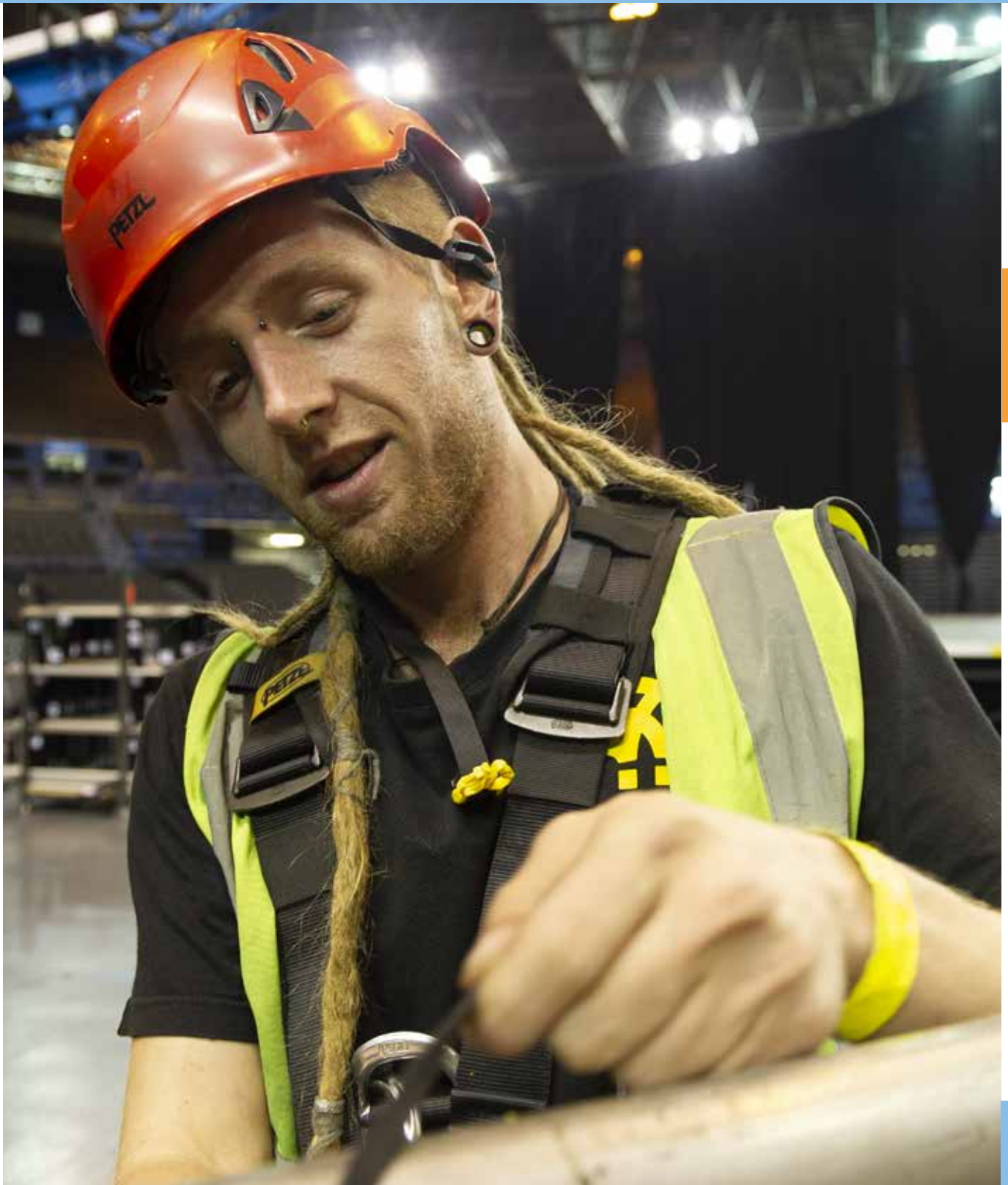
Efficient and effective systems which continuously improve the delivery of the Institute’s accountabilities for technical education, ensuring credible and enduring technical qualifications within T Levels and timely, quality occupational standards, assessment plans and funding band recommendations that remain relevant and meet the needs of employers and apprentices.

### Collaborative relationships ● ●

Establishing and harnessing effective relationships with stakeholders to enrich the work of the Institute, extend understanding and amplify its impact by engaging widely, listening and acting with transparency. Releasing the potential of our staff by building an Institute that is a brilliant place to work.

### Building credibility and transforming the landscape ● ● ●

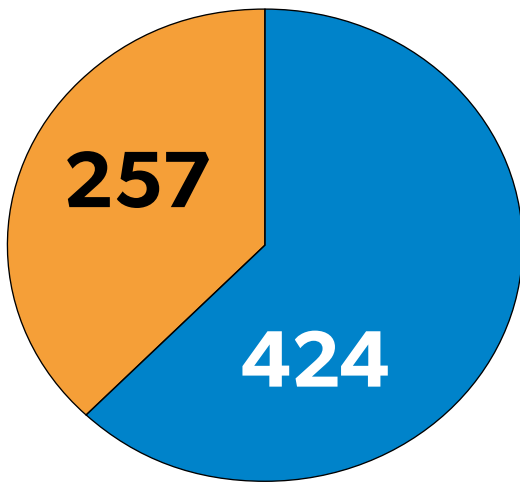
Increasing the Institute’s impact, influence and reputation for the benefit of the technical education reform programme by delivering lasting and sustained positive effect through the evidence we provide, the clarity with which we present it, the support we give and the thoughts and ideas we generate.





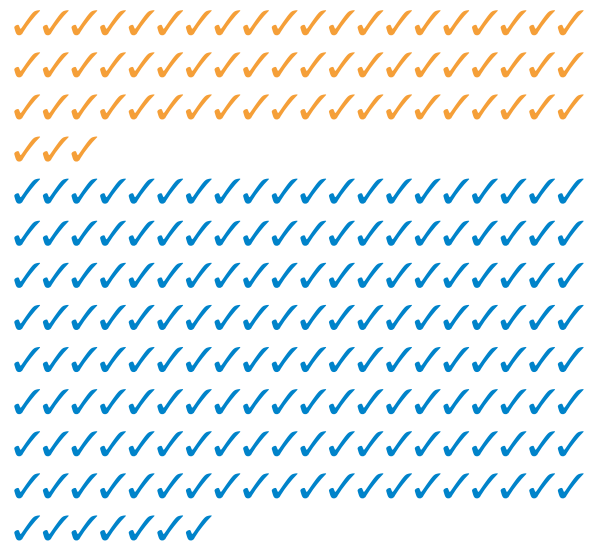
# Our year in numbers

## Standards approvals target exceeded



424 Standards approved for delivery, up from 257 at the start of the year. We set ourselves the target of achieving 400 approved standards in this financial year; that was achieved almost two months early

## Standard approval rate doubled



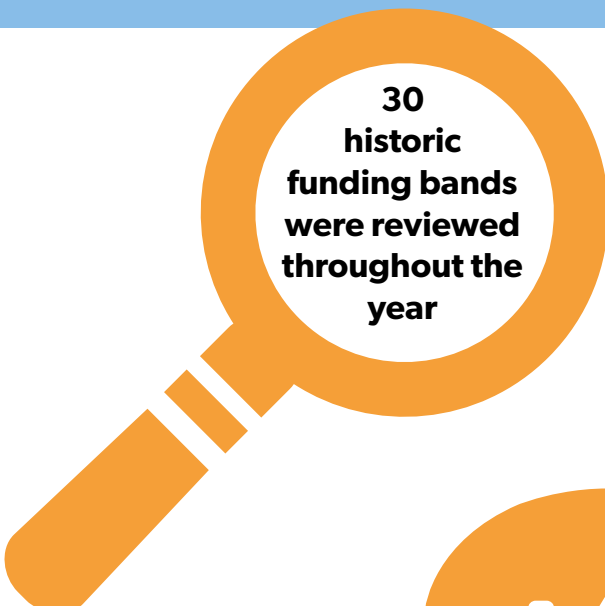
More than doubled the rate at which standards are approved - from 63 in 2017-18 to 167 in 2018-19

# 470



more than 470 trailblazer groups across all sectors of the UK





**30  
historic  
funding bands  
were reviewed  
throughout the  
year**

**71%**  
**Apprentices  
say chances of  
earning more  
have increased**



## Staff



146 permanent  
employees, up from 89



**Digital  
pilot  
statutory review  
was completed at  
the end of March  
2019**

# T-LEVELS

**THE NEXT LEVEL QUALIFICATION**

The Institute formally assumed its responsibilities for technical education on 31 January 2019 and contracts were awarded for the first 3 T Level pathways in February 2019.

Wave 2 procurement delivered 2 weeks ahead of schedule

# Foreword from the Chief Executive



## ***An introduction from the Chief Executive Sir Gerry Berragan***

I am pleased to introduce the second Annual Report and Accounts for the Institute for Apprenticeships and Technical Education (the Institute) just months after we celebrated our second birthday.

Since our inception in April 2017, the Institute has grown from a handful of people to a team of nearly 150 split across offices in Coventry and London. This growth in people has mirrored the expansion of our remit as we have demonstrated just how integral our work is to develop high-quality apprenticeships and, from this year, technical qualifications as well.

Through our 'Faster and Better' programme we have seen a rapid increase in the number of apprenticeship standards approved for delivery. In April 2018 there were 257 approved standards - a figure that had been built up over many years from work by employers and the Department for Education. But by reviewing and updating the processes for approving standards, the Institute has managed to increase this figure to over 400 less than a year later. Evidence of the impact of the standards can be seen from the increase in apprentices starting on standards, from 20,000 in total at our inception to over 348,000 in March 2019.

Our remit has also expanded. From 31 January we became the Institute for Apprenticeships and Technical Education as we officially assumed responsibility for developing technical qualifications. Throughout the year we have been preparing to take on these responsibilities and we have already awarded contracts to two awarding organisations for the first wave of T Levels available from 2020.

As I look forward to 2019-20 I want to build on these solid foundations. We continue to develop and deliver apprenticeship standards that address skills gaps in our workforce and are well on our way to reaching 475, offering genuine breadth of opportunity across all sectors. We are also focused on delivering the first wave of ground-breaking technical qualifications which students will study from 2020.

But our focus isn't just on the numbers – the Institute is also charged with ensuring quality throughout the system. That's why we are now starting to review established apprenticeships to make sure they are still relevant; still delivering a consistently high quality of training and development; and are still funded appropriately. As the lead for the Quality Alliance, we also published the Quality Strategy<sup>1</sup> this year. The first of its kind, the strategy sets out what we expect to see from a good apprenticeship – before, during and after learning.

New technologies mean training needs constant review and adaptation, whilst preserving some of the old skills and techniques so highly valued in our modern workforce. For the Institute, this is about embedding a culture of continuous improvement, ensuring the work we do now can support generations to come.

Over 2019-20 I see the Institute maturing in its operation; focusing on embedding quality into the system; driving the revolutionary changes in technical education; and continuing to be a voice for the employers who know their workforce, know their business and know the skills they need to thrive.

And for the year ahead I also see attitudes to technical education maturing. For too long, technical education has been viewed as the lesser route to success. But with an increasing number of apprenticeships in areas as diverse as healthcare, computer science, baking and journalism, coupled with the Government's radical reform of technical education, I see more and more people choosing this exciting and rewarding learning route.

Sir Gerry Berragan

Chief Executive and Accounting Officer

# Accountability Landscape

	T Levels (Level 3)	Apprenticeships		
		Technician Level (2-3)	Higher Technician Level (4-5)	Professional Level (6+)
Department for Education (through ESFA)	Overall accountability and policy lead for T Level programme, including provision of the industry placements	Overall accountability for the apprenticeship programme, policy and strategy		
Institute		Overall accountability for quality		
	Outline Content development, review and approval	Standards development, review and approval		
	Managing quality through contract procurement	Quality Assurance of End Point Assessment		
Ofsted	Quality of provision	Quality of training provision		
Ofqual	Quality of qualifications in Register of Regulated Qualifications	Quality Assurance of End Point Assessment, where nominated		
		External Quality Assurance, where nominated		
Office for Students				Quality of training provision
				Quality of End Point Assessment

Further information can be found in the Apprenticeship Accountability Statement<sup>2</sup> and the T Level accountability Statement<sup>3</sup>.

# The Quality Alliance

Led by the Institute, the Quality Alliance is a vehicle for collaboration between organisations with responsibilities for aspects of the apprenticeship landscape. This collaborative approach is designed to facilitate effective co-ordination and co-working to improve quality and deliver improvements in the quality system. Members share intelligence so that trends can be monitored, areas of concern can be identified, and action taken.

## Members

Institute for Apprenticeships and Technical Education				
Education and Skills Funding Agency (ESFA)	Ofsted	Ofqual	Quality Assurance Agency	Office for Students

## Contributors

Association of Employment and Learning Providers	Association of Colleges	Federation of Awarding Bodies	Universities UK
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Developed with the Quality Alliance, the aim of the Quality Strategy is to ensure the highest quality in the design and delivery of apprenticeships.

The strategy clearly sets out expectations of the apprentice, employer, training provider and end point assessment organisation at all stages of the apprenticeship; from design, through delivery to the final assessment.

The strategy is a shared ambition that all members of the Quality Alliance will work towards achieving together.



*“Apprenticeships alongside new T Levels and world-class A Levels will be the gold standard choice for young people after their GCSEs. We have made great progress to improve the quality of apprenticeships and it is vital that apprentices, parents and employers continue to trust and have confidence in them. The launch of the Quality Strategy is an important step and will make sure we continue to deliver apprenticeships of the highest quality, so more people can progress in their careers and employers can access the skilled workforce they need.”*

**Damian Hinds, Education Secretary**



**Tom Mynott  
Level 4 Software  
developer**

### Case study

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Tom Mynott was shocked to discover he was one of just 10 apprentices on the regional shortlist for Rising Star of the Year at the 2018 National Apprenticeship Awards. He was even more surprised when he was then awarded the regional 'Rising Star of the Year' Award.

## Transport for London

### How real-world projects offer digital apprentices the best chance of success

Tom Mynott began working in the software development team at Transport for London (TfL) in 2015 as a Level 3 Apprentice and has now progressed to the Level 4 Software Developer apprenticeship with Firebrand Training. On choosing an apprenticeship over university, he said: "I had an offer to study Computer Science at Bournemouth University, but I changed my mind when I got the offer letter. I feel like I've learned a lot more than I would have done at university - on the industry side of things as well as on the technical side."



Tom has been delighted with the opportunity to work on his first major programme. He is developing a system to manage fares and revenue apportionment across TfL and National Rail journeys, and simulate the impact of complex changes. "I've been working on not just implementing, but designing parts of the system".

For Tom, it's clear he's found the perfect option. "I wouldn't have been able to be where I am now without the apprenticeship. I'm saving for a house, I've had a career for three years and I'm living a proper life."

# Clinical trials specialists: researchers of the future

Hannah Barry, of GSK and chair of the Clinical Trials Specialist Trailblazer group, responsible for the milestone standard, speaks on progressing the standard from proposal to fully-fledged apprenticeship and what this means for the industry.

She said: “It has become increasingly difficult in recent years for employers to recruit appropriately trained scientists to work in clinical trials.

“Becoming a clinical trials specialist isn’t something you hear about at careers fairs, and the opportunities for an amazing career in this area is not widely known.

“The apprenticeship levy has given us an excellent springboard to bring early talent discussions to the forefront and create an excellent business case for employers.”

## The best and the brightest

“The Clinical Trials Specialist Apprenticeship introduces an alternative route into our industry in a fashion that is likely to attract the brightest and most talented individuals as it accelerates their learning and career in parallel,” Hannah explains.

“Traditionally, a degree would be a pre-requisite to joining the industry, so this apprenticeship really does bring a new dimension to our early talent pipeline.

“We can now access a new group of future scientists who might otherwise never have thought of joining the industry. By providing specific and targeted education and training, we’re ensuring that these young people will quickly contribute to the industry as part of a highly skilled and competent workforce.

“With this ready resource in position we can continue to position England as an attractive place to conduct clinical research and a centre for excellence.”



