



Institute for Apprenticeships  
& Technical Education

# Annual Report and Accounts for year ended 31 March 2020

# **Institute for Apprenticeships and Technical Education Annual Report and Accounts 2019-20**

**Presented to Parliament pursuant to section ZA6(4) and paragraph 11(5) of Schedule A1  
to the Apprenticeships, Skills, Children and Learning Act 2009**

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# Performance report

## Chief executive's introduction

It is a pleasure to introduce the third Annual Report and Accounts for the Institute for Apprenticeships and Technical Education (the Institute) and my first as chief executive.

The challenge of COVID-19 is of course one which looms large and will impact everything we do for the foreseeable future.

At the Institute, we are committed to continuing the delivery of high-quality apprenticeships both now and in the future, while putting everyone's health and wellbeing first.

We have put over 100 different flexibilities and discretions in place to keep end point assessment going, so that apprentices can take their end point assessments remotely and complete their apprenticeships as previously planned.

We have also adapted our processes for the development and approval of apprenticeship standards, at the time of writing 77 new submissions from employers have been approved, with remote meetings of our employer trailblazers and route panels taking place.

Over the coming year we will continue to reach out and listen to the sector, so that we can make transparent, evidence based decisions and lead through this crisis.

While COVID-19 represents a significant threat to the progress made on apprenticeship and technical education reform, we have the advantage of coming from a position of strength.

More than half-a-million people have now started on new higher-quality apprenticeships at all levels since the reforms launched in 2014.

Starts on the new higher-quality apprenticeships have risen by 22% in the last year and more than doubled since 2017-18. We know that employers, education and training providers, apprentices and everyone across the sector have worked hard to develop higher-quality apprenticeships and better technical education. The Institute has played an important role since our inception in April 2017, last year delivering the 500th new higher-quality apprenticeship standard.

These apprenticeships are in a whole range of different areas and we have worked with thousands of employers to develop new and exciting opportunities.



We have approved the first three T Levels in time for first teaching in September 2020, bringing new rigour and credibility to technical education in this country. T Levels will start to reshape the technical education offer and provide better skills and opportunities to young people - skills which businesses want and need. We have also taken the first steps to extend employer endorsement to other technical qualifications, which we anticipate will grow in 2021.

By working closely with employers and apprentices we have built a knowledge of what they need from the system. This understanding will be crucial over the coming year as we tackle the impacts of COVID-19.

The Institute wants to be at the very heart of the delivery of high quality, cost effective apprenticeship standards and technical education so that every employer and student gets the skills they need to succeed.

We need to be both realistic and positive. It will be difficult and there will be setbacks, just as there will across the wider economy and across the world.

This is a new reality and one we are all learning to cope with and respond to it in the best way we possibly can. We know that to meet the challenges ahead, of which there may be many, we will need to become increasingly flexible in our approach, more agile in our ways of working and more rapid in our response.

However, by us all working together, within the Institute and collaboratively with our partners, we believe that apprenticeships and technical education can play a central role in the economic recovery from COVID-19.

**Jennifer Coupland, Chief executive**

# Who we are

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

## Mission

Our mission is to enable employers to develop high quality, cost effective apprenticeship standards and technical qualifications, so every employer and individual gets the skills they need to succeed.

## Vision

Our vision is for a world leading apprenticeships and technical education system that equips people from all backgrounds for skilled occupations contributing to increased economic productivity.

### We do this by following three strategic principles:

#### Efficient ●

Running simple, transparent and efficient systems that help employers set and maintain high quality, cost effective apprenticeship standards and technical education qualifications so every employer, apprentice and student gets the skills they need to succeed.

#### Collaborative ● ●

Building outstanding working relationships internally and with all our stakeholders so we can work in partnership to realise our vision for a world leading apprenticeships and technical education system.

#### Authoritative ● ● ●

Building on our unique access to evidence and insight from employers, apprentices and the education and training sector, to generate ideas, influence thinking and make a positive impact on the development of the apprenticeship and technical education system.

## Our process

We work with groups of employers called trailblazers and T Level panels who develop the apprenticeships and technical qualifications. These are approved by our board on the basis of recommendations provided by our route panels. The route panels are at the heart of our organisation. They provide employers with a voice which guides our decision making processes, helping us meet our objectives.

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.

We provide employers and apprentices with confidence that the training and end-point assessment for all apprenticeship standards remains relevant, reliable and demonstrates occupational competence.

We have now started to review established apprenticeships to ensure they continue to meet the needs of employers and apprentices.

We also provide recommendations to the government on the maximum level of funding that should be available for apprenticeship to help deliver value for money while enabling high quality training.

On 31 January 2019 the Institute took on the responsibility of approving outline content for all T Levels, running procurements and issuing contracts to awarding organisations to develop the detailed qualifications.





# Accountability Landscape

	T Levels (Level 3)	Apprenticeships		
		Technician Level (2 to 3)	Higher Technician Level (4 to 5)	Professional Level (6+)
Department for Education (through ESFA)	Overall accountability and policy lead for T Level programme, including provision of industry placements	Overall accountability for the apprenticeship programme, policy and strategy, including overall accountability for quality		
Institute		Accountability for quality in relation to its statutory duties		
	Outline content development, review and approval	Standards development, review and approval		
	Managing quality through contract procurement	Quality Assurance of end-point assessment		
		External Quality Assurance, where nominated by trailblazer group		
Ofsted	Quality of teaching	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 (OfS)				Quality of training provision
				Quality of end-point assessment

Further information can be found in the [Apprenticeship Accountability Statement](#) and the [T Level Accountability Statement](#).

# The Quality Alliance

Led by the Institute, the Quality Alliance is a means 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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# Institute COVID-19 response and recovery

Like all organisations the Institute has had to adapt to the unprecedented and rapidly changing business environment brought about by COVID-19. The welfare and safety of our staff, students and apprentices and all those involved in the delivery has been paramount in our approach. In line with government guidance the Institute advised all staff to work from home from 17 March and closed its offices on 18 March.

As the situation has developed the Institute has worked closely with employers and wider stakeholders to adapt how it works to ensure the continuation of key services and processes. The employers we work with either directly, as members of our route or T Level panels or trailblazer groups, or indirectly through their use of apprenticeships have all been affected differently and we have tailored our approach accordingly.

The Institute’s approach has been focused on two streams of activity: response and recovery. To ensure that our approach was employer led and able to move quickly we have instigated, as a subset of the audit and risk committee, a COVID recovery oversight group, which meets weekly to review the Institute’s COVID risk register and to steer its response and recovery activity. This group provides visibility to the Institute’s board on our COVID response and allows us to draw on their experience to inform it. Work across the Institute is being managed through a dedicated COVID team, working directly to the chief operating officer.

<b>Institute guidance</b> We are leading on end point assessment and external quality assurance, making it more flexible, especially for remote delivery. Updated 1 July <a href="#">Institute guidance →</a>	<b>Frequently asked questions</b> If you have a question – please contact us via enquiries.ifa@education.gov.uk. Updated 1 July <a href="#">Recent questions and answers →</a>	<b>Recent updates</b> This is where we will place any announcement from the Institute on support or changes related to COVID-19. Updated 11 August <a href="#">Latest news →</a>
<b>Government guidance</b> The Department and ESFA are leading on detailed apprenticeship guidance for training providers and employers, including breaks in learning. <a href="#">Government guidance →</a>	<b>Are you an apprentice</b> Apprentices should phone the National Apprenticeship Service for advice on 0800 0150 6000 <a href="#">Guidance from the apprenticeship service →</a>	<b>Are you seeking financial help</b> Information on measures for businesses are available from the Treasury. <a href="#">Treasury information →</a>

COVID-19 hub on the Institute’s website

Our response activity has seen us working closely with our partners to ensure that apprentices and their employers were supported to allow apprenticeships to continue wherever it was appropriate and safe to do so and without compromising the quality or integrity of apprenticeships. We have worked closely with ESFA and end-point assessment and external quality assurance (EQA) organisations to provide clear guidance on the operation of apprenticeships, including the use of remote assessment in end-point assessments in this period. To support the continued delivery of end point assessment we have agreed 79 flexibilities (general measures i.e. delivering a test on-line or changing the order of the assessments, working in conjunction with the EQA provider), and 41 discretions (bespoke alternative assessments or changes) through Institute led taskforces with employers and end point assessment and assurance organisations.

We have also adapted our processes for the development and approval of apprenticeship standards. Understandably employers have been focused on their core business, but they also recognise that apprenticeships will have a part to play in the country's recovery. Each sector of the economy has been affected differently and our relationship managers have worked closely with individual trailblazer groups, to support those that are able to continue development at present, working at a pace determined by employers. To enable this, we have also continued to operate our development and approvals processes and have agreed 77 submissions from employers and made funding band recommendations to the Department for Education since social distancing requirements were put in place. This has been facilitated by adapting our work with trailblazer groups and route panels, by meeting remotely.

We also recognise that stakeholder engagement and effective consultation with employers are at the heart of the Institute's approach and this is constrained presently. Additionally, we are committed to providing as much stability as possible whilst the apprenticeship system responds to the disruption brought about by COVID-19. While we have continued work within the Institute on the route reviews and funding band adjustments, we have paused further external progress and announcements. For those consultations that were live at the point of the COVID-19 outbreak we extended the response period by six weeks to provide more time for stakeholders to respond.

These response measures have supported the continuation of apprenticeships where it is safe and appropriate to do so and removed undue burdens from employers. The second element of our approach, recovery, has been supporting the Department for Education in its consideration of how to support apprentices and employers as social distancing requirements are changed and the economy reopens. We have and continue to support this through the work of the Quality Alliance and by providing employer insight via our trailblazer groups and route panels as to what is required to both sustain and grow apprenticeships and technical education in response to COVID-19.

As part of our recovery planning we have also committed to ensuring that there is no cliff edge in the use of the flexibilities granted as part of the immediate response and that these are unwound only when it is safe and appropriate to do so and in consultation with key partners, including employers.