**Hannah Barry, GSK -  
chair of the Clinical  
Trials Specialist  
Trailblazer group**

## Case study

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More than 2500 employers have developed apprenticeship standards, creating new opportunities and specialist on-the-job training programmes for the workforce of the future.



# Performance analysis

## Introduction

The purpose of the performance analysis section is to give a summary of the development of the Institute during the year, its performance, and how we assess this.

Technical terms are defined in the Glossary to be found at the end of the accounts.

## Performance against our strategic principles

Our mission is to improve access to high quality apprenticeships and technical education in order to transform the skills landscape. We do this by developing high quality apprenticeships and technical qualifications that improve learning outcomes and develop a skilful workforce fit for the future.

We continually monitor our performance against our strategic principles using a balanced scorecard approach, updated quarterly, which draws information from a range of sources across the Institute. These include our internally developed Management Information system, data from members of the senior management team, reports from our sponsor ESFA and other information, including surveys. This enables us to understand our performance better in order to refine our processes and communicate more effectively with stakeholders, from the Department for Education (DfE) to employers.

<b>Commitment on track or complete</b>
<b>Some risk to delivery</b>
<b>Commitment not on track</b>

Our objectives are derived from our strategic principles, which are presented in the Overview on page 7.

For information on our future plans, please see our Business Plan.

## Strategic principle 1: Efficient, quality solutions

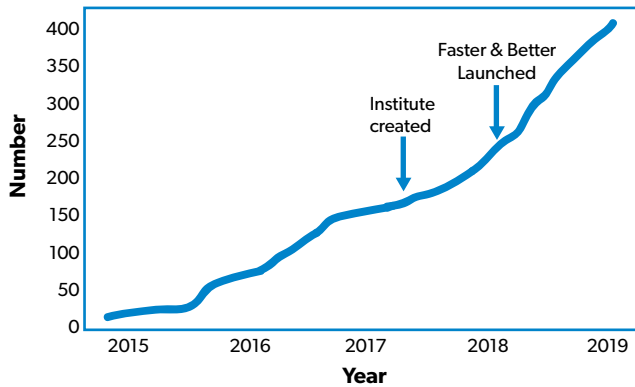
### How we will achieve this

Apprenticeship standards:	To have published 400 apprenticeship standards by April 2019, including final funding band recommendations	Target exceeded 424 standards approved by the financial year end
	To have implemented the improvements in the 'Faster and Better' programme by April 2019 and deliver 80% of standards started since May 2018 within 8 months	Target exceeded 83% of standards delivered within 8 months
T Levels:	Develop and implement the programme for the introduction of T Level qualifications, including content design, procurement and delivery	Target reached All business plan deadlines achieved
Apprenticeship and T Level quality:	Ensure that effective quality assurance is undertaken for all apprenticeship standards, and timely feedback loops are in place and acted on	Target ongoing 92% of apprentices who started on standards in the last 12 months have external quality assurance (EQA) providers in place
	Ensure a quality assurance framework is agreed for T Levels	Target ongoing
	Through the Quality Strategy, ensure that the Quality Statement is fully implemented and embedded across the apprenticeship landscape	Target reached Quality Strategy launched

### Performance Analysis

#### Apprenticeship Standards

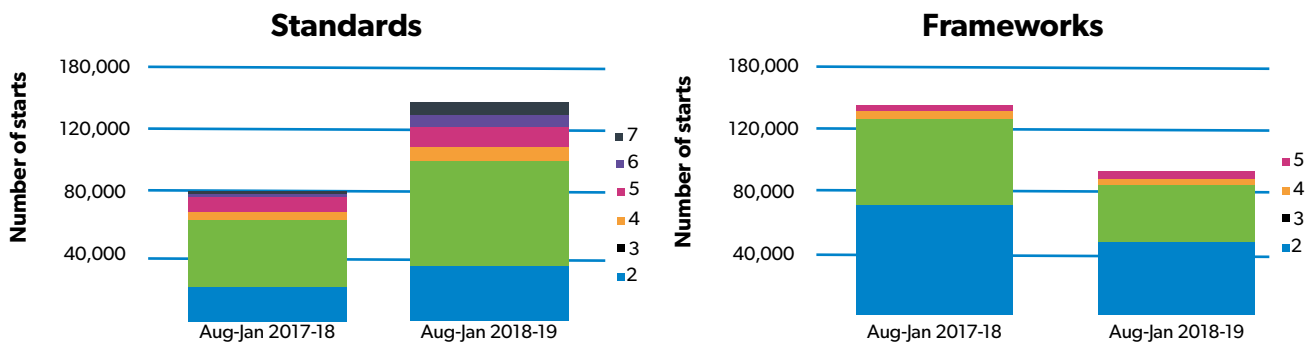
Our 400<sup>th</sup> standard, the Fashion Studio Assistant apprenticeship, was completed over a month early on 15 February 2019. The chart below shows the total number of apprenticeship standards available over time. We are making good progress towards achieving our goal of 475 available by April 2020. As part of this, 4 routes are due for review in 2019-20 in order to ensure that the standards remain current and relevant.



190 recommendations of funding bands for apprenticeships standards were made to the Minister during the year. Of these, 187 were accepted the first time, with the remaining 3 being accepted without amendment once additional information was provided. 183 of these apprenticeship standards are now live for delivery. Further details can be found in Annex 1 to this document.

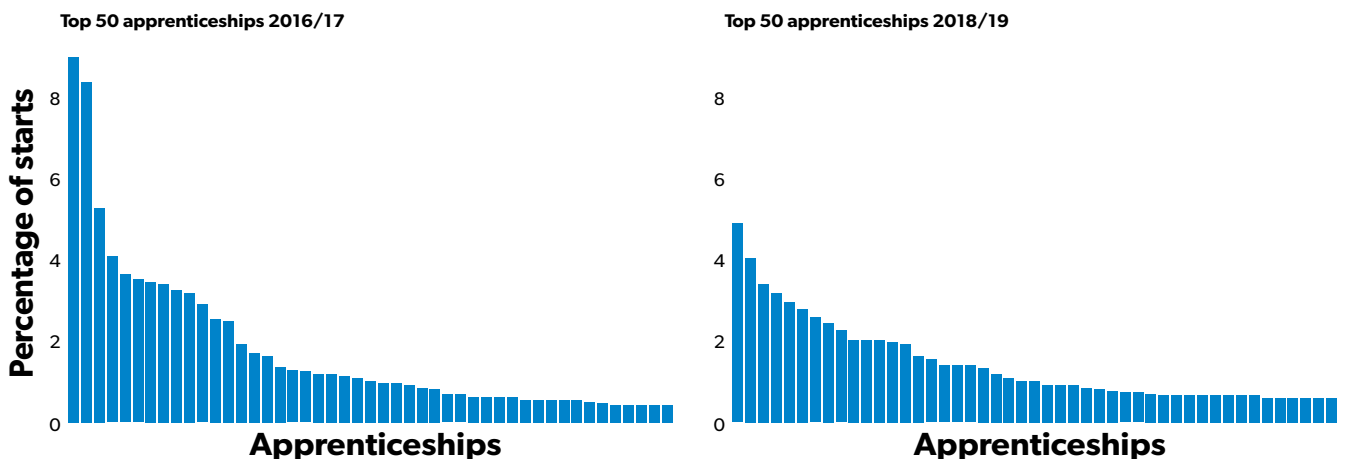
The new standards have broadened and improved the range of opportunity for those seeking to undertake an apprenticeship, with apprenticeships available for the first time at levels 6 and 7, as the chart below shows.

### Apprenticeship starts by level



The programme has also become less concentrated on a few apprenticeships, as the chart below demonstrates.

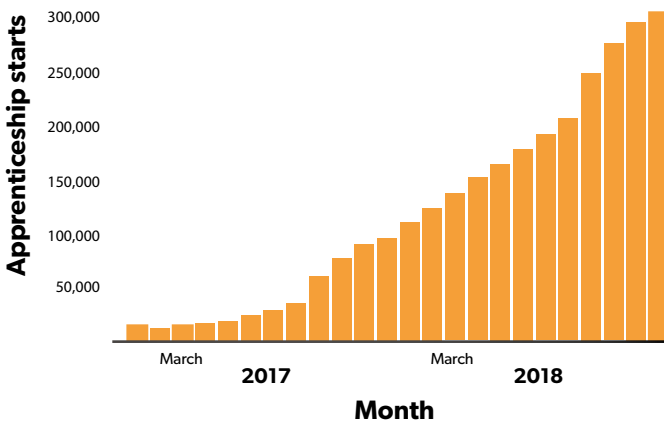
- In 2018-19 starts on apprenticeships outside the top 30 most subscribed accounted for 42% of starts, compared with 24% in 2016-17.
- The top 10 most subscribed apprenticeships accounted for 30% of all starts in 2018-19, declining from 47% in 2016-17 as apprentices undertake a wider range of apprenticeships.



The Faster and Better programme successfully streamlined our approach to developing standards, providing faster and more effective support to trailblazer groups. Feedback received has shown that the programme also had a very positive impact on trailblazer satisfaction with us and our processes. The key changes were to simplify and strengthen the guidance and forms for trailblazers. We also implemented a new intensive workshop approach to standard development.

We aimed to deliver 80% of standards within 8 months of an agreed proposal, for all standards that started from May 2018 going forward. The measure includes standards that had a proposal agreed and were approved for delivery in the financial year. We have achieved our goal, delivering 83% of standards in development within 8 months.

*The Faster and Better programme increased our rate of approval of standards, with 167 approved, up from 63 in 2017-18*



A backlog of standards was inherited on our inception, and steady progress is being made on clearing this.

The increase in the breadth and number of standards has had an impact on the number of starts. This chart shows the cumulative starts since the Institute was created



## T Levels

We formally assumed responsibility on 31 January 2019 for arranging the approval of outline content for all T Levels, for issuing contracts to awarding organisations who will develop the detailed qualifications, and for approving the final T Levels ready for providers to teach at colleges and schools throughout England. This built on work developed in partnership with DfE and involved a significant expansion of our workforce, capability and processes.

Contracts to develop, deliver and award the three wave 1 T Levels were awarded by the Institute in February, following a competitive bidding process. NCFE was awarded a contract to deliver the Education and Childcare T Level, and Pearson was awarded contracts to deliver 2 T Levels; in Design, Surveying and Planning as well as Digital Production, Design and Development. These will be taught in selected colleges and other providers from September 2020.

The invitation to tender document for the seven wave 2 T Levels, including a full suite of outline content, was issued two weeks ahead of schedule.

Performance against the detailed T Level business plan has been very good, with all deadlines achieved.

## Apprenticeship and T Level quality

We aimed to have an EQA organisation assigned for all standards with active apprentices. Good progress has been made towards this goal, with 92% of apprentices who started in the last 12 months having EQA providers in place. A further 3% have an EQA provider approved in principle. From 1 July 2019 Open Awards, who provide EQA on our behalf, are contracted to provide EQA for all standards where no EQA provider is assigned.

Building on our work on apprenticeship standards, we have developed robust contractual requirements for the T Level awarding organisations that we procure. We work closely with Ofqual to ensure T Levels are designed, delivered and assessed in a high quality manner.

In collaboration with the Quality Alliance we launched the Quality Strategy during the year. The strategy clearly sets out expectations of the apprentice, employer, training provider and end point assessment organisations (EPAOs) at all stages of the apprenticeship; from design, through delivery to the final assessment.

The strategy is a shared ambition that all members of the Quality Alliance will work towards achieving.

**The aim of the Quality Strategy is to ensure the highest quality in the design and delivery of apprenticeships by setting clear best practice expectations.**

**It stresses the shared ambition that employers should design and approve apprenticeships that consider progression and transferability of skills “at their heart” and clearly explain the knowledge, skills and behaviours required for apprentices to be competent in their work.**

## Strategic principle 2: Collaborative relationships

### How we will achieve this

Relationships:	To have clearly defined and developed the Institute’s relationships with employer partners, trailblazers, route panel members and stakeholders to ensure mutual benefit and satisfaction.
	To have clearly implemented a fully interactive and digital solution for the management of stakeholder and trailblazer interaction as a tool for collaboration.
People:	Develop and implement a people plan to promote effective engagement, development and retention.

### Performance analysis

#### Relationships

As an employer-led organisation operating within a complex landscape, our relationships with stakeholders are of paramount importance. To understand how we are viewed, we ran a stakeholder survey in September 2018. Route panel and trailblazer chairs were requested to take part, and the survey was also freely available on our website for any other stakeholder to complete. We received over 150 responses from a wide range of organisations: 50% were trailblazers, 15% were employers, and the remaining 35% included education providers, professional bodies and EPAOs.

- 63% of respondents surveyed rated their working relationship with us as very good (19%) or fairly good (44%). We will be looking to build on these figures, as we recognise they could be improved.
- 72% agreed that the support provided by the relationship management function has added value to the standard development process.

*“...more relationship managers has ensured greater access to their expertise. Their support and guidance is always valuable and I can see the process steadily improving under “Faster and Better”*

**stakeholder response to survey**

We have made progress towards managing stakeholder interaction digitally; stakeholders have access to shared digital workspaces to enable easier sharing of meeting papers and other documents. The process by which trailblazers can submit information has improved and work on our digital pathway is ongoing. We make good use of technology, and our business plan has embedded the need to maximise opportunities for such working practices.



We undertake and facilitate a broad range of interactions with our stakeholders and the wider public, from articles in the national media to meetings of our stakeholder reference panel. As part of 'faster and better' we started running intensive workshops with trailblazers during the year, enabling them to complete- or nearly complete- the writing of standards or end point assessment plan submissions in 2 days. 147 workshops were held during 2018-19.



## People

Our staff are crucial to delivering our mission, so it is important that they are engaged with the work we do. Despite the high levels of change and frenetic activity during the year our overall engagement level increased slightly from 2017-18, from 70% to 71%. Out of 106 departments and arm's length bodies who responded, we came 6th by engagement index. For more information see the Remuneration Report.

## Strategic principle 3: Building credibility and transforming the landscape

### How we will achieve this

We will continue to deliver our core narrative and messaging to improve understanding of the apprenticeship landscape

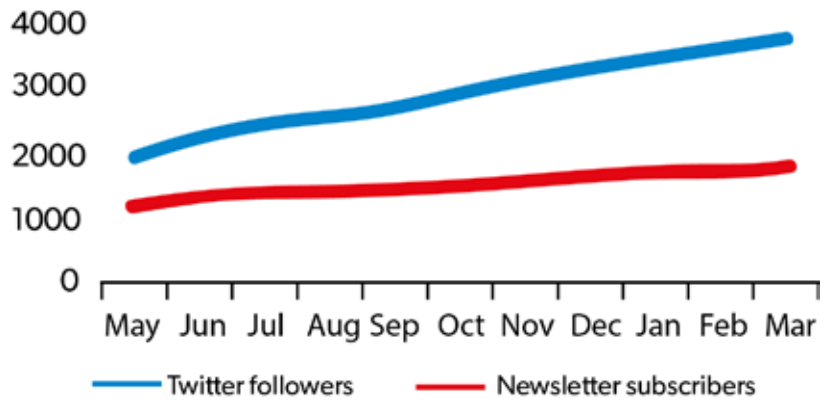
Increase our visibility, reach and impact through our communications activity

### Performance analysis

We have made progress in a challenging environment to communicate the core narrative of the reforms and explain our role. The stakeholder survey run in September 2018 showed that 18% of respondents overall would speak highly of the organisation and 19% describe us as credible. While we have not yet achieved our objective of 50% of stakeholders viewing us in a positive light and speaking highly of us as a credible organisation, we found that trailblazers, route panels and employers were more positive about our communications and operations than other respondent types.

We have put in place new strategies to deepen our understanding of our stakeholders, including immersion visits to trailblazers, employers' of route panel members and training providers, among others.

We have taken a new approach to managing speaking engagements, sharing information and collaborating more between teams internally to ensure the message and core narrative are consistent, and being proactive in addressing stakeholders, for example trailblazer groups.



We have invested in our Data Science and Communications teams, to make better use of data insight and analysis to ensure we use an evidence-based approach to all our external communications. This has enabled a more proactive approach to external engagement. The impact of this investment can be seen in the chart above.





## Principal risks and uncertainties

The Institute inevitably faced a number of risks that could have caused our operational delivery to differ from expected outcomes. We have assessed these risks against our strategic principles and mission and shown how they challenge our strategic principles below.

Strategic principle	Detail	Mitigation
<b>Credibility of the Institute</b>		
2, 3	We have developed our own core narrative, based upon evidence and our understanding, to build our credibility as an employer-led organisation and enable our ability to fulfil our objectives. We recognised that if we didn't engage with and earn the trust of our key stakeholders, this could impact on efforts.	We have communicated our narrative widely to all stakeholders through media messages, speeches, proactive press and through working with our stakeholder reference panel and Board members.
<b>Standards development</b>		
1	Feedback from our stakeholders that the standards development process was taking too long and was impacting on our trailblazer groups and those ready to apply the standards on the ground.	We implemented the Faster and Better service improvement reforms to improve and speed up our approvals process for apprenticeships standards. We also improved supporting guidance and submission forms for trailblazers to make the process simpler and more efficient.
<b>Standards development</b>		
1	Transfer of technical education responsibilities from DfE.	By close engagement with the project team, we prepared for the transfer of technical education responsibilities in a tight timeframe and whilst still establishing our core functions and systems. The new T Levels mark a significant change in the way that technical education is being delivered and the Institute worked closely with DfE so that we were ready to take on additional responsibility for these in 2018-19.

For more detail on our risk approach, please refer to page 47.

## Forward look

As the Institute continues to grow and our role develops, the risks and challenges we face also change. We have considered our future objectives to support the strategic principles and our mission and assessed the challenges we face.

Strategic principle	Detail	Mitigation
<b>Apprenticeship Standards Funding Transparency</b>		
2, 3	<p>The Institute provides funding band allocation advice to DfE for the maximum funding that should be assigned to each apprenticeship standard and has also undertaken a series of reviews of funding bands for apprenticeship standards as directed by the Minister.</p> <p>Following review of the process and feedback from stakeholders following on from the review of funding bands, we recognize that the process and purpose of the reviews could be clearer.</p>	<p>The Institute is researching and consulting trailblazers in order to improve the funding band recommendation process for apprenticeship standards in 2019.</p> <p>A communications plan for stakeholders is also in place.</p> <p>Our aim is to have a funding process that is clear, easy to understand and draws on the best available evidence.</p>
<b>Institute capability</b>		
1, 2, 3	<p>We are a small organisation with dedicated and committed staff and members who work hard to ensure we can achieve our mission.</p> <p>A key aspect of our work is convening and facilitating employers and partners to develop quality apprenticeship and T Level content. The lease on our current London office premises is expiring on 31 March 2020. Any significant change to our location and business model would pose a risk to our accessibility, capability and impact on our people.</p>	<p>We are developing a business case to retain a footprint in London and consulting with Government Property Agency on our options.</p> <p>We are engaging and communicating with staff and key stakeholders on a regular basis to gather and provide information and using this to inform options.</p>

Strategic principle	Detail	Mitigation
<b>Technical Qualifications (TQs) for T Levels</b>		
1	<p>After awarding contracts to 2 awarding organisations for the development of wave 1 T Level outline content we are making good progress in working with these organisations and our partners to develop content and procure for the second wave. We are conscious that there is a tight timetable to ensure that T Levels can be approved, accredited and delivered by providers in time for the first students in September 2020.</p>	<p>Given the tight timetable and many parties involved with the delivery of T Levels, close communication and collaboration is essential to ensuring a quality and timely delivery.</p> <p>Providers are being given early sight of materials during the development of content. This will assist them in being able to deliver the new qualifications from day 1.</p> <p>We have established robust governance and programme management arrangements which have been assured by the Infrastructure and Projects Authority.</p> <p>We have developed and are delivering against project plans and continue to work with our partners on the approvals processes and with Awarding Organisations (AOs) on content. Progress, risks and issues are overseen jointly by Technical Education Boards in the Institute and DfE.</p>





**Charlotte Sword from Foster and Partners chaired the Architecture Trailblazer group**

**Case study**

Charlotte Sword from Foster and Partners chaired the Architecture Trailblazer group which developed new Architectural Assistant and Architect apprenticeships.

We asked her and the group to tell us more about these apprenticeships, and what they will mean for the sector.

Charlotte is Senior Partner, Global Head of HR at Foster and Partners.

# Why the architecture sector needed apprenticeships

Charlotte Sword from Foster and Partners chaired the Architecture Trailblazer group which developed new Architectural Assistant and Architect apprenticeships.

“Here at Foster and Partners, we felt that the introduction of apprenticeships would massively increase diversity, inclusion and social mobility within the sector. We really wanted to support the idea, and to be involved in their creation.



“When the Architect Apprentices complete their apprenticeships, they will be able to officially register as architects, which is a protected title in the UK. They will then be responsible for designing and delivering a range of architectural projects which could range from a small house extension, to a high-rise office, to an airport, to an urban design.

“Currently the average length of time it takes to qualify as an architect is 10 years – which has definitely been a barrier to entry for some. But this scheme will support students financially, as well as helping them develop as professionals.”

# Cementing a career in Mineral Processing

Apprentice, Aidan Jeffreys from Hills Quarry Products tells us why he chose to do an apprenticeship as a Mineral Processing Mobile and Static Plant Operator.

“Before my apprenticeship, I was in full time education at a secondary school and working on a farm in my spare time to earn money. I didn’t enjoy studying in a classroom all the time and I was looking to learn practically and hands-on.



**Aidan Jeffreys, Mineral Processing Mobile and Static Plant Operator apprentice**

## Case study

The first apprentice to complete the Mineral Processing Mobile and Static Plant Operator apprenticeship

“I attended an open day at a local Further Education College where I was attracted by the Hills Quarry Products exhibition stand and the apprenticeship they were offering. I knew I wanted to work outdoors and Hills’ apprenticeship allowed me to earn money and learn at the same time.

“My learning has been supported throughout my apprenticeship by the help and mentorship of my colleagues at the quarry.

“I would definitely recommend others to do an apprenticeship without hesitation. I think for those who prefer practical based learning they would benefit from exploring the option of doing an apprenticeship and being able to earn while you learn is definitely a bonus!”

# Chief Financial Officer's review of the year

## Introduction

As a new organisation we have continued to build our capability and staffing levels, further developing and embedding our processes to deliver our core functions and meet new challenges. This year has brought new responsibilities, taking on the T Levels and further improvements to our support functions. The implementation of Faster and Better has also helped us to deliver more efficiently, more than doubling the rate at which standards are approved. This has not come without cost, however, and our total operating expenditure has increased by £5 million to £13.5 million.

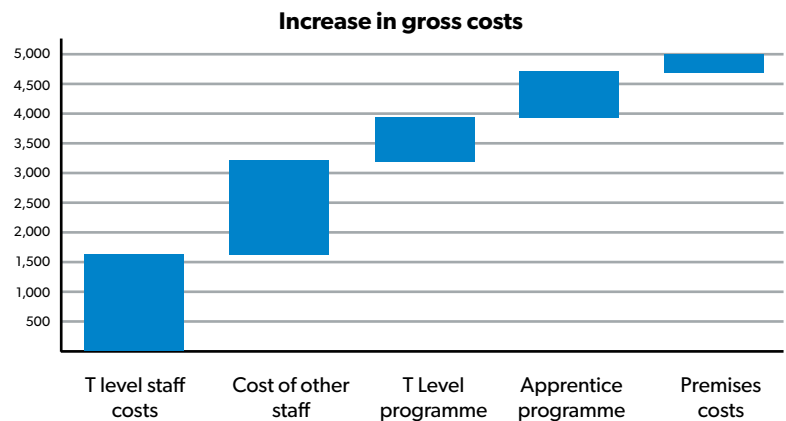
Our staff numbers have grown from 89 to 146 permanent employees, and the space we occupy has increased commensurately. With these increases comes the need for more central support, skills development and learning for our staff, and smarter systems to support them in our mission.

## Financial performance

### Overview

This section provides commentary to support the financial statements and our performance during the year. See the notes to the financial statements on pages 69 for more details.

We increased our spending by £5 million during the year. This chart shows how this figure is broken down.



The new T Level responsibilities accounted for nearly half of this increase, £2.4 million, of which 68% was staff costs as we took on 34 new staff members to deliver the programme. We also recruited a further 23 new staff members: on our data science, communications and central support teams mainly. The remainder of the spending increase has been driven by our other programme work:

- 167 standards approved for delivery, up from 63 in 2017-18
- first tranche of 30 historic funding band reviews were completed in the year, with 10 of the second tranche now also complete
- the digital route statutory review was completed during the year.

The pie chart shows an overview of how we spent our funds overall in 2018-19 with a comparison to 2017-18.

## Total: £13.5m (2017-18: £8.5m)

### Staff and related costs: £9.7m

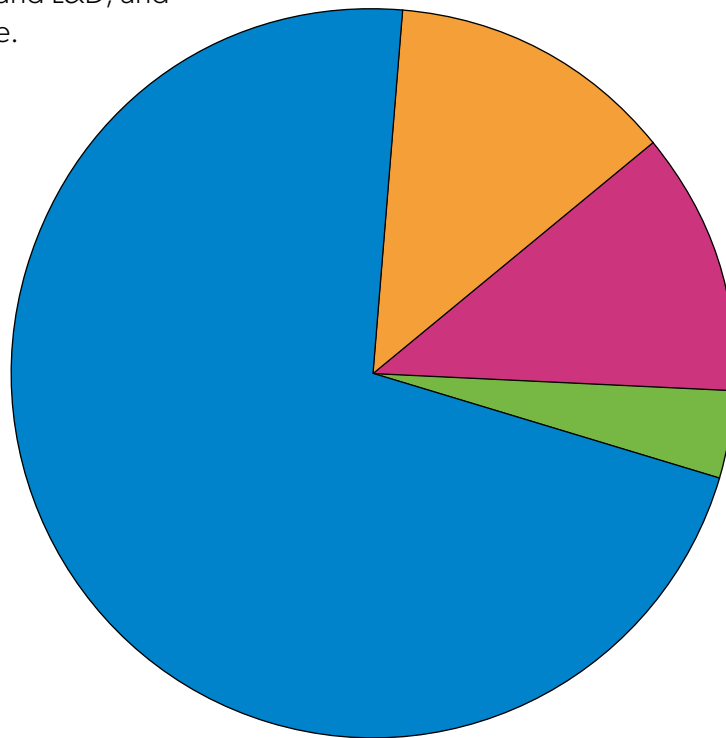
(2017-18: £6.3m)

Consists of wages and salaries and related costs of £9.2 m (2017-18: £6.0m). The remaining £0.5m covers the cost of the Board, recruitment, training and L&D, and travel and subsistence.

### Programme costs: £1.7m

(2017-18: £0.3m)

The cost of delivering our mission, excluding staff costs.



### Other operating costs: £0.5m

(2017-18: £0.6m)

Consists of consultancy, professional and audit fees of £0.3m (2017-18: £0.2m). PR and marketing fees of £0.13m (2017-18: £0.08m) and other costs of £0.1m (2017-18: £0.03m).

### Infrastructure costs: £1.6m

(2017-18: £1.2m)

Consists of premises costs of £1.2m (2017-18: £0.9m) and IT and telecommunications costs of £0.4m (2017-18: £0.3m)



### Staff and related costs

As a new organisation we worked hard to both develop our existing staff and to recruit the best additional staff to meet our broadening remit. We recruited a total of 57 staff, taking our total headcount to 146 at the year end. This increased our wages and salaries cost by £3.2 million. Driven by our new T Level responsibilities and the expansion of our stakeholder engagement activities, our travel costs also increased significantly.

### Other operating costs

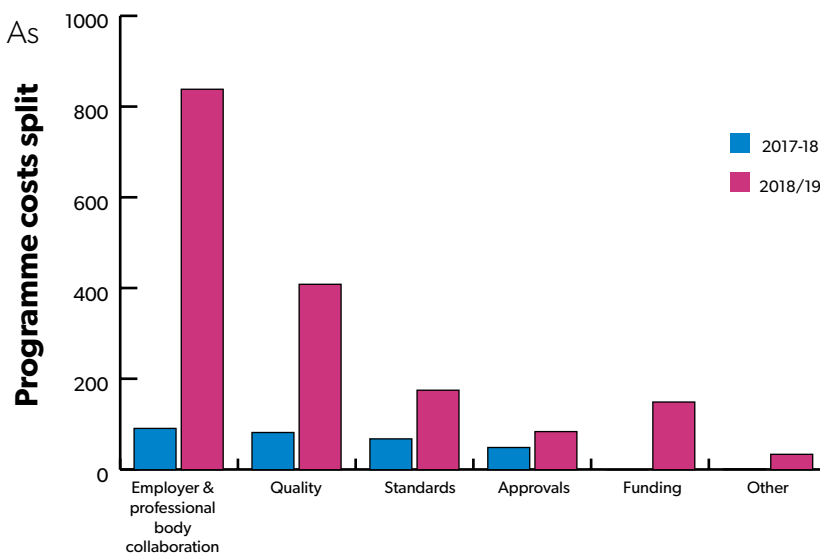
Other operating costs have increased year on year because the 2017-18 figure included over £0.2 million of non-repeating set up costs. Our marketing and PR costs have grown due to our increased emphasis on engaging with our stakeholders and communicating our core narrative. Legal and consultancy fees have increased in part due to an increase in trailblazer appeals and regulatory advice.

### Infrastructure costs

In order to house the additional staff recruited during the year, and facilitate meetings with stakeholders, our office space and hence costs have increased during the year. See the Estates section on page 35 for further information.

### Programme costs

The cost to deliver our mission has increased significantly, from £0.3 million to £1.7 million.



As an employer led body, a key aspect of our work is to convene and facilitate employers, partners and other stakeholders to develop apprenticeship and T Level content. In line with our increased output, over half of the total programme costs increase in the year was due to expenditure on employer and professional body collaboration. This is the cost of running the trailblazer groups and route panels, as well as the new T Level panels.

Quality relates to ensuring the quality of the apprenticeship

standards and T Levels. A significant part of the increase was due to a new project to create a digital framework to deliver consistency and quality across EQA supplied by all providers. Since August 2017 we have been providers of EQA, and that work has been steadily growing with the increased number of apprenticeship standards and over 40% of standards now naming us as EQA provider. The contract with Open Awards to deliver EQA on our behalf was extended during the year.

### Capital expenditure

We spent £153,000 on capital items during the year. £46,000 was to equip our offices in London and Coventry for the increase in staff.

We also spent £88,000 on in-house software development, with a further £19,000 still in development. We identified the need for a Record Management and Management Information system to strengthen the approval process and share analysis and intelligence with our staff, board, route panels and committees. We designed and developed the system ourselves using a modern technology stack that supports cutting edge data science and analysis. In

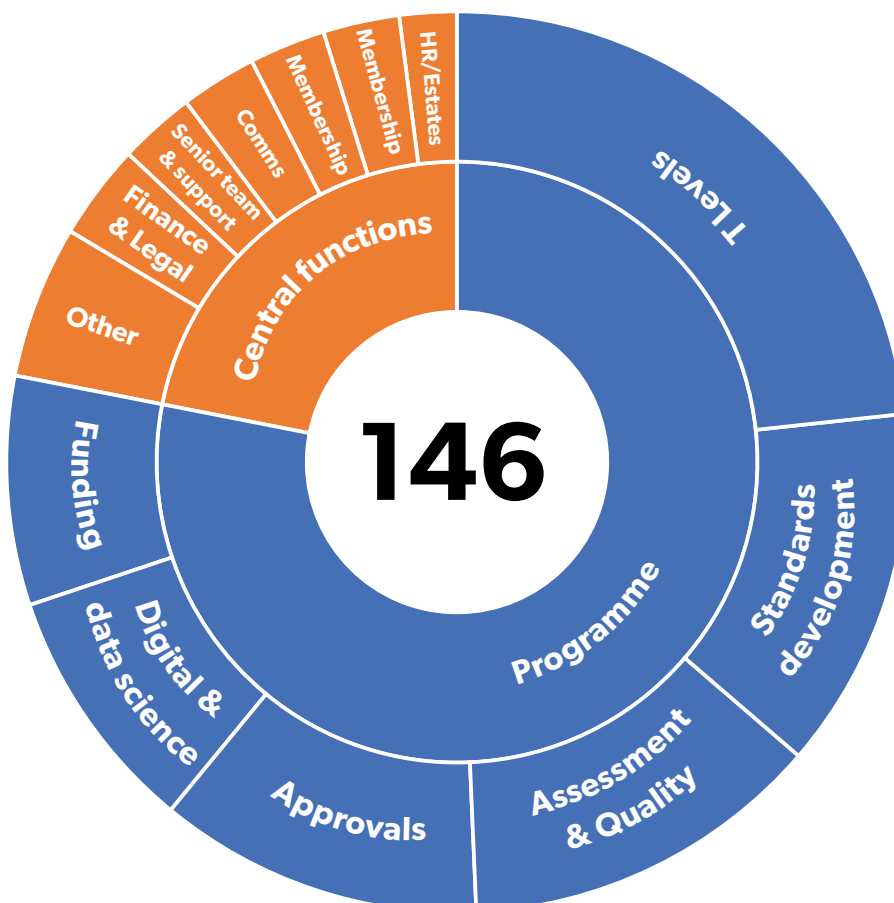
*We invested £88,000 on developing a Record Management and Management Information system, strengthening the standards approval process and enabling the sharing of intelligence and analysis.*

addition to supporting analysis and business intelligence, the system automates many routine tasks, such as the production of papers for route panel meetings, freeing up time for the operational teams to focus on the quality of apprenticeship standards. The system will be extended to support the development of T Levels next year.