# Performance analysis

## Introduction

The purpose of the performance analysis section is to give a summary of the overall development and performance of the Institute during the year.

This section focuses on the period up to March 2020, so the impact of COVID-19 is not yet visible in the figures or analysis below.

The Institute confirms that it has complied with legislation in respect to the activities it has undertaken during the year. Specifically, it has had regard to the Strategic Guidance issued by the Secretary of State for Education in March 2019.

## Performance against our strategic principles

Our mission is to enable employers to develop high quality, cost effective apprenticeship standards and technical qualifications, so every employer and individual gets the skills they need to succeed. We continually monitor our performance against our strategic principles (efficient, collaborative and authoritative), which are detailed further on pages 14 - 17 and use a balanced scorecard, updated quarterly to track operational progress

The scorecard is informed by information from across the Institute including feedback from members of the senior leadership team, our internally developed management information system, reports from our sponsor and other data, including surveys.

The scorecard enables us to understand our performance better in order to refine our processes and communicate more effectively with stakeholders and partners, from employers to the Department for Education (DfE).

A traffic light system is used to track progress.



All data is relevant as of March 2020

## Strategic principle 1: Efficient

### How we will achieve this

Measure	Target	Performance
<b>Occupational maps</b>		
Accuracy	All occupational maps are validated and endorsed by their respective route panel by 30 November 2019	The occupational maps have all now been validated and the Business Plan 2019 to 2020 target has been met. Remaining follow up work from the final validation sessions was concluded by March 2020.
<b>Apprenticeship standards</b>		
Total standards	No less than 475 apprenticeship standards to be published for delivery by April 2020	536 apprenticeship standards had been approved for delivery and published on the Institute website by April 2020
Faster & Better Apprenticeship Standards Reform	85% of apprenticeship standards developed gain approval (with/without conditions) the first time they are submitted	77% of standards (individual elements) gained approval the first time they were submitted since April 2019. Our focus continues to be on 'right first time'
Funding	95% of funding band recommendations are accepted by ministers first time	100% of submissions to the minister have been accepted first time
Statutory reviews	3 Statutory Reviews are concluded and in implementation by 30 March 2020	Due to the Impact of COVID-19 the route reviews have been postponed as it has not been possible to engage with employers in a meaningful way. We have announced a revised timeline for the current and future route reviews

Measure	Target	Performance
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**T Levels**

Procurement	Wave 2 contracts awarded by 30 September 2019	Contracts awarded on 1 October 2019
Qualification	Wave 1 T Levels approved and delivered to providers by February 2020	The Institute worked with awarding organisations in early 2020 to address the detailed feedback provided by the Institute and Ofqual and final versions were received at the beginning of March. Wave 1 T Levels were approved by the T Level board in April 2020

**Quality**

External Quality Assurance (EQA) consistency and relevance	The revised EQA framework has been implemented by all EQA providers by 1 January 2020	EQA providers are moving on to the EQA framework where reports are submitted via the Qualitas system
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**Programme**

Delivery	80% of change programme projects on track for delivery (as specified in the programme mandate)	83% of projects were judged to be on track by the end of the last reporting year. These are contributing to our objectives of streamlining EQA, our funding band approach, route reviews and our estates plan
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## Strategic principle 2: Collaborative

### How we will achieve this

Measure	Target	Performance
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#### Relationships

Satisfaction	75% of respondents to employer surveys rate their relationship with the Institute as positive or very positive	80% of those who replied to the stakeholder survey said they had a positive or very positive relationship with the Institute
Funding band transparency	At least 50% of respondents report an improvement in understanding of funding band calculations in the stakeholder survey	50% of those who replied to the survey felt that the Institute performs well or fairly well in recommending a maximum amount of government funding that can be drawn down by employers for individual apprenticeship standards

#### People

Recruitment	Institute more than 90% recruited against staffing plan and financial profile.	At the time of the report, we had met our target, recruiting 96% of staff against our plan. Headcount stands at 167 against a profile of 171.5.
Retention	Turnover of permanent staff is less than 10%	Current turnover is 6.7% for the last 12 months
Location	London site secured by March 2020	Government Property Agency contract for current premises extended to March 2021
People engagement	70% or higher in engagement score in annual people survey	The People Survey engagement score for 2019 is 66% - slightly down from 71% in 2018



## Strategic principle 3: Influence

### How we will achieve this

Measure	Target	Performance
Standing	50% of our stakeholders view us in a positive light, and would speak highly of us as a credible organisation	64% of respondents stated they would speak highly of the Institute if asked by other people
Impact	More than 70% of board members, panel members (route, T Level, apprentice) and trailblazers consider the Institute's customer service to be good or better	72% of trailblazers, apprentices, T Level board and route panel respondents to the stakeholder survey rated the Institute's customer service positively



## Analysing our performance before COVID-19

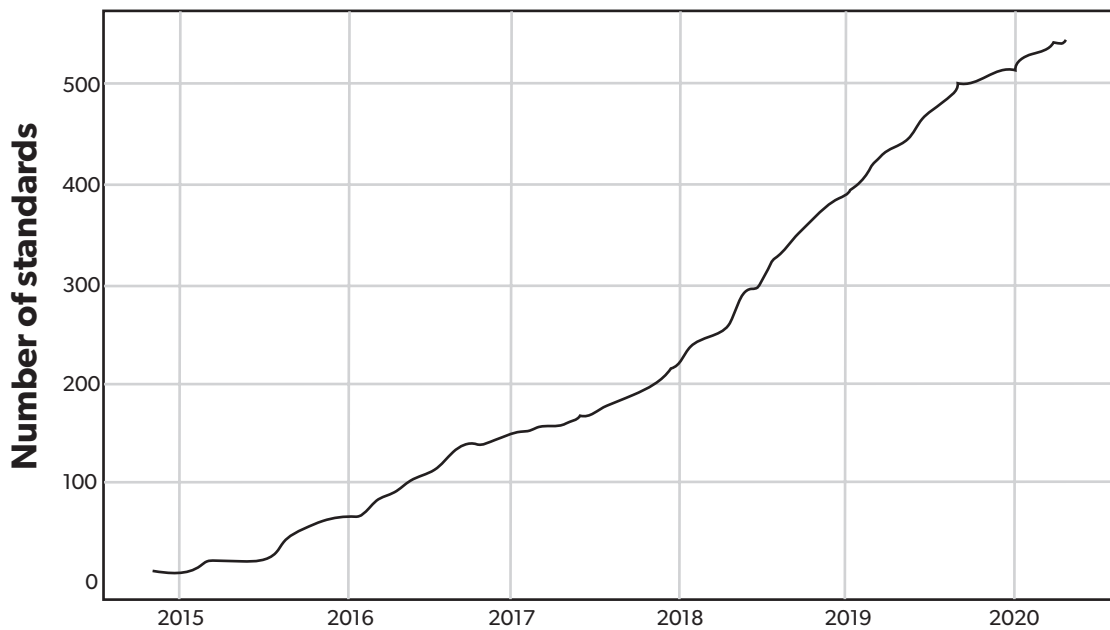
### Rolling out apprenticeship standards

Since we were founded three years ago we have worked with over 3,000 different employers to design new, higher quality apprenticeships.

As of 31 March 2020 there were 536 different new apprenticeship standards, providing a wide coverage of different occupations and sectors across the economy. This number has increased from 424 at 31 March 2019.

Apprenticeship frameworks are due to be switched off from 31 July 2020. While apprenticeship standards are not a like-for-like replacement, it has been important that they are ready before the frameworks are replaced.

Standards are higher quality because they are developed by employer trailblazers, before going to an employer route panel to make the final recommendation to our approvals and funding committee, which is again made up of employers. This ensures that the knowledge, skills and behaviours required for competence in an occupation is what employers need.



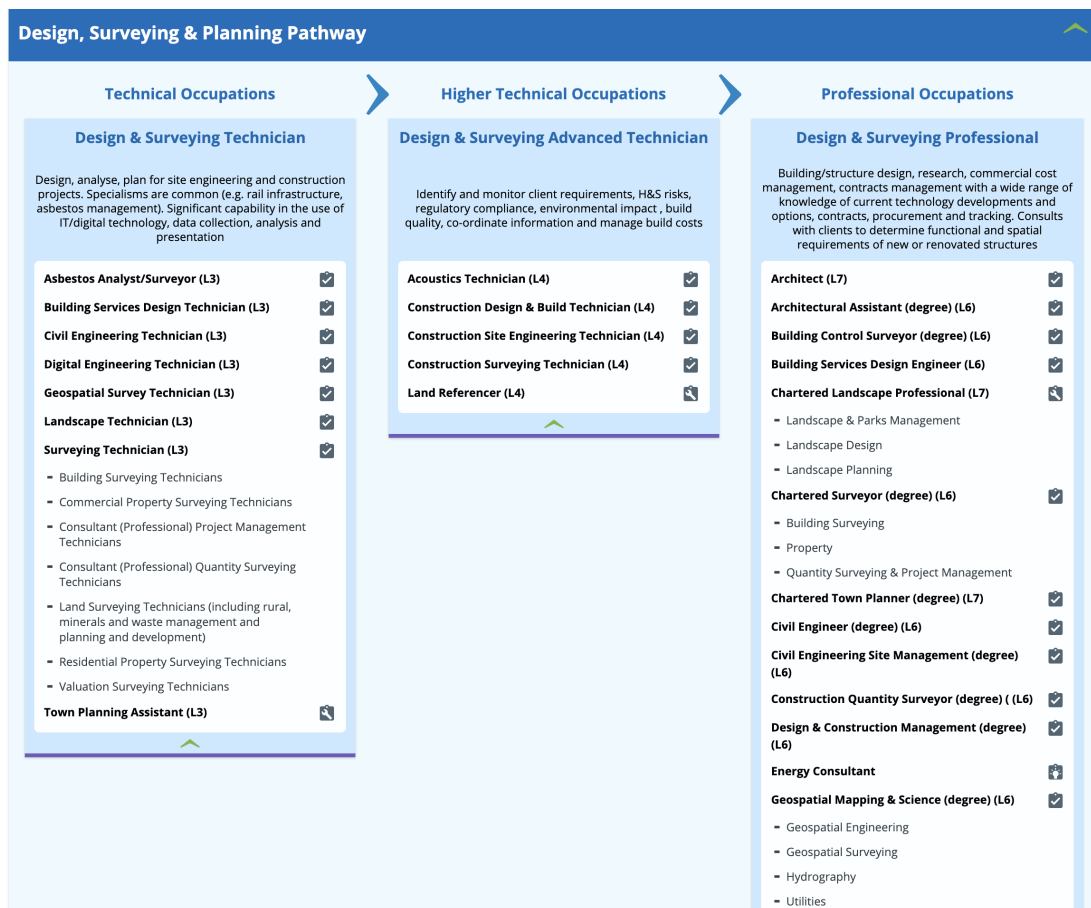
The graph above demonstrates the growth in apprenticeship standards