### People

In our second year of operation we have continued to expand rapidly in order to meet our broadening remit. From a headcount of 89 at the start of the year, we now have 146 employees, an increase of 64%. The majority of this increase was recruiting 34 staff members to support our work on T Levels. We also invested in our communications and data science teams.

### The pie chart shows our headcount by function



## Estates

We continued to invest in our people's working environment this year, almost doubling our floorspace in London and expanding our Coventry office, in order to accommodate our growth. We increased our staff numbers by 64% during the year, so part of the increased space was to accommodate them. In line with our emphasis on stakeholder engagement we also increased our meeting room space in order to facilitate trailblazer, T Level panel and route panel meetings. The new meeting rooms are cheaper, more flexible and simpler to use than hiring venues.

## Forward look

We are still in the early stages of designing the T Level qualifications, with phased work on wave 3 yet to commence. As a result, the expectation is that by March 2020 we will require around 200 members of staff to effectively deliver the breadth of our role.

With the increase in staff numbers and the London office lease expiring, we are developing a future operating plan, utilising modern working methods to provide both flexibility for our staff and value for money. We plan to retain a central London meeting and office space, enabling efficient and cost-effective liaison with route panels, trailblazers and T Level Panels, while further increasing our presence in Coventry.

## Performance on other matters

### Sustainability

We adopt DfE's policies on sustainability. We aim to manage our business in an environmentally sustainable way and DfE's Annual Report and Accounts describes our performance in this. Further information on DfE's policies on sustainability is contained within their Annual Report and Accounts 2018-19.

### Social and community issues

We encourage our employees to take up volunteering opportunities as well as supporting employees' continuing professional development. We give employees a minimum of three special paid days leave for volunteering each year. In addition, DfE encourages employees to be reservists for the armed forces. Employees can receive at least 15 days paid special leave a year to fulfil these commitments.

### Correspondence and complaints

We have established a designated enquiries email route into the Institute and a process for ensuring that communications are considered and responded to or dealt with in an effective and timely manner. During the year to 31 March 2019, we received and dealt with 2,548 enquiries on a huge range of topics relating to apprenticeships and technical education (2017-18: 1,284). Many of these have been appropriately sent to the Institute to respond to but some have had to be re-directed to other agencies such as the ESFA or DfE as the enquiry related directly to their areas of responsibility.

As an organisation which makes decisions and recommendations on such an important area as apprenticeships and technical education, we understand that at times we will attract negative comment. It is an important part of our culture to listen to our critics and use feedback to drive improvement. We have published a clear procedure on our website for how complaints can be made and have established a single complaints inbox for emails to be submitted to. In 2018-19, 32 complaints were received (2017-18: 31). As in 2017-18, the overwhelming majority of complaints have been about the quality of an employer delivering an apprenticeship or about unfair treatment of an apprentice. Whilst acknowledged, the subjects of these complaints do not fall under our remit

and have been passed on to the appropriate agency for consideration. We continue to work on processes for gathering insights that feed our continuous improvement.

As a non-departmental public body, we are required to comply with freedom of information legislation and respond in an appropriate and timely manner to any requests for information made. Between April 2018 and March 2019, the Institute received and responded to 31 requests made under the Freedom of Information Act (2017-18: 9 requests).

As the key developer of apprenticeship standards and assessment plans, trailblazers put in considerable work in developing the proposals considered by the Institute's route panels. The decisions and recommendations made following these panels are then appealable under specific criteria set out in the Institute's published appeals procedure. Any of the decisions or recommendations the Institute makes in relation to apprenticeship standards and assessment plans (including funding band recommendations) are appealable by the trailblazer if the criteria are met.

	2018-19	2017-18
<b>Total appeals received</b>	37	15
<b>Appeals in respect of funding band recommendations</b>		
Appeals received	35	11
Upheld	10	4
Rejected	13	5
Not in scope	12	2
<b>Appeals in respect of the development of standards</b>		
Appeals received	2	4
Upheld	-	-
Rejected	1	4
Not in scope	1	-

Whilst the Institute has a structured and published process for 'whistleblowing' of improper activities, no allegations have been received or cases considered.

Sir Gerry Berragan

Accounting Officer

4 July 2019

# Accountability report

## Corporate Governance Report

The purpose of the Corporate Governance Report is to explain the composition and organisation of the Institute’s governance structure and how they support the achievement of its objectives.

## Directors’ report

The Institute’s Chair, Board and Chief Executive have decision making authority at Board level as per the governance framework and they are supported by senior management and staff in discharging their duties.

Sir Gerry Berragan was appointed Chief Executive on 27 November 2017.

## Institute Board members



Antony Jenkins (Chair)



Bev Robinson OBE:  
Principal and Chief Executive,  
Blackpool and The Fylde  
College



Paul Cadman:  
HR Director, Walter Smith Fine  
Foods Ltd



Dr Katherine Barclay:  
Kate Barclay Consulting Ltd



Professor Malcolm Press:  
(from 1 June 2018)  
Vice-Chancellor of Manchester  
Metropolitan University



Jessica Leigh Jones:  
(from 1 June 2018)  
Engineer, Sony UK



Robin Millar CBE:  
Chairperson, Blue Raincoat  
Chrysalis Group



Dame Fiona Kendrick:  
Chairperson, NMiTE University  
Hereford



Toby Peyton-Jones:  
Ambassador, Siemens UK and  
Northern Europe



Sir Gerry Berragan:  
(Board member to November  
2017 then Executive Board  
member/ Chief Executive))



Dame Asha Khemka:  
(until 11 December 2018)  
Principal and Chief Executive,  
West Nottinghamshire  
College Group

## Register of Interests

The Institute maintains a register of interests which contains details of company directorships and other significant interests held by the Institute's senior executives and non-executive Board members. This is published on the Institute's website and updated regularly.

## Report on personal information breaches

All departments and NDPBs are required to report personal data related incidents that have occurred during the financial year, in accordance with the standard disclosure format issued by the Cabinet Office.

The Cabinet Office defines a 'personal data related incident' as a loss, unauthorised disclosure or insecure disposal of protected personal data. 'Protected personal data' is data that the Institute or its delivery partner agrees the release or loss of which could cause harm or distress to individuals, including as a minimum:

- information that links one or more identifiable living person with information about them the release of which would put the person at significant risk of harm or distress
- any source of information about 1,000 or more identifiable individuals, other than information sourced from the public domain

We had no protected personal data related incidents that fell within the criteria for reporting to the Information Commissioner's Office in 2018-19 (2017-18: none).

# The Statement of Accounting Officer's Responsibilities

Under the Apprenticeships, Skills, Children and Learning Act 2009, the Secretary of State has directed the Institute to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Institute and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Financial Reporting Manual (FRM) and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FRM have been followed and disclose and explain any material departures
- prepare the accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Permanent Secretary, as Principal Accounting Officer of DfE, has designated me as the Accounting Officer of the Institute. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Institute's assets, are set out in *Managing Public Money*, published by HM Treasury.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Institute's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

# Governance statement

## Introduction

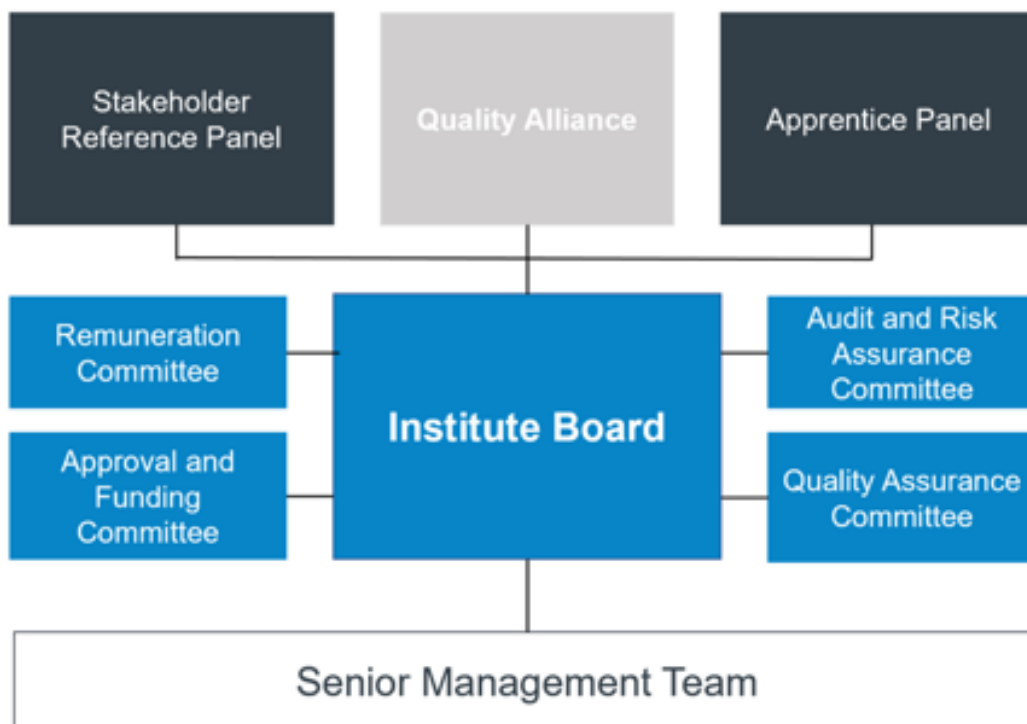
This governance statement describes the corporate governance and risk management frameworks used in the 2018–19 financial year. The Institute operates within a framework agreed with the DfE which was revised in January 2019.

## Governance framework

As a maturing organisation, the Institute is continually developing and refining its systems to ensure compliance with the Corporate Governance in Central Government Departments: Code of Good Practice. There is a single exception to its compliance. The Board’s membership consists of non-executives and the chief executive, with the Chief Financial Officer and other senior staff attending when necessary, as this balance better reflects the Institute’s employer-led focus. The Institute refreshed its governance framework in April 2019.

The Institute’s Board is supported by 4 sub-committees in delivering its core governance functions; the Remuneration Committee, Audit and Risk Assurance Committee, Approval and Funding Committee and Quality Assurance Committee. It also has an advisory panel structure, which helps it engage with key partners and stakeholders, providing direct insight into the apprenticeship and technical education landscape. These consist of the Stakeholder Reference Panel, the Quality Alliance, and the Apprentice Panel.

## Structure of the Institute Board, Committees and Advisory Panels





## Board and sub-committee attendance in 2018-19

Meetings attended per member out of those eligible to attend					
Member	Institute Board	Remuneration Committee	Audit and Risk Assurance Committee	Approval and Funding Committee	Quality Assurance Committee
Antony Jenkins	6/6	3/3	-	-	-
Asha Khemka	3/3	-	-	-	3/3
Beverley Robinson	6/6	-	-	5/9	-
Fiona Kendrick	6/6	3/3	-	-	-
Gerry Berragan	6/6	3/3	4/4	-	-
Jessica Leigh Jones	5/5	-	-	-	2/2
Katharine Barclay	5/6	-	-	7/9	-
Malcolm Press	3/5	-	-	1/2	-
Paul Cadman	6/6	-	-	-	6/6
Robin Millar	6/6	-	-	6/9	-
Toby Peyton-Jones	5/6	-	4/4	-	-

### The Institute Board

The Institute Board (the Board) provides leadership and direction, setting our strategic aims, values and standards. Its work is governed by the Institute's governance framework.

The Board has a responsibility to ensure that the Institute complies with its statutory responsibilities, relevant legislation and government accounting rules in relation to its use of public funds. The Board oversees the Institute's performance and provides support and challenge to the Chief Executive in discharging his duties.

The Board is responsible for developing and monitoring the strategic planning of the Institute. It oversees corporate performance, the use of financial and human resources, provides oversight of risk management, and ensures maintenance of a sound system of internal control through the assurance of the Audit and Risk Assurance Committee, which includes adequate sources of assurance that internal controls and risk management processes are working effectively and that the Institute is compliant with all policies.

Visibility and assurance of progress and an assessment of confidence in delivery of the Institute's workstreams are provided to the Board. The Board receives regular reports on the Institute's

progress, performance and risks which are subject to challenge at the meetings and are revised as required. Performance and risk are examined in more robust detail by the Audit and Risk Assurance Committee and, if appropriate, escalated to the Institute's Board for information or action.

The Board considers financial reports provided by the Institute's finance team. These are produced in line with departmental standards and processes and allow the Board to take informed decisions on programme and administrative resources based on their remit. The Board also routinely considers HR management information provided by the Institute.

The Board is responsible for appointing the Chief Executive in consultation with the Secretary of State for Education.

At 31 March 2019, the Board consisted of the Chair, the Chief Executive and 8 non-executive members appointed by the Secretary of State for Education. These members were appointed by the Secretary of State for terms no longer than 5 years. Board members may be re-appointed as their terms expire, but there is no automatic right to this. Dame Asha Khemka left the Board on 11 December 2018, and Jessica Leigh Jones and Malcolm Press both joined 1 June 2018.

The Institute's Chair and Board undertook a board effectiveness survey to evaluate their performance over the first 18 months of operation. Overall, the Board felt they had clear oversight of the performance of the Institute and were able to take remedial action in any areas where performance was deemed to not be on track. The Board were satisfied that the processes for identifying and regularly reviewing its principle risks are robust, and that any necessary amendments to risk management in light of changes in the internal and external environment could be made effectively.

The Board has confidence in the capability of its sub-committees to enable the Institute to discharge its responsibilities effectively and maintains an effective working relationship with the senior management team. The Board felt they could benefit from broader stakeholder perspectives on the Institute's performance, strengths and areas for development.

## Details of Committees reporting to the Board

The structure of the committees that feed into the Board is shown on page 40. Their roles, membership, and highlights of their reports are described below.

### Remuneration committee

The Remuneration Committee is chaired by the Chair of the Board. The purpose of this committee is to establish and conduct a formal and transparent process for the remuneration packages for the Chair of the Institute, Board members, the Chief Executive, along with independent members of Board committees, route panel chairs and members and the Institute's senior Civil Servants, and to make decisions on the framework and policy for remuneration (within the flexibilities allowed by wider government guidance).

The committee has full authority to commission any reports or surveys which it deems necessary to help fulfil its obligations.

No Board members are involved in any decisions as to their own remuneration. The remuneration of the Chief Executive is a matter for the Chair of the Board. The Chief Executive is not involved in any decisions relating to their own remuneration.

The committee met 3 times during the year. It consists of at least two and no more than four members of the Board.

## Audit and Risk Assurance Committee

The Board have set up an Audit and Risk Assurance Committee chaired by an independent non-executive member (Toby Peyton-Jones) and consisting of up to 2 members of the Board and an independent member, Martin Doel, who was initially appointed as a member in September 2017 for a term of 2 years. The Accounting Officer attends meetings of the committee along with the Chief Financial Officer and the Head of Legal. Internal auditors and the National Audit Office also attend. Other members of Institute staff attend where appropriate. The committee normally meets 4 times a year, although the committee chair may call additional meetings as necessary.