The new apprenticeships we are creating are more rigorous, including a minimum 20% off-the-job training and rigorous assessments at the end to check apprentices have the right skills.

We then regularly review these apprenticeships, working closely with employers to make sure that what was right three years ago is still right today.

In the last year we have also launched our new occupational maps, providing a clear route and path in each sector.

This shows the role that each apprenticeship standard plays and how an apprentice might progress, but also includes the new T Levels, demonstrating how technical education can form part of the wider skills offer.



Occupational map for the design, surveying and planning pathway in the construction route



## External quality assurance

The Institute has a statutory responsibility to ensure that assessments of the quality of end-point assessment are undertaken. At present these assessments can be delivered by the Institute itself, Ofqual, Office for Students (OfS), professional bodies or employer groups.

During 2019 and early 2020, the Institute worked with Ofqual and OfS on how to optimise and simplify EQA delivery. We sought guidance from our route panels to ensure that the opinion of employers was included in this process.

The Institute undertook a public consultation on the proposed changes and a revised framework to understand the implications both for the EPA market, and for ongoing employer trust in the relevance of EPA and apprenticeships, of transferring to an Ofqual / OfS led system.

The Institute intends to publish a response in July 2020.

## Improving how we approve standards

A key goal over the last year was to increase the number of apprenticeships standards which gain approval the first time they were submitted.

This is important as it saves time for employers and those working on submitting the apprenticeship and allows people to undertake new employer designed apprenticeships quicker.

The Institute has an important role here in offering support and advice through the process, so that new apprenticeships are of the right quality to secure approval first time. Our route panels provide key insight and advice from employers into the processes to set standards and determine funding band recommendations.

Between April 2019 and March 2020, 77% of standards gained approval the first time they were submitted.

The Institute also recommends the most appropriate funding band for different apprenticeships to the minister during the year.

Between April 2019 and March 2020 the Institute made 399 recommendations compared to 460 in 2018-19

# T-LEVELS

## THE NEXT LEVEL QUALIFICATION

On 31 January 2019 the Institute took on the responsibility of approving outline content for all T Levels, running procurements and issuing contracts to awarding organisations to develop the detailed qualifications and approve the final T Levels ready for providers to teach at colleges and schools throughout England.

Following award of contracts the awarding organisations have approximately 12 months to turn the outline content into a full qualification specification including the production of sample assessment materials.

Throughout the development phase the awarding organisations are required to submit materials at three key milestones to the Institute for scrutiny and assessment of progress against the contract requirements. At the final milestone the Institute, with its employer panels, determines whether the qualifications are ready to be approved and Ofqual considers accreditation of the qualifications. During development we work closely with Ofqual to ensure the T Levels are designed to offer highly quality content and structured to include robust assessment methods.

Following completion of Wave 1 development, the first three T Levels have received approval and accreditation from the Institute and Ofqual and will now launch in the first c.50 colleges and schools selected by the Department for Education for the 2020 - 21 academic year. The three T Levels are

- Education and childcare
- Design, surveying and planning for construction
- Digital production, design and development

Seven more qualifications are currently going through the development process for introduction in colleges and schools from September 2021. This will lead to two more T Levels in construction, two additional in digital and three in the health and science route.

## Higher technical qualifications

The Institute responded to the Department for Education's 2019 consultation, which proposed policies to increase the take up of higher technical education at level 4 and 5 in England.

The idea is to boost the supply of much needed skills and raise productivity and prosperity. The key recommendation for the Institute was the introduction of a new national approval scheme that recognises and clearly signals which level 4 to 5 qualifications provide the knowledge, skills and behaviours employers want.

The government consultation response was published on 14 July 2020.

## Working Collaboratively

During the year we have worked closely with our partners in the Quality Alliance, specifically Qfqual and OfS, to work towards the delivery of Wave 1 T Levels and respond to the government consultation on higher technical qualifications.

This partnership relationship will be key as we develop our offering in these areas ensuring that it is relevant and robust in these uncertain times.

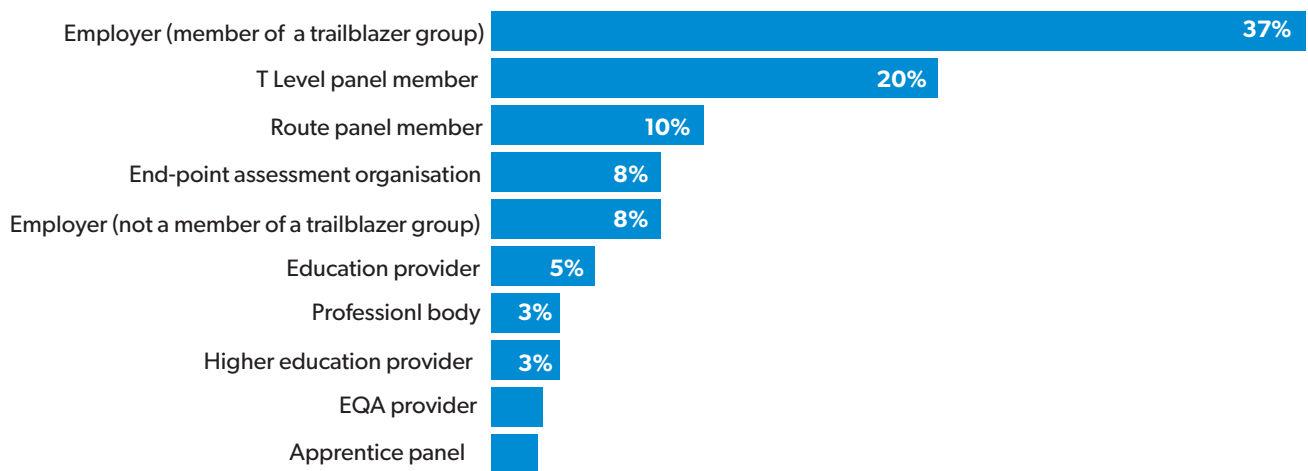
## Working with others

The Institute is an employer-led organisation and so we view how we interact and work with our many stakeholders as hugely important.

We run stakeholder surveys to understand how we are viewed and what we could improve.

Last year we received 303 responses to our stakeholder survey from a wide range of organisations.

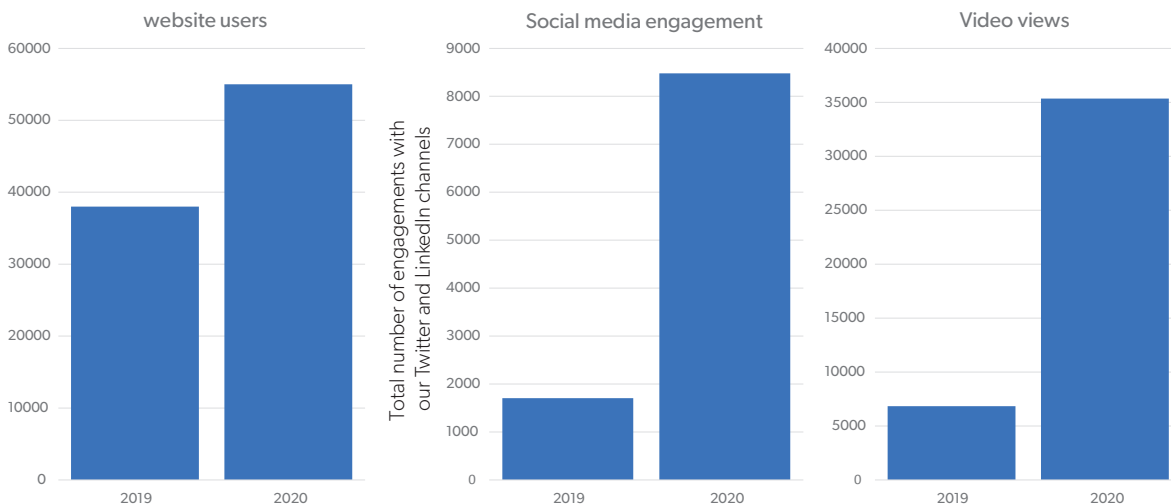
Of those, 72% rated our customer service positively and 64% would speak highly of the Institute. The breakdown of those who responded to our survey was as follows:



Over the last year we have continued to invest in our data science and communications teams.

By professionalising these teams, we are able to make better use of data insight and analysis to ensure we use an evidence-based approach to all communications.

The success of this approach was demonstrated by the 42 per cent increase in unique web page views during National Apprenticeship Week 2020, the 400% increase in social media engagement, and over 35,000 views on video content.



## People

Our staff are crucial to delivering our mission.

Over the last year the Institute has grown, going from 146 staff to 167.

Although our People Survey engagement score has dipped slightly to 66% for 2019, it remains above the Civil Service average, suggesting that we are retaining high levels of engagement despite substantial growth.