The Audit and Risk Assurance committee provides advice and assurance to the Board and to the Chief Executive, as Accounting Officer, on the adequacy and effectiveness of our internal controls, risk management processes and governance arrangements. It also oversees internal and external audit arrangements covering both financial and non-financial systems.

The committee considers all aspects of internal control including risk management (strategic and systemic), financial management and assurance, information security and counter fraud, supported by reports from the internal and external auditors. During 2018–19 the committee reviewed the findings of audit reports on regulatory compliance, readiness and risk management, the process of apprenticeships standards development, the Institute's EQA and its financial management and governance.

Other work included;

- agreeing the 2018-19 internal audit plan, monitoring progress against it and the implementation of internal audit's recommendations
- reviewing the 2017-18 Annual Report and Accounts, and 2018-19 interim audit work
- overseeing staff and stakeholder procedures

## Approval and Funding Committee

The Approval and Funding committee is chaired by an independent non-executive member (Dr Katherine Barclay). The purpose of this committee is to make final decisions on the approval of apprenticeship proposals, standards, assessment plans and to make recommendations on behalf of the Institute on funding bands, which will be put to DfE for final approval.

The Approval and Funding Committee also ensures that decisions made by the route panels conform to the policy and requirements on quality, suitability and breadth of the Institute as defined by the Institute's own terms of reference and Board decisions. It also ensures that the Institute, via the route panels, is following guidelines on overall funding policy, and that there is consistency of approach to proposals, standards, assessment plans and funding recommendations across the 15 route panels.

The committee met every six weeks during the year, a total of 9 meetings, aligning with route panel meetings and in order to meet approval process deadlines.

The committee consists of 3 members of the Board and other members of Institute staff attend where appropriate.

Principal items of business included;

- approving apprenticeship proposals, standards and assessment plan recommendations from route panels
- agreeing recommendations on funding bands, which were put to DfE for final approval
- reviewing standards
- reviewing the triennial review of standards process
- reviewing decisions and lessons learnt from appeals
- reviewing progression of route panel member recruitment
- reviewing data and statistics on approvals and the communications plan associated with this
- reviewing the committee's own role, responsibilities and processes
- overseeing the transition to the new funding process

## Quality Assurance Committee

The Quality Assurance Committee is chaired by an independent non-executive member. Until her resignation in December 2018 this was Dame Asha Khemka. From that date, Paul Cadman chaired the committee. The purpose of this committee is to achieve high quality standards and raise quality. It ensures that end point assessment (EPA) is of consistently high quality and helps drive a culture of continuous quality improvement throughout apprenticeships.

The Quality Assurance Committee ensures that apprenticeship assessments are quality assured, reviews whether or not standards and assessment plans remain fit for purpose, whether EPAs are being operated effectively, and ensures that there is consistency across EQA options.

The committee met 6 times during the year.

The committee consists of 2 members of the Board and three independent members - Jim Iley, Isabel Sutcliffe and Ben Blackledge - who were appointed as members in July 2017 for a term of 2 years. Other members of Institute staff attend where appropriate.

Principal items of business included;

- reviewing the Institute's Quality Statement and indicators
- reviewing the Institute's Quality Strategy
- monitoring the Institute's interim EQA process
- monitoring the Institute's assessment process
- monitoring quality data and areas of responsibility with the approvals process
- agreeing quality issues that the committee should focus on
- approving EQA providers
- approving EQA reports
- monitoring conflicts of interest with EQA providers

## Stakeholder Reference Panel

The purpose of this group is to help the Board access a broad range of views and expertise about the impact of the Institute’s work on apprenticeship quality and take-up through the involvement of a wide group of sector representatives. Its focus is on dialogue and engagement as well as providing insight to the Board.

This group normally meets three times a year. It also meets on an ad hoc basis as required, for example, where its input is sought on the policies under development.

It is an advisory body, chaired by the Chief Executive, who provides updates to the Board. Board members attend the panel.

## Apprentice Panel

The Apprentice Panel consists of 26 current and recent apprentices and reports directly to the Board. The members come from a variety of occupations and backgrounds and have had a range of experiences within their apprenticeships.

The purpose of the Panel is to inform and support the Board and deepen their understanding of the needs of apprentices themselves. Panel members are encouraged to consult more widely with other apprentices in order to bring a range of perspectives to this panel. During the year they have provided feedback to the Standards Development Team, attended the National Apprenticeship Week events, and worked on creating networks including a Membership Event.

*The Apprentice Panel is fundamental in providing the apprentices’ voice to influence our work and government’s policy on apprentices in a tangible way.*

This Panel meets at least four times a year. It also meets on an ad hoc basis as required, for example, where its input is sought on the policies under development.

The Apprentice Panel is an advisory panel.



## Quality Alliance

This group, chaired by the Institute's Chief Executive, brings together the various government bodies whose roles together ensure the quality of apprenticeships. Its role is to monitor quality across the sector and build effective coordination to improve quality where appropriate.

The group meets quarterly and its membership includes the Chief Executives and Chief Regulators or their nominees of the following organisations:

- Education and Skills Funding Agency (National Apprenticeship Service)
- Ofsted
- Ofqual
- The Office for Students
- Quality Assurance Agency
- DfE

The outputs of this group are reported openly to the Board.

## Management control activities

The Chief Executive has delegated responsibility from the Board for leading the organisation on a day to day basis and is the executive decision maker at Board level. The Chief Executive determines which duties are discharged through members of the senior management team, individually through line management arrangements, and works with the Board to discharge duties as a collective.

The Chief Executive is supported by his senior management team where appropriate at the Board including regular financial representation through his Chief Financial Officer to ensure good management of resources (financial, assets and people). Management control is governed through the governance framework and programme arrangements, which are reviewed to ensure they are fit for purpose and reflect what the business needs.

Each month, the Chief Executive convenes and chairs the Chief Executive's Board, whose membership comprises the Institute's chief operating officer, chief financial officer, chief of staff, deputy directors and relevant heads of legal, and programme office. Members of the Institute's senior management team attend to report on delivery progress against corporate business planning and risk and issue management as required.

The Chief Executive and his senior managers meet regularly to maintain momentum on delivery of the Institute's objectives and priorities. They provide oversight of progress and performance, review risks and issues, and agree on matters to be escalated to the Board as appropriate.

## Risk

### Roles in risk

The Institute has identified a broad set of roles and responsibilities in its risk management. The table below sets out roles in relation to risk.

Post	Role in risk
Accounting Officer	The Accounting Officer sets an appropriate tone from the top, by articulating risk appetite, championing and driving the effective management of risk and ensuring the risk function is supported in carrying out its role.
The Board / senior management team	Supports the Accounting Officer in articulating risk appetite and by leading the assessment and management of risk.
The Audit & Risk Assurance committee	Supports the Board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on risk management. Includes independent assurance.
Managers	Actively identifies and manages risks as part of their everyday business, escalating them promptly as and when necessary.
The risk management function (programme office)	Supports and facilitates the Institute's management and oversight of risk. By building the Institute's risk capability, defining the Institute's risk management practices and framework and supporting the development of risks.
Internal audit / external audit	Provides independent and objective assurance on the effectiveness of the Institute's risk management arrangements and shares good practice through comparative assessment.

## Risk appetite statement

“We are not averse to taking risks and our approach is based on judgement and the circumstances of each potential intervention, and an assessment of its impact. This means that we will not seek to intervene in all situations; we will prioritise with respect to risk, costs and perceived benefits in a clear and transparent way, choosing the best course of action from our knowledge, experience and tools.”

For managers to achieve business objectives risks have to be taken - but these risks must be well-considered and well-managed. We have reviewed our risk appetite statement and guidance to assist managers in making key decisions by clarifying what level of risk the organisation is prepared to accept for different types of risk. The risk appetite is reviewed by our senior management team, the Board and Audit and Risk Assurance Committee as necessary.

## Risk management

Risks managed in each of our teams and in major programmes and projects are escalated to the corporate risk register where they have a direct impact on our statutory objectives and goals or put at risk delivery of our business plan. The corporate risks are reviewed regularly both by the senior management team and the Institute’s Board. Different types and levels of risk are considered against our risk appetite. The register is scrutinised in detail by the Audit and Risk Assurance Committee of the Board. This maintains active monitoring of our key risks, and the effectiveness of our mitigations.

We established our risk framework in June 2017 and have since reviewed and simplified it in December 2018, with the Audit and Risk Assurance Committee’s mandate, so that it is aligned with our governance framework and our expanding remit. We continue to liaise with our partners and share best practice, particularly with Ofqual, DfE, our internal auditors, the Government Internal Audit Agency (GIAA), and the National Audit Office. We continue to implement the framework and support and challenge staff to ensure effective risk management whilst making improvements to the way we capture risk through our risk registers.

We have monitored our key strategic risks, assessing the likelihood and impact of those risks materialising. At the end of March 2019, a number of risks were rated as both medium-high probability and high impact and deemed the top risks on our corporate risk register. These risks were actively managed with a broad range of mitigating actions undertaken and are described in the performance report section on page 25.

## Information risk and GDPR

We have developed our information strategy so that we can maximise our data capabilities and use the information we do have more effectively and efficiently in supporting the mission of the Institute and the wider apprenticeship reform programme. It is important that all users – from trailblazers to Institute officials, and the Board to partner organisations – are at the centre of a single information environment in which they can access and appropriately share the information they need.

The key principles underpinning this strategy are openness and transparency, whilst ensuring that the standards for data and information capture, storage and interchange are robust and effective. From a legislative perspective, the Institute complies with its legal and regulatory responsibilities for information handling, meeting information rights and other disclosure obligations, and supporting public and parliamentary accountability. As part of this, we have undertaken a personal data audit to ensure we are compliant with the General Data Protection Regulations (GDPR), which came into effect on 25 May 2018. The Institute made a series of internal recommendations and mitigations to ensure the storage of personal information from both within and outside of the organisation is fully compliant with these regulations. The Data Protection Officer ensures that we comply with our legal and regulatory responsibilities in respect of GDPR.



## Effectiveness of the internal control framework

As Accounting Officer, I review the effectiveness of our system of internal control annually. This review is informed by the work of the internal auditors, by feedback from senior managers who have responsibility for the development and maintenance of the internal control framework and by comments made by the National Audit Office in their audit completion report.

We are also subject to review by the National Audit Office, including statutory audit and value for money reports, and the Department for Education.

## Internal audit

Our governance arrangements and risk management processes are supported by an internal audit function that reviews our procedures and controls, currently contracted to GIAA. The annual audit programme focuses on areas assessed as significant internal risks. Both the Institute's senior management team and the Audit and Risk Assurance Committee agree the programme and review the individual reports and recommendations. GIAA complies with the Public Sector Internal Audit Standards.

In the opinion of the Head of Internal Audit the governance, risk management and control arrangements throughout the year have provided a moderate assurance, defined as 'some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control'. His opinion has been informed by the internal audit work completed during the year.

Two internal audit reviews were conducted in the past 12 months with one receiving a moderate assurance rating and the other receiving a limited assurance rating. While the Institute continues to maintain good governance arrangements and has robust systems in place to monitor and escalate risk, evidence was found of some immature processes and 'fire-fighting', as would be expected in a newly formed organisation. The key areas where weaknesses continue to be identified relate to the finance operating system. These ensure an accurate result but currently do not support the finance team efficiently and effectively with resource intensive checking and corrective work required.

The recommended improvements identified were medium to high priority and I have taken steps to address these. Progress in implementing these recommendations is reported to internal auditors, senior management team, DfE and the Audit and Risk Assurance Committee.

GIAA undertake a review of all closed audit actions to assess whether there is sufficient evidence to justify the closure. At the year end, no recommendations from 2017-18 were outstanding, and the majority of those made in 2018-19 had also been addressed.

## NAO reports

The NAO undertakes around 60 value for money studies each year, which Parliament use to hold the government to account for how it spends public money. Each study examines an area of government expenditure, and their objective is to form a judgement on whether value for money has been achieved.

The NAO published a value for money study on the apprenticeships programme during the year. The Apprenticeships Programme report examined progress since the NAO's last report in 2016, covering the number and type of apprenticeships, spending and budgeting, and oversight.

We are considering the NAO's findings and considering corrective measures where suitable.

We provided evidence on the report to the Public Accounts Committee which can be found on their website.

After their audit of the 2017-18 annual report and accounts the NAO made a number of recommendations to improve our internal controls. Where relevant, these have been implemented during the year and have been largely completed.

## Overall conclusions

I have considered the evidence that supports this Governance Statement and am satisfied that the Institute has maintained sound systems of governance, internal control and risk management to support our work. During the year we have continued to consider and improve our arrangements to ensure we are able to deliver our aims and objectives.

## Remuneration and staff report

### Remuneration report - subject to audit

The remuneration and staff report sets out the Institute's remuneration policy for all staff, including Board members and senior officials; it also provides details of actual costs.

### Remuneration policy

The Institute is made up of Civil Servants who are paid in accordance with the civil service pay structure.

Performance management and reward policy for members of the senior civil service (SCS) is managed within a central framework set by the Cabinet Office. It allows for annual performance related base pay and non-consolidated performance awards, agreed centrally each year following the Senior Salaries Review Body (SSRB) recommendations.

SCS pay is determined by the Remuneration Committee in line with the SSRB recommendations. The remuneration committee comprises of the Chief Executive and at least 2 and no more than 4 non-executive Board members.

### Senior officials

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The recruitment principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the senior officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at [www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

### Senior official's remuneration

Name	2018-19				2017-18			
	Salary	Bonus payments	Pension benefits	Total	Salary	Bonus payments	Pension benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Sir Gerry Berragan <sup>1</sup>	140-145	10-15	-	150-155	55-60 (140-145)	-	-	55-60 (140-145)

<sup>1</sup>Sir Gerry Berragan was appointed Chief Executive from November 2018 for a fixed term period of two years. For the period April 2017 to November 2017, Sir Gerry was a non-executive board member of the Board for which he earned £10-15k.

Salary includes gross salary and any other allowance to the extent that it is subject to UK taxation. This report is based on accrued payments made by the Institute and thus recorded in these financial statements. No benefits in kind were paid to any senior official.

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual.

No pension benefits were accrued by senior officials.

## Board members' remuneration

The following sections provide details of the salary entitlements of members of the Institute Board for year ending 31 March 2019. Where Board members joined or left in the year, annualised remuneration values are shown in italics.

### Board Members remuneration

Name	2018-19			2017-18		
	Fees	Pension Benefits <sup>1</sup>	Total	Fees	Pension Benefits	Total
	£000	£000	£000	£000	£000	£000
Antony Jenkins <sup>2</sup>	0-5	-	0-5	5-10	-	5-10
Dr Katharine Barclay	10-15	-	10-15	10-15	-	10-15
Paul Cadman	10-15	-	10-15	10-15	-	10-15
Dame Fiona Kendrick	10-15	-	10-15	10-15	-	10-15
Dame Asha Khemka (to December 2018)	10-15 <i>(10-15)</i>	-	10-15 <i>(10-15)</i>	10-15	-	10-15
Robin Millar CBE	10-15	-	10-15	10-15	-	10-15
Toby Peyton-Jones <sup>3</sup>	10-15	-	10-15	10-15	-	10-15
Bev Robinson	10-15	-	10-15	10-15	-	10-15
Jessica Leigh Jones (from June 2018)	10-15 <i>(10-15)</i>	-	10-15 <i>(10-15)</i>	-	-	-
Malcolm Press (from June 2018)	10-15 <i>(10-15)</i>	-	10-15 <i>(10-15)</i>	-	-	-

<sup>1</sup> As members of the Board are statutory office holders, they are not entitled to any pension benefits.

<sup>2</sup> Antony Jenkins' remuneration was reduced at his own request for 2018-19.

<sup>3</sup> Toby Peyton-Jones was appointed to the DfE board as a non-executive member in November 2018. His remuneration for that role is disclosed in the DfE annual report and accounts.

## Fair pay disclosure

This section of the remuneration and staff report is subject to audit.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in 2018-19 was £150,000-155,000 (2017-18: £150,000-155,000). This was 3.1 times (2017-18: 3.1) the median remuneration of the workforce, which was £49,373 (2017-18: £48,632).

In 2018-19, nil (2017-18: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £20,000-£25,000 to £150,000-£155,000 (2017-18: £15,000-£20,000 to £150,000-£155,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Civil Service pensions

As an NDPB sponsored by DfE, the Institute's staff are members of the Principal Civil Service Pension Scheme (PCSPS) that provides pension benefits.

The PCSPS is an unfunded multi-employer defined benefit scheme in which the Institute is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

From 1 April 2015 a new pension scheme for Civil Servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date, all newly appointed Civil Servants and the majority of those already in service joined alpha. Prior to that date, Civil Servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and all other members of alpha. For 2018-19, employers'

contributions of £1,297,000 were payable to the PCSPS (2017-18: £884,000). Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid, with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos, a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March), the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases, members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement). Employers' contributions of £5,800 (2017-18: nil) were paid.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

No persons (2017-18: no persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £0,000 (2017-18: nil).

## Reporting of Civil Service and other compensation schemes- exit packages- subject to audit

Exit package cost band	2018-19			2017-18		
	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
£50,000-£100,000	-	2	2	-	-	-
Total number of exit packages	-	2	2	-	-	-
Total cost (£000)	-	152	152	-	-	-

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the Institute has agreed early retirements, the additional costs are met by the Institute and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## Staff report- subject to audit

	2018-19			2017-18		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Average number of full time equivalent staff	115	9	124	76	3	79

Others are staff engaged on the objectives of the Institute via short term contract, (i.e. agency/ temporary workers). The Institute pays a flat fee for agency staff, which includes social security and holiday pay. This note discloses the total sum as wages and salaries.

## Breakdown of staff costs- subject to audit

	2018-19			2017-18		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	6,416	780	7,196	4,352	278	4,630
Social security costs	743	-	743	523	-	523
Pension costs	1,290	-	1,290	884	-	884
Sub total	8,449	780	9,229	5,759	278	6,037
Less staff costs related to programme	3,603	187	3,790	2,939	-	2,939
Total net staff costs	4,846	593	5,429	2,820	278	3,098

Others are staff engaged on the objectives of the Institute via short term contract, (i.e. agency/ temporary workers). The Institute pays a flat fee for agency staff, which includes social security and holiday pay. This note discloses the total sum as wages and salaries.

## Our staff

The following sections are not subject to audit

### Analysis of staff policies and practice

Our all staff survey undertaken in year showed extremely positive results in terms of staff engagement which was at 71% and well above the Civil Service average. There were a number of areas which showed positive feedback, such as staff being interested and passionate about the work that they do, staff feeling that they are treated fairly by and can put their trust in their team and their manager, and staff feeling that they are proud to tell others that they are a part of the Institute. There were however a few areas of concern, which were picked up by the Board, who wish to monitor these going forward. This included concern over high levels of workload, and wanting an improved cross-site working environment. The People Forum (which has been put together as a direct result of the People Survey) has created an action plan which will be used to implement and monitor the actions for sustaining the results of the survey and improving outcomes over the oncoming months.

### Sickness absence

During the year we lost 238 days to sickness absence (2017-18: 138). This equates to approximately 1.7 days (2017-18: 1.8 days) sickness absence per employee per year. The figures compare well with figures across the Civil Service, which were 6.9 average working days lost per full time equivalent in the year ending 31 March 2018, the most recent for which records are available.



## People

Our staff are a mix of Civil Servants and contractors. Our Civil Servants are employed by the Institute on DfE terms and conditions. Responsibility has been delegated to the Accounting Officer for the recruitment of staff within the parameters provided by DfE's policies and procedures.

At March 2019 our headcount figures for permanent staff were as follows:

Grade	2018-19			2017-18		
	Male	Female	Total	Male	Female	Total
CEO	1	-	1	1	-	1
COO	1	-	1	1	-	1
Senior Civil Servants (SCS Band 1/ Deputy Director)	4	4	8	1	4	6
Civil Servants grades EA to G6	51	85	136	32	50	82
	57	89	146	35	54	89

## Diversity and inclusion

Our strategic aims of 'Excellence and Quality, Professional, Independent, Collaborative and Inclusive' shape our approach to Diversity and Inclusion. We aim for a workplace where people can be themselves, are encouraged to be innovative and everyone's contribution is respected and valued.

The Institute has steadily grown in size as capability has been built and the scope of the organisation widened. In March 2018 we had a headcount of 89. At the start of April 2019 this had grown to 146, and we have made gathering a diverse range of people a priority. Our staff make up consists of people from different backgrounds, a mixture of permanent Institute staff, Civil Servants on loan from other departments and specialists and experts who were not previously Civil Servants.

Our diversity statistics tell an encouraging story with a BAME make up of 19%, 13% declaring themselves as disabled and 7% as LGBT. Declaration rates have increased over the year with 73% now declaring their ethnicity, 55% disability and 68% happy to disclose their sexual orientation.

There is still work to do though as the Institute plans to increase in size to 200 by next March and we are also facing changes to where and how we work. In order to ensure we are One Institute where people feel able to be themselves, we are refreshing our HR policies including working on a new diversity and inclusion policy to ensure that we respect, reflect and can respond appropriately to our diverse needs and provide the best possible service to our stakeholders.

## Gender equality

We are committed to transparency and equality in the workplace. We monitor our gender pay data in order to identify and reduce unfairness and use this data to inform our policies and practices.

At 31 January 2019 our mean gender pay gap was 6.2%: women earn 94p for every £1 that men earn when comparing hourly rates. The gap has lessened and will continue to lessen as we grow, reducing from 12.9% at 31 March 2018. It exists mainly because our 2 most senior members of staff are men which significantly skews the data in a small organisation. However, at the SCS grade the genders are equally represented. Our figures compare well to the full time Civil Service pay gap of 6.5% as at 31 March 2018 (the last date for which records are available) .

Conversely our median pay is higher for women than for men, reflecting the fact that there are more women employed than men. When comparing median rates, women earn 2.9% more than men (2017-18: men earned 0.1% more than women).

The figures for 31 March 2019 were not available at the time of publication but will be published by the Government Equalities Office later in 2019.

## Expenditure on HR services and training

The Institute spent £226,000 (2017-18: £223,000) on HR services and training in the year ending 2018-19.

## Off payroll engagements

The ‘Others’ category includes individuals who are not paid through the Institute’s payroll. In line with the Review of Tax Arrangements of Public Sector Appointees published by the Chief Secretary to the Treasury on 23 May 2012, we are required to publish the following details for all off-payroll arrangements as of 31 March 2019: where the individual is paid more than £245 per day and the engagement has lasted for longer than six months; and any off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April 2018 and 31 March 2019.

### All off-payroll engagements as of 31 March 2019, for more than £245 per day and that last for longer than 6 months

Number of existing engagements as at 31 March 2019	1
Of which:	
Number that have existed for less than 1 year	-
Number that have existed for between 1 and 2 years at time of reporting	1



**All new off-payroll engagements, or those that reached 6 months in duration, between 1 April 2018 and 31 March 2019, for more than £245 per day and that last for longer than 6 months**

Number of new engagements, or those that reached 6 months in duration, between 1 April 2018 and 31 March 2019	5
Number assessed as caught by IR35	-
Number assessed as not caught by IR35	5

There were no off-payroll engagements of board members and/or senior officials between 1 April 2018 and 31 March 2019.

### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 requires relevant public sector organisations to report on trade union facility time in their organisations. None of the Institute's employees were trade union representatives in 2018-19 (2017-18: none).

## Parliamentary accountability report- subject to audit

### Losses and special payments

#### Losses statement

There were no cases of losses for 2018-19 (2017-18: none).

#### Special payments

There were no special payments over £300,000 (2017-18: none)

Sir Gerry Berragan

Chief Executive and Accounting Officer

Institute for Apprenticeships and Technical Education

4 July 2019

## **THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

### **Opinion on financial statements**

I certify that I have audited the financial statements of the Institute for Apprenticeships and Technical Education for the year ended 31 March 2019 under the Apprenticeship, Children, Skills and Learning Act 2009. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Institute for Apprenticeships and Technical Education's affairs as at 31 March 2019 and of the Institute for Apprenticeships and Technical Education's net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Institute for Apprenticeships and Technical Education and Secretary of State directions issued thereunder.

### **Opinion on regularity**

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Institute for Apprenticeships and Technical Education in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Conclusions relating to going concern**

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute for Apprenticeships and Technical Education's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

## **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

## **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Apprenticeship, Children, Skills and Learning Act 2009.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute for Apprenticeships and Technical Education's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- for which the financial statements are prepared is consistent with the financial statements.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

## Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Apprenticeship, Children, Skills and Learning Act 2009;
- in the light of the knowledge and understanding of the Institute and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

Gareth Davies                      Date: 11 July 2019

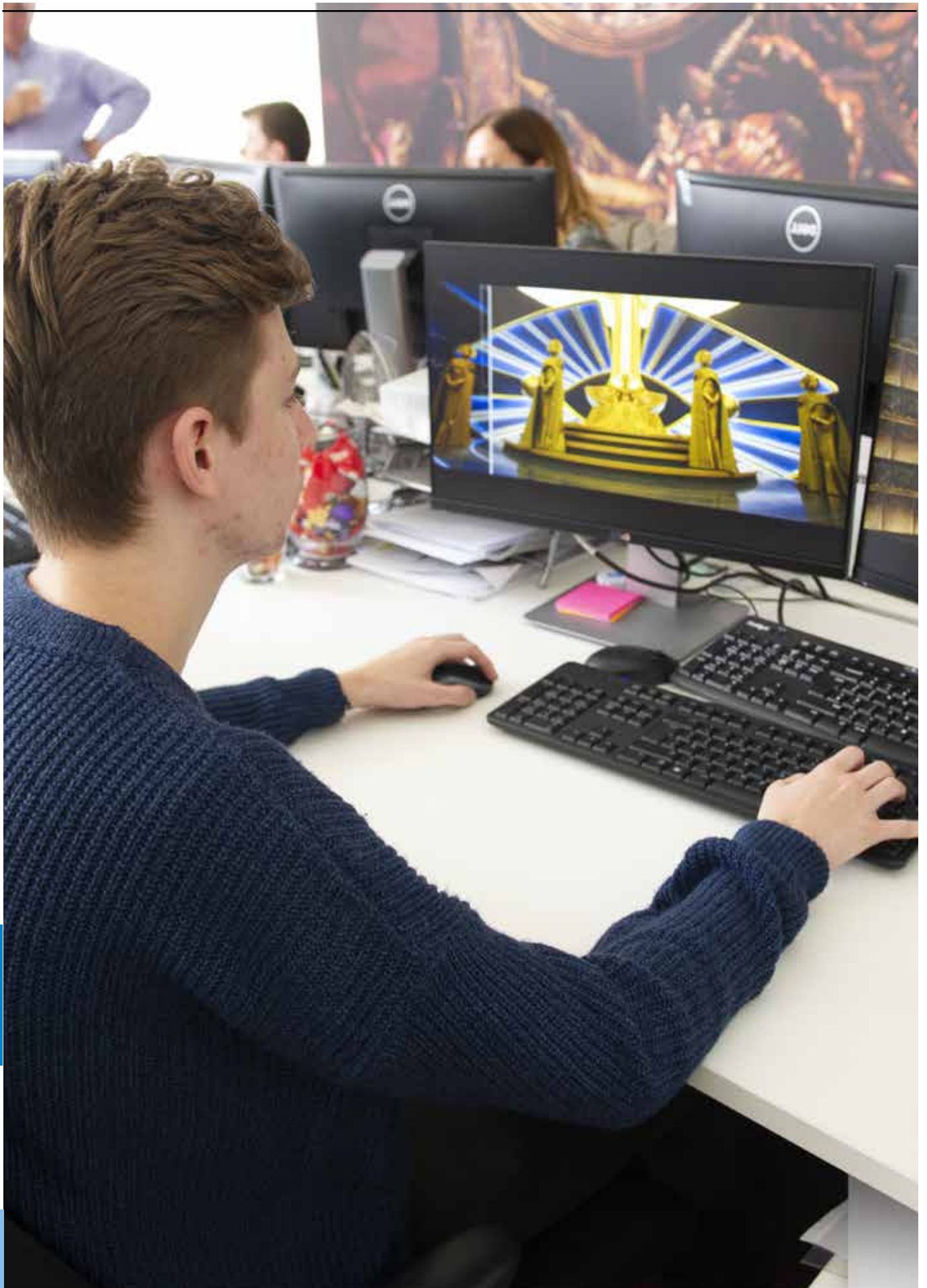
Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London



# Financial Statements





## Statement of Comprehensive Net Expenditure: For the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
Operating income	2	376	23
		<u>376</u>	<u>23</u>
Staff costs	3	9,229	6,037
Operating expenditure	4	4,285	2,415
		<u>13,514</u>	<u>8,452</u>
Total operating expenditure			
		<u>13,138</u>	<u>8,429</u>
Net expenditure for the year			
Other comprehensive expenditure for the year		-	-
Comprehensive net expenditure for the year		<u>13,138</u>	<u>8,429</u>

There are no other recognised gains or losses.

There are no discontinued operations.

The notes on pages 69 to 79 form part of these accounts.

## Statement of Financial Position As at 31 March 2019

	Note	2019 £000	2018 £000
<b>Non-current assets</b>			
Property, plant and equipment	5	47	9
Intangible assets	6	182	89
<b>Total non-current assets</b>		<b>229</b>	<b>98</b>
<b>Current assets</b>			
Other receivables	8	470	51
Cash and cash equivalents	7	4,725	-
<b>Current assets</b>		<b>5,195</b>	<b>51</b>
<b>Total assets</b>		<b>5,424</b>	<b>149</b>
<b>Current liabilities</b>			
Payables	9	(2,238)	(1,902)
<b>Total current liabilities</b>		<b>(2,238)</b>	<b>(1,902)</b>
<b>Total assets less current liabilities</b>		<b>3,186</b>	<b>(1,753)</b>
<b>Total assets less total liabilities</b>		<b>3,186</b>	<b>(1,753)</b>
<b>Taxpayers' equity</b>			
General fund		3,186	(1,753)
<b>Total equity</b>		<b>3,186</b>	<b>(1,753)</b>

The notes on pages 69 to 79 form part of these accounts.

Accounting Officer signatory: Sir Gerry Berragan  
 Chief Executive and Accounting Officer  
 Institute for Apprenticeships and Technical Education  
 Date: 4 July 2019

## Statement of Cash Flows

### For the year ended 31 March 2019

	Note	2018-19 £000	2017-18 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure	SoCNE	(13,138)	(8,429)
<b>Adjustments for non-cash transactions</b>			
Non-cash transactions with Group		11,206	2,925
Notional expenditure: IT costs		200	-
Depreciation	5	8	2
Amortisation	6	14	21
Non-cash investing	6	-	(57)
(Increase) in receivables	7	(419)	(51)
Increase in payables	8	336	1,902
<b>Net cash outflow from operating activities</b>		<b>(1,793)</b>	<b>(3,687)</b>
<b>Cash flows from investing activities</b>			
Purchase of PPE	5	(46)	(11)
Purchase of intangible assets	6	(107)	(53)
<b>Net cash outflow from investing activities</b>		<b>(153)</b>	<b>(64)</b>
<b>Cash flows from financing activities</b>			
Grant in Aid from sponsor department	SoCTE	6,671	3,751
<b>Net cash inflow from financing activities</b>		<b>6,671</b>	<b>3,751</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,725</b>	<b>-</b>
Cash and cash equivalents at 1 April		-	-
<b>Cash and cash equivalents at 31 March</b>		<b>4,725</b>	<b>-</b>

In 2017-18 cash payments and receipts were processed on behalf of the Institute by the Education and Skills Funding Agency. The Institute did not operate its own bank account until December 2018.

The notes on pages 69 to 79 form part of these accounts.