We recognise this reduction and as a result have the following plans in place:

to build the understanding and engagement with mission and vision

to develop leadership capability

to enhance collaboration between the offices of the Institute

to support development

to ensure that each time has priority actions

We have a target of raising the people engagement index by 10%

By reducing our staff turnover down to 6.7%, we have increased the amount of retained knowledge within the Institute, making us more resilient.





## 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.

We show below the main risks we managed during the course of the 2019-20 performance year.

On pages 27 and 28 we present a forward look at the risks we face. These reference most notably the recognition that COVID-19 will impact our organisation.

Detail	Mitigation
<b>T Levels</b>	
<p>We have been implementing a change programme to ensure that approval and accreditation of the T Levels technical qualifications developed by Awarding Organisations (AOs) takes place within the required timetable to enable first teach in September 2020.</p> <p>Due to the inherent tight timetable and the novel nature of the qualifications coupled with providers having 6 months to prepare to teach, the Institute has engaged closely with key stakeholders throughout the development phase. It is important for the Institute to meet this timetable due to the requirements of the academic year.</p> <p>Any delay would impact on the Institute’s operational effectiveness and reputation with all stakeholders.</p> <p><b>COVID – 19 Update</b></p> <p>This is the first year of teaching T Levels. Therefore, the take up is difficult to define. This is worsened by the potential effect the COVID -19 may have.</p> <p>The Institute is also now focused on the development of the Wave 2 T levels and procurement of the Wave 3 T Levels.</p>	<p>By setting up the programme and project teams and by close engagement with stakeholders and partners (Ofqual and DfE), we prepared for and have ensured the development of Wave 1 T Levels to time and quality.</p> <p>We managed the AOs to ensure the delivery of content to expectations, in a tight timeframe and mitigated risks by ensuring early review of materials, regular interactions with stakeholders and provision of early feedback and support.</p> <p>The first Wave of T Levels were approved on 1 April and published for providers. The new T Levels mark a significant change in the way that technical education is to be delivered.</p> <p><b>COVID – 19 Update</b></p> <p>The first T Levels have been released to providers and published by the AOs for first teaching in September 2020.</p> <p>DfE is working closely with providers to ensure they are ready for first teaching and providing support for wider aspects of T Levels including industry placements and Further Education workforce capacity.</p> <p>For Wave 2, the Institute is again engaging closely with all key stakeholders to ensure approval of the next 7 T Levels ready for September 2021.</p> <p>Wave 3 procurement is progressing well against a tight timeframe and the Institute is working closely with DfE and other government departments to secure business case approvals in time for contract award autumn 2020.</p>

Detail	Mitigation
<b>Approach to making funding band recommendations</b>	
<p>Each apprenticeship standard is assigned a funding band which is the maximum amount the government pays towards the cost of an apprenticeship. The Institute provides the Secretary of State with a recommendation on the most appropriate funding band for any new standard, also for any standards where the funding band may need to be changed (revised).</p> <p>The approach currently used for making funding band recommendations uses a series of data points, including quotes provided by training providers and end-point assessment organisations and comparisons with the funding bands of similar standards.</p> <p>The current method has been improved over the last year, but the Institute still receives criticism about its complexity and lack of transparency.</p>	<p>The Institute intends to replace the current approach with a simpler, clearer model, which uses an independent evidence base. We also anticipate that using independent evidence in making funding recommendations will support greater value for money.</p> <p>Using independent research as its basis, a proposed new approach was designed and put out to public consultation.</p> <p>This consultation has been supplemented with significant stakeholder engagement using a range of methods to understand the views of all interested groups.</p> <p>The consultation closed on 18 May 2020 and the Institute is using the feedback and comments received to refine the model into a final proposition which will then be subject to a further consultation later in 2020.</p> <p>The Institute intends, following the second consultation, to undertake a piloting phase ahead of any full implementation of the new model.</p>
<b>Location</b>	
<p>The lease on the Institute's London premises is due to expire in March 2021.</p> <p>The relocation of the Institute is a significant project that requires consultation with all stakeholders to ensure that any move will provide office premises which will meet our future requirements.</p> <p>Detailed planning is needed to minimise the risk of disruption to the Institute.</p> <p>The long term effects of COVID-19 on office space requirements and the office environment are yet to be fully established.</p>	<p>The Institute has already started the process of finding new premises and is working closely with the department and the Government Property Agency to source appropriate accommodation in central London.</p> <p>The impact of current 'working from home' arrangements will be assessed to 'right size' our office needs and ensure an appropriate office environment for our staff.</p>