## Statement of Changes in Taxpayers' Equity For the year ended 31 March 2019

	Note	General Fund £000
Balance at 1 April 2017		-
Grant in Aid from sponsor department		3,751
Comprehensive net expenditure for the year	SoCNE	(8,429)
Non-cash adjustments:		
Payments made by ESFA		2,925
Balance at 31 March 2018		<u>(1,753)</u>
Grant in Aid from sponsor department		6,671
Comprehensive net expenditure for the year	SoCNE	(13,138)
Non-cash adjustments:		
Notional IT costs		200
Payments made by ESFA		11,206
Balance at 31 March 2019		<u>3,186</u>

The notes on pages 69 to 79 form part of these accounts.

## Notes to the accounts

### 1. Statement of accounting policies

These accounts have been prepared in accordance with the 2018-19 Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the manual apply IFRSs as adapted or interpreted for the public sector.

The Institute has prepared these accounts under a direction issued by the Department for Education in accordance with paragraph 11(2) of schedule A1 to The Apprenticeships, Skills, Children and Learning Act 2009.

#### Accounting convention

These accounts have been prepared on an accruals basis, under the historical cost convention.

#### 1.2 Going concern

The Institute is a non-departmental public body of the Department for Education. Funding from the Department for Education, taking into account the amount required to meet the Institute's liabilities falling due in the year, has already been included in the department's Estimates for that year. Parliament has approved these Estimates and there is no reason to believe that the department's future sponsorship and future Parliamentary approval will not be forthcoming.

#### 1.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported values of assets and liabilities, income and expenditure. We made no material accounting estimates or judgements in preparing these accounts.

#### 1.4 Adoption of FReM amendments

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers have been adopted by the FReM in 2018-19. The adoption of these accounting standards has not had any impact on the accounts.

#### 1.5 Early adoption

The Institute has not early adopted any accounting standards in 2018-19.

#### 1.6 IFRSs in issue but not yet effective

In order to comply with the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, the Institute must disclose where it has not applied a new IFRS that has been issued but is not yet effective. The Institute has carried out a review of the IFRSs in issue but not yet effective, to assess their impact on its accounting policies and treatment. The full impact of the IFRSs in issue but not yet effective is not known and could be material to the accounts: the Institute has therefore, chosen not to early adopt requirements of the following accounting standards and interpretations, which have an effective date after the start of these accounts

#### 1.7 Property, plant and equipment

The minimum value of capitalisation for expenditure on property, plant and equipment is £2,500. In the case of ICT equipment and furniture, all items recorded as capital expenditure are capitalised and if they fall below the £2,500 threshold they are grouped together and recorded as bulk assets. The asset value on capitalisation is measured at cost plus direct costs, such as installation, attributable to bringing them into working condition.

Standard	Effective	FreM Application	Change & Impact
IFRS 16 Leases	1 January 2019	2020-21	<p><b>Change:</b></p> <p>The proposed changes simplify the classification and measurement of leases by introducing a single lessee accounting model, removing the distinction between recognising an operating lease (off-balance sheet financing) and a finance lease (on-balance sheet financing). The new standard requires recognition of all leases which last over 12 months to be recognised as a finance lease (on-balance sheet). This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, with a matching liability. The pattern of recognition of the expenditure will result in depreciation of the right-to-use asset and an associated finance cost being recognised.</p> <p><b>Impact on the Institute:</b></p> <p>The Institute's lease for their London premises is due to expire on 31 March 2020. The impact of the adoption of IFRS 16 on any new leases is not known. The value of the remaining lease is not significant. Consequently, the Institute does not anticipate any material effect of bringing on-balance sheet former operating leases through applying the new standard.</p>

If an asset became surplus through circumstances not yet existing at the year-end, the changes in asset treatment would not take effect until the following financial year.

### 1.8 Depreciation

The depreciation methods that best reflect the pattern of consumption of economic benefits and the periods over which such benefits are expected to be consumed by the Institute are summarised below:

- furniture: 5 years
- fixtures and fittings: lower of 10 years or the length of the building lease
- computer equipment: 3 to 5 years

## 1.9 Intangible assets

Intangible assets are initially valued at cost, then carried at fair value that is determined by reference to an active market where possible. Where there is no active market, we use depreciated replacement cost as a proxy fair value. Assets are capitalised as intangible assets where expenditure of £2,500 or more is incurred. Assets are amortised over their estimated useful economic lives. Assets under construction are not amortised but assessed for impairment annually.

Asset lives are in the following ranges:

- IT software: life of the license or 3 years where none given

## 1.10 Impairment of non-current assets

The Institute reviews all non-current assets for impairment if circumstances indicate the carrying value may not be recoverable. The Institute recognises as a loss the sum that the asset's carrying value exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less costs to sell and its value in use.

The Institute charges any impairment losses that result from a clear consumption of economic benefits to the Statement of Comprehensive Net Expenditure.

The Institute charges any excess devaluation to the Statement of Comprehensive Net Expenditure.

## 1.11 Financial liabilities

The Institute classifies financial liabilities, where appropriate, at fair value through profit or loss, or as financial liabilities measured at amortised cost (face value plus any discounts). Financial liabilities include trade and other payables and accruals. The Institute's measurement of financial liabilities depends on their classification, as follows:

### 1.11.1 Trade and other payables

Trade and other payables, including accruals, are generally not interest bearing and the Institute states them at their face value on initial recognition. Subsequently, the Institute values them at amortised cost using the effective interest method.

## 1.12 Leases

### Institute as lessee

The Institute charges operating lease rentals as they occur to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

### Institute as lessor

The Institute subleases part of the premises it occupies. This is classified as an operating lease and rental income is recognised on a straight-line basis over the lease term.

## 1.13 Grant recognition

The Institute receives a delegation letter from the Department annually on 1 April. This breaks down the grant the Department transfers to the Institute into programme budgets that fund improving access to high quality apprenticeships and administration budgets that fund the Institute's costs as an NDPB.

## **1.14 Administration and programme expenditure**

The notes to the Statement of Comprehensive Net Expenditure are analysed between administration and programme expenditure. The classification of expenditure as 'administration' or as 'programme' reflects the determination of administration costs in HM Treasury's Consolidated Budgeting Guidance.

Administration costs reflect the costs of running the Institute and include staff costs such as wages, salaries and other administrative costs, including travel, subsistence, IT maintenance and office expenditure.

Programme costs reflect the costs of programme delivery and may include staff and other costs where these relate to activities associated with frontline service delivery.

## **1.15 Employee benefits**

### **1.15.1 Pensions**

The Institute has adopted IAS 19 Employee Benefits (IAS 19) to account for its pension schemes.

Where the Institute contributes to defined contribution schemes (for which there are no underlying assets and liabilities) and unfunded multi-employer defined benefit pension schemes (for which the Institute's share of underlying liabilities cannot be found), the Institute recognises contributions payable in the Statement of Comprehensive Net Expenditure.

Pension benefits are provided through Civil Service pension arrangements, as detailed from page 53 of the Remuneration Report.

The Institute recognises the expected cost of future pension liabilities in a systematic and rational basis over the period during which it benefits from employees' service by payment to Civil Service pension schemes of amounts calculated on an accruing basis. Liability for payments of future benefits is a charge on the scheme.

### **1.15.2 Other employee benefits**

This includes the value of untaken holiday leave at the financial year-end, which is accrued as it is earned.

## **1.16 Value added tax**

Irrecoverable value-added tax (VAT) is charged to the relevant expenditure category or included in the capitalised purchase cost of fixed assets.

## **1.17 Notional charges**

Certain costs are charged on a notional basis and included in the accounts. The only notional costs in 2018-19 were for IT. Notional costs are recorded in the Statement of Comprehensive Net Expenditure and recorded as a movement on the General Fund.



## 2. Operating Income

	2018-19 £000	2017-18 £000
Rental income	376	23

## 3. Staff numbers and related costs

	Permanently employed staff £000	Others £000	2018-19 Total £000	Permanently employed staff £000	Others £000	2017-18 Total £000
Wages and salaries	6,416	780	7,196	4,352	1,278	4,630
Social security costs	743		743	523	-	523
Pension costs	1,290		1,290	884	-	884
	8,449	780	9,229	5,759	278	6,037
Average full time equivalent number of persons employed	115	9	124	76	3	79

More detailed disclosures relating to staff costs and numbers can be found in the Remuneration Report.

#### 4. Operating expenditure

	2018-19	2017-18 (re-presented)
	£000	£000
<b>Programme related expenditure:</b>		
quality	411	83
standards	176	69
approvals	100	50
funding	160	-
employer and professional body collaboration	838	92
other	18	3
<b>Administration expenditure:</b>		
Staff related costs	127	93
Board costs	170	150
Consultancy and other professional fees	275	194
IFA set up costs	-	265
Premises costs including rates and service charges	1,152	849
IT and telecommunications costs	404	358
PR & Marketing	131	78
Travel and subsistence	195	67
External audit fees	35	35
Other expenditure	93	29
<b>Total</b>	<b>4,285</b>	<b>2,415</b>

Some of the expenditure is incurred in the administration of the Institute and some costs are programme in nature.

Operating expenditure does not include the cost of accounting services provided by ESFA as ESFA does not charge for providing these services.

The costs in 2017-18 have been reclassified within operating expenditure in order to provide more transparency over where the Institute spends its funds.

## 5. Property, plant and equipment

	<b>Furniture &amp; Fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Cost or valuation		
At 1 April 2018	11	11
Additions	46	46
At 31 March 2019	57	57
Depreciation		
At 1 April 2018	(2)	(2)
Charged in year	(8)	(8)
At 31 March 2019	(10)	(10)
Carrying value at 31 March 2018	9	9
Carrying value at 31 March 2019	47	47
	<b>Furniture &amp; Fittings</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>
Cost or valuation		
At 1 April 2017	-	-
Additions	11	11
At 31 March 2018	11	11
Depreciation		
At 1 April 2017	-	-
Charged in year	(2)	(2)
At 31 March 2018	(2)	(2)
Carrying value at 1 April 2017	-	-
Carrying value at 31 March 2018	9	9

## 6. Intangible assets

	Developed software £000	IT develop- ment £000	Total £000
<b>Cost or valuation</b>			
At 1 April 2018	110	-	110
Additions	88	19	107
<b>At 31 March 2019</b>	<b>198</b>	<b>19</b>	<b>217</b>
<b>Amortisation</b>			
At 1 April 2018	(21)	-	(21)
Charged in year	(14)	-	(14)
<b>At 31 March 2019</b>	<b>(35)</b>		<b>(35)</b>
<b>Carrying value at 31 March 2018</b>	<b>89</b>	<b>-</b>	<b>89</b>
<b>Carrying value at 31 March 2019</b>	<b>163</b>	<b>19</b>	<b>182</b>
<b>Cost or valuation</b>			
At 1 April 2017	-	-	-
Additions	110	-	110
<b>At 31 March 2018</b>	<b>110</b>		<b>110</b>
<b>Amortisation</b>			
At 1 April 2017	-	-	-
Charged in year	(21)	-	(21)
<b>At 31 March 2018</b>	<b>(21)</b>	<b>-</b>	<b>(21)</b>
<b>Carrying value at 1 April 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying value at 31 March 2018</b>	<b>89</b>	<b>-</b>	<b>89</b>

In 2017-18 £57,000 of these additions were non-cash, the remaining £53,000 were cash. In 2018-19 all additions were cash.

**7. Cash**

	2019 £000	2018 £000
Balance at 1 April	-	-
Net change in cash and cash equivalent	4,725	-
<b>Balance at 31 March</b>	<b>4,725</b>	<b>-</b>

In 2017-18 all cash payments and receipts were processed on behalf of the Institute by the Education and Skills Funding Agency. The Institute did not operate its own bank account until December 2018.

All balances are held with the Government Banking Service.

**8. Receivables**

	2019 £000	2018 £000
Amounts falling due within one year:		
Prepayments and accrued income	19	-
Sundry debtors	451	51
	<u>470</u>	<u>51</u>

The majority of sundry debtors consists of rental income unbilled at the year end.

**9. Payables**

	2019 £000	2018 £000
Amounts falling due within one year:		
Trade payables	21	1
VAT	103	-
Accruals and deferred income	2,114	1,901
	<u>2,238</u>	<u>1,902</u>

## 10. Financial instruments and risk

IFRS 7: Financial Instruments (IFRS 7) disclosure requires the Institute to disclose information on the significance of financial instruments to its financial position and performance.

### 10.1 Liquidity risk

Parliament votes annually on the financing of Institute net revenue resource requirements, as well as its capital expenditure. With no borrowings, the Institute does not consider itself exposed to any significant liquidity risks.

### 10.2 Interest rate risk

The Institute's financial liabilities carry either nil or fixed rates of interest. The Institute does not consider itself exposed to any significant interest rate risk.

### 10.3 Foreign currency risk

All material assets and liabilities are denominated in sterling. The Institute does not consider itself exposed to any significant currency risk.

## 11. Commitments under operating leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods.

	2019 £000	2018 £000
Obligations under operating leases for the following year comprise:		
Buildings		
Not later than one year	754	538
Later than 1 year and not later than 5 years	93	631
	847	1,169
Expected receipts from sub-leases		
Not later than one year	(140)	(141)
Later than 1 year and not later than 5 years	-	(140)
	707	888

## 12. Capital commitments

The Institute had £Nil capital commitments as at 31 March 2019 (2017-18: £nil).

### 13. Related party transactions

The Institute regards the Departmental Group as a related party. During the year, the Institute had a number of material transactions with the Departmental Group and with other entities for which the Department is the parent department. Toby Peyton-Jones, a non-executive member of the Institute board, was appointed to the DfE board as a non-executive member during the year.

In addition, the Institute has had a number of transactions with other government departments and central bodies. Most of these transactions have been with HMRC and PCSPS.

The Institute’s non-executive directors are required to complete declarations of interest to identify related parties. There were no transactions with related parties identified.

The Institute’s senior civil servants are each required to complete an Assurance Framework Record where they declare related party transactions. There were no related party transactions declared. Compensation for key management personnel is disclosed in the Remuneration Report.

### 14. Events after the reporting period

The Accounting Officer authorised these accounts for issue on the date they were certified by the Comptroller & Auditor General. These accounts do not consider events after that date.







# Glossary

Apprenticeship framework	The 'old' apprenticeship programme, based on qualifications, currently being phased out in England in favour of apprenticeships based on apprenticeship standards.
Apprenticeship	An apprenticeship is a job with training to industry standards. It should be in a recognised occupation and involve a substantial programme of on and off-the-job training.
Apprenticeship levy	This is charged at 0.5% of employers' annual pay bills over £3 million. Employers can use these funds on apprenticeship training and assessment costs.
Apprenticeship Standard or Standard	New style apprenticeship based on an occupational standard that defines the duties carried out by someone in the occupation and knowledge, skills and behaviours required to achieve that competence in those duties and the apprentice's occupational competence is tested by an independent, end point assessment.
Approval and Funding committee	Institute committee that makes final decisions on the approval of occupational standards and end point assessment plans and makes final decisions on behalf of the Institute on funding band recommendations.
Awarding Organisation	An organisation that designs, develops, delivers and awards the recognition of learning outcomes of an individual following an assessment and quality assurance process.
DAS/AS	The digital apprenticeship service. An online account where employers 'see' their levy payments, and from which they can pay their digital funds to apprenticeship providers..
Degree apprenticeship standard	An apprenticeship that mandates a full bachelor's or master's degree.
DfE	Department for Education
EPA	End Point Assessment. Rigorous robust and independent assessment undertaken by an apprentice at the end of training.
EPAOs	End Point Assessment Organisations. An organisation approved to deliver end point assessment for an apprenticeship standard. They must be registered.
EQA	External quality assurance. This monitors the End Point Assessment that apprentices undertake at the end of their apprenticeship, to ensure that it is fair, consistent and robust across different apprenticeship standards and between different assessment organisations.
EQAP	External Quality Assurance Provider

ESFA	Education and Skills Funding Agency
FAB	Federation of Awarding Bodies
Faster and Better	Change programme implemented in early 2018 to improve the development process for standards and the approvals processes.
Framework	See Apprenticeship framework
Funding band	Each apprenticeship is allocated to one of 30 funding bands, ranging from £1,500 to £27,000. The upper limit of each funding band caps the digital funds an employer who pays the levy can use towards an individual apprenticeship. It also sets the maximum price that the government will 'co-invest' towards an individual apprenticeship, where an employer does not pay the levy or has insufficient digital funds and is eligible for extra government support.
KSB	Knowledge, Skills and Behaviours. Occupations with related KSB are grouped into pathways.
Levels	Measure of educational attainment. Level 2 = GCSE, Level 3 = A Level or T Level, Level 4 = first year of degree/ Higher National Certificate, Level 5 = second year of degree/ Higher National Diploma, Level 6 = undergraduate degree, Level 7 = Masters degree.
Levy employer	Employer who pays the Apprenticeship Levy.
Minister	The Rt Hon Anne Milton MP, the Minister of State for Apprenticeships and Skills.
NQF	National Qualifications Framework
NVQ	National Vocational Qualification
Occupation	The job requirements for the relevant sector(s), not just those required by a single employer.
Occupation level	Level assigned to an occupation based on its difficulty and degree of autonomy.