## 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.

Detail	Mitigation
<b>COVID-19</b>	
<p>The COVID-19 virus presents a unique challenge to the fair and timely delivery of quality apprenticeships. Our priority has been the health and wellbeing of apprentices, employers and everyone involved in the process.</p> <p>The situation means that many apprentices who were ready to take their end-point assessment were not able to do so and the successful completion of their apprenticeships and onward career progression was at risk of being held back.</p> <p>The impact would have been to disadvantage these apprentices compared to their peers who were doing academic or vocational qualifications. In addition, employers in key sectors were keen that apprentices who had attained occupational competence could receive their apprenticeship certificate.</p>	<p>Since the COVID-19 outbreak, we have been supporting the cross-government effort to make it easier for apprenticeships to continue and for apprentices to complete in a different way without compromising quality.</p> <p>We have published new guidance on the delivery of assessment and introduced end-point assessment (EPA) flexibilities for standards which we reviewed on a case by case basis using a number of end-point assessment organisations (EPAO), EQA providers, the Institute and trailblazer taskforces.</p> <p>Guidance includes advice on:</p> <ul style="list-style-type: none"> <li>delivering apprenticeships flexibly to those working at home</li> <li>furloughed employees continuing or starting apprenticeship training and EPA</li> <li>alternative arrangements and flexibilities for EPA.</li> </ul> <p>We continue to monitor all EPA activity closely and further detail is published in our COVID-19 hub on our website.</p>

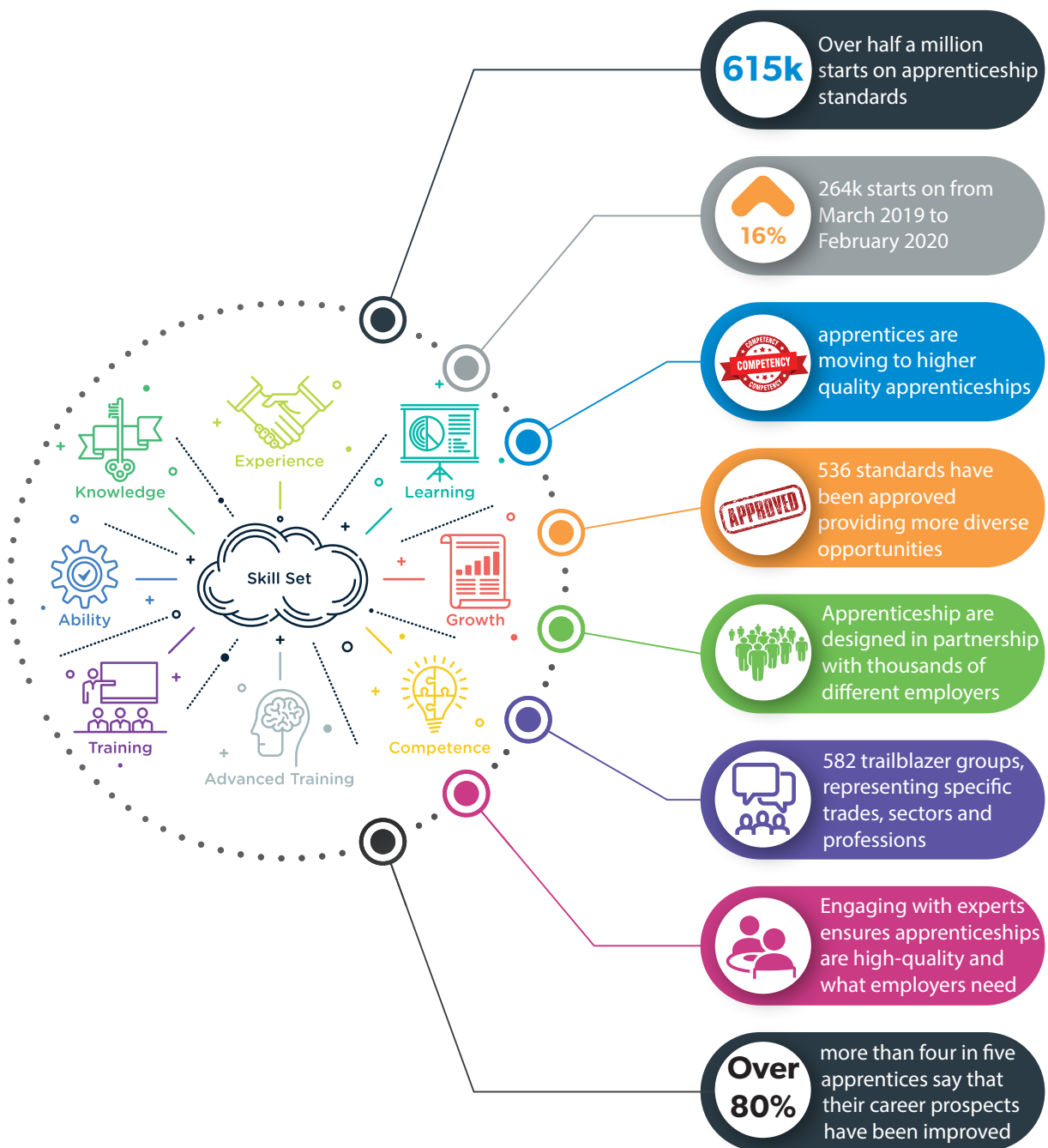
Detail	Mitigation
<b>Employer engagement</b>	
<p>A key aspect of our work is convening and facilitating employers and partners to develop quality apprenticeship and T Level content.</p> <p>Employers provide us with vital insight