Occupational maps	There are occupational maps for each of the 15 routes. They group together occupations that require similar knowledge, skills and behaviours (KSBs). The occupational maps are split into career pathways, which are further split into occupational clusters.
Occupational profile	Description of what someone in the occupation does, including duties.
Occupational standard	Document that details what someone competent in the occupation does and the knowledge, skills and behaviours they require to do it; the basis for apprenticeship standards and T Levels.
Ofqual	Office for Qualifications and Examinations Regulation
OfS	Office for Students
Ofsted	Office for Standards in Education, Children's Services and Skills
Pathways	Groupings of occupations within a Route.
Provider	A training business. Private sector training providers typically deliver around 75% of the apprenticeship market. Traditional Further Education Colleges are small part of the programme.
QAA	Quality Assurance Agency for Higher Education
Quality Alliance	Chaired by the Institute, includes ESFA, Ofsted, Ofqual, QAA, and OfS.
Quality Strategy	This has been developed by the Quality Alliance to set out best practice expectations before, during and after apprenticeships.
Route	Grouping of sectors initially devised as part of the reforms to technical education. There are 15 different routes.
Route panels	15 sector-based route panels of industry experts and assessment experts who review and make considered determinations on whether to approve new or revised apprenticeship standards and assessment plans. Their recommendations feed into the Approval and Funding Committee via the Executive.
Standard	See Apprenticeship Standard.
Starts	Number of individuals starting an apprenticeship. Used as a unit of measurement in the apprenticeship system. Targets are set in relation to 'starts'.
Statutory review	Statutory responsibility to review standards to ensure that they remain current and of high quality. The pilot statutory review conducted in the year was on all the standards in the digital route.
T Level	T Levels are new high quality two-year, technical study programmes that will be available across 11 occupational routes. Alongside apprenticeships and A levels, T Levels will be one of the three major options available to people aged 16 – 19. By involving employers throughout the process, the Institute aims to ensure that T Level content is relevant, engaging and applicable to the world of work.

Trailblazers	Groups of employers, termed 'trailblazer groups' or 'trailblazers', develop new apprenticeship standards. They also have a role in the subsequent reviews of their apprenticeship standards, when the Institute checks they are still relevant and fit-for-purpose.
Wave 1	The first tranche of T Levels to be delivered. It consists of 3 pathways from within the Education & Childcare, Construction, and Digital routes.
Wave 2	The second tranche of T Levels to be delivered. It consists of 7 pathways from within the Construction, Digital, and Health & Science routes.
Wave 3	The third tranche of T Levels to be delivered.

## Useful links

- 1 <https://www.instituteforapprenticeships.org/quality/the-quality-strategy/>
- 2 <https://www.gov.uk/government/publications/apprenticeship-accountability-statement>
- 3 <https://www.gov.uk/government/publications/t-level-accountability-statement>

## Annex 1: Funding band recommendations made to the Secretary of State during the year ended 31 March 2019

This annex includes data on funding band recommendations for apprenticeship standards made to the Secretary of State during the year that are now live for delivery, and for funding band revisions to existing apprenticeship standards. It does not include information about funding band recommendations for apprenticeship standards that are not yet approved for delivery.

Ref.	Standard name	Final funding band	Month recommendation went to Minister
ST0389	Poultry Worker	£5,000	Apr-18
ST0190	Advanced Baker	£9,000	Apr-18
ST0205	Gas Networks Craftsperson	£27,000	Apr-18
ST0477	Academic Professional	£9,000	Apr-18
ST0359	Scaffolder	£9,000	Apr-18
ST0533	Architect (Degree)	£21,000	Apr-18
ST0534	Architectural Assistant (Degree)	£21,000	Apr-18
ST0418	Abattoir Worker	£6,000	Apr-18
ST0041	Building Services Engineering Technician	£12,000	Apr-18
ST0040	Building Services Engineering Site Management	£18,000	Apr-18
ST0042	Civil Engineering Site Management	£18,000	Apr-18
ST0275	Maritime Caterer	£6,000	Apr-18
ST0243	Land Based Service Engineer Technician	£21,000	Apr-18
ST0071	Customer Service Specialist	£4,000	Apr-18
ST0558	Cabin Crew	£5,000	Apr-18
ST0561	Senior Investment Commercial Banking	£18,000	Apr-18
ST0386	Custody and Detention Officer	£3,500	Apr-18
ST0073	Payroll Administrator	£9,000	Apr-18
ST0499	Autocare Technician	£12,000	Apr-18

ST0022	Asbestos Analyst/Surveyor	£6,000	Apr-18
ST0493	Podiatrist	£24,000	Apr-18
ST0645	Train Driver	£21,000	Apr-18
ST0507	Metal Recycling General Operative	£9,000	Jun-18
ST0017	Stockperson	£10,000	Jun-18
ST0018	Crop Technician	£15,000	Jun-18
ST0295	Painter and Decorator	£9,000	Jun-18
ST0497	Rail and Rail Systems Principal Engineer	£24,000	Jun-18
ST0496	Rail and Rail Systems Senior Engineer	£24,000	Jun-18
ST0427	Marine Pilot	£18,000	Jun-18
ST0031	Automotive Glazing Technician	£9,000	Jun-18
ST0627	Ambulance Support Worker	£7,000	Jun-18
ST0637	Packaging Professional	£24,000	Jun-18
ST0016	Packhouse Line Leader	£6,000	Jun-18
ST0454	Teaching Assistant	£5,000	Jun-18
ST0411	Project Manager	£22,000	Jun-18
ST0582	Operating Department Practitioner	£24,000	Jun-18
ST0609	Clinical Trials Specialist	£26,000	Jun-18
ST0587	Internal Audit Practitioner	£9,000	Jun-18
ST0087	CYPF Manager	£6,000	Jun-18
ST0088	CYPF Practitioner	£6,000	Jun-18
ST0095	Bricklayer	£9,000	Jun-18
ST0096	Plasterer	£10,000	Jun-18
ST0580	Brewer	£9,000	Jun-18
ST0604	Textile Care Services Operative	£4,000	Jun-18

ST0226	Landscape Horticulture Supervisor	£8,000	Jun-18
ST0481	Digital Marketer	£21,000	Jun-18
ST0202	Footwear Manufacturer	£5,000	Jun-18
ST0423	Business to Business Sales Professional	£21,000	Jun-18
ST0283	Senior Metrology Technician	£21,000	Jul-18
ST0567	Paramedic	£27,000	Jul-18
ST0597	Technician Scientist	£20,000	Jul-18
ST0602	Revenue and Welfare Benefits Practitioner	£7,000	Jul-18
ST0302	Personal Trainer	£4,000	Jul-18
ST0400	Workboat Crewmember	£20,000	Jul-18
ST0603	Professional Economist	£23,000	Jul-18
ST0610	Internal Audit Professional	£17,000	Jul-18
ST0563	Learning and Development Consultant	£7,000	Jul-18
ST0562	Learning and Development Practitioner	£6,000	Jul-18
ST0482	Digital and Technology Solutions Specialist	£21,000	Jul-18
ST0541	Pattern Cutter	£9,000	Jul-18
ST0574	OME Professional	£24,000	Jul-18
ST0463	Industrial Coatings Applicator	£9,000	Jul-18
ST0398	Animal Trainer	£7,000	Jul-18
ST0461	Formworker	£8,000	Jul-18
ST0053	Highways Maintenance Skilled Operative	£9,000	Jul-18
ST0366	Fencing Installer	£7,000	Jul-18
ST0173	Fashion Studio Assistant	£8,000	Jul-18
ST0505	IT Solutions Technician	£13,000	Jul-18
ST0276	Electrical Mechanical Mechanic	£12,000	Jul-18
ST0588	Propulsion Technician	£21,000	Jul-18

ST0622	Bicycle Mechanic	£7,000	Jul-18
ST0571	Heritage Engineering Technician	£26,000	Jul-18
ST0540	Fashion and Textiles Product Technologist	£9,000	Jul-18
ST0583	Mammography Associate	£5,000	Jul-18
ST0145	Mineral Processing Weighbridge Operator	£6,000	Jul-18
ST0467	Poultry Technician	£6,000	Jul-18
ST0397	Animal Care and Welfare Officer	£5,000	Jul-18
ST0103	Express Delivery Operative	£4,000	Jul-18
ST0343	Veterinary Nurse	£15,000	Jul-18
ST0549	Clothing or Textiles Sewing Machinist	£4,000	Jul-18
ST0330	Security First Line Manager	£5,000	Jul-18
ST0566	Castings, Foundry and Patternmaking Technician	£24,000	Jul-18
ST0510	Social Worker	£23,000	Jul-18
ST0548	Supply Chain Leadership Professional	£21,000	Jul-18
ST0630	Beauty Therapist	£7,000	Jul-18
ST0636	Beauty and Make-up Consultant	£3,000	Jul-18
ST0635	Nail Technician	£3,500	Jul-18
ST0099	Structural Steelwork Fabricator	£5,000	Jul-18
ST0615	Demolition Operative	£9,000	Jul-18
ST0585	Data Scientist	£19,000	Jul-18
ST0589	Production Chef	£5,000	Sep-18
ST0601	Prosthetics & Orthotics	£24,000	Sep-18
ST0307	Port Operative	£8,000	Sep-18
ST0632	Prosthetic / Orthotic Technician	£9,000	Sep-18
ST0479	Outdoor Activity Instructor	£6,000	Sep-18
ST0495	Rail & Rail Systems Engineer	£22,000	Sep-18



ST0426	Broadcast and Media Systems Engineer	£24,000	Sep-18
ST0498	Specialist Tyre Operative	£12,000	Sep-18
ST0409	Cyber Security Technical Professional	£24,000	Sep-18
ST0465	Risk and Safety Management Professional	£19,000	Sep-18
ST0511	Mineral and Construction Product Sampling and Testing Operater	£9,000	Sep-18
ST0376	Motorcycle Technician	£11,000	Sep-18
ST0373	Powered Pedestrian Door Installer and Service Engineer	£9,000	Sep-18
ST0652	Building Control Surveyor	£24,000	Sep-18
ST0432	Engineering Fitter (previously known as Advanced Manufacturing Fitter)	£21,000	Sep-18
ST0572	Sales Executive	£6,000	Sep-18
ST0537	Engineering Operative	£6,000	Sep-18
ST0594	Funeral Team Member	£3,000	Sep-18
ST0612	Marketing Manager	£9,000	Sep-18
ST0596	Marketing Executive	£6,000	Sep-18
ST0524	Sporting Excellence Professional	£8,000	Sep-18
ST0592	Marinas and Boatyard Operative	£10,000	Sep-18
ST0586	Regulatory Affairs Specialist	£21,000	Oct-18
ST0433	Engineering Construction Erector/Rigger	£18,000	Oct-18
ST0169	Structural Steelwork Erector	£9,000	Oct-18
ST0368	Wall and Floor Tiler	£9,000	Oct-18
ST0396	Cultural Learning and Participation Officer	£8,000	Oct-18
ST0559	Museum and Gallery Technician	£11,000	Oct-18
ST0611	Cultural and Heritage Conservation Technician	£9,000	Oct-18
ST0628	Cultural Heritage Conservator	£27,000	Oct-18

ST0453	Water Treatment Technician	£15,000	Oct-18
ST0624	Food and Drink Engineer	£18,000	Oct-18
ST0516	Intelligence Analyst	£11,000	Oct-18
ST0593	Community Safety Advisor	£3,500	Oct-18
ST0547	Retail Leadership Degree	£22,000	Oct-18
ST0545	Waste Resources Operative	£6,000	Oct-18
ST0555	Improvement Specialist	£9,000	Oct-18
ST0504	Floorlayer	£13,000	Oct-18
ST0644	Advertising and Media Executive	£8,000	Oct-18
ST0394	Maritime Operations Officer	£9,000	Nov-18
ST0664	Library, Information and Archive Services Assistant	£6,000	Nov-18
ST0269	Hire Controller	£5,000	Nov-18
ST0513	Groundworker	£7,000	Nov-18
ST0460	Leather Craftsperson	£5,000	Nov-18
ST0696	Post-Production Technical Operator	£9,000	Nov-18
ST0485	Network Cable Installer	£9,000	Nov-18
ST0135	Early Years Educator	£6,000	Nov-18
ST0299	Pharmacy Services Assistant	£5,000	Nov-18
ST0794	Midwife	£27,000	Nov-18
ST0517	Occupational Therapist	£24,000	Nov-18
ST0519	Physiotherapist	£24,000	Nov-18
ST0584	Funeral Director	£4,500	Nov-18
ST0607	Metal Fabricator	£27,000	Nov-18
ST0056	Bid and Proposal Coordinator	£8,000	Jan-19
ST0649	Bioinformatics Scientist	£18,000	Jan-19

ST0600	Hearing Aid Dispenser	£12,000	Jan-19
ST0542	Oral Health Practitioner	£9,000	Jan-19
ST0390	Leisure Team Member	£5,000	Jan-19
ST0781	Registered Nurse	£27,000	Jan-19
ST0663	Lead Employability Practitioner	£6,000	Jan-19
ST0694	Career Development Professional	£9,000	Jan-19
ST0487	Specialist Rescue Operative	£16,000	Jan-19
ST0556	Improvement Leader	£15,000	Jan-19
ST0515	Manufacturing Manager	£24,000	Jan-19
ST0252	Lift and Escalator Electromechanic	£21,000	Jan-19
ST0695	Process Leader	£11,000	Jan-19
ST0424	Broadcast and Media Systems Technical Operator	£9,000	Jan-19
ST0749	Assistant Historic Environment Adviser	£10,000	Jan-19
ST0506	Photographic Assistant	£7,000	Jan-19
ST0146	Education and Training - Assessor Coach	£7,000	Jan-19
ST0148	Education and Training Learning Mentor	£5,000	Jan-19
ST0149	Further Education Learning and Skills Teacher	£10,000	Jan-19
ST0708	Public Sector Compliance	£4,000	Jan-19
ST0523	First Officer Pilot	£27,000	Jan-19
ST0120	Digital Support Technician	£13,000	Mar-19
ST0616	Wireless Communications Rigger	£12,000	Mar-19
ST0698	Transport Planner	£23,000	Mar-19
ST0617	Facilities Services Operative	£3,000	Mar-19
ST0536	Chartered Town Planner	£27,000	Mar-19

ST0669	Tramway Construction Operative	£15,000	Mar-19
ST0221	Archaeological Technician	£9,000	Mar-19
ST0633	Arts Therapist	£17,000	Mar-19
ST0619	Diagnostic Radiographer	£19,000	Mar-19
ST0620	Therapeutic Radiographer	£19,000	Mar-19
ST0568	Psychological Wellbeing Practitioner	£6,000	Mar-19
ST0107	Systems Engineering	£21,000	Mar-19
ST0569	Materials Process Engineer	£17,000	Mar-19
ST0403	Vehicle Damage Panel Technician	£15,000	Mar-19
ST0405	Vehicle Damage Mechanical, Electrical and Trim (MET) Technician	£15,000	Mar-19
ST0448	Vehicle Damage Paint Technician	£15,000	Mar-19
ST0678	Technical Dyer and Colourist	£9,000	Mar-19
ST0406	Vehicle Damage Assessor	£9,000	Mar-19
ST0535	Clinical Coder	£5,000	Mar-19

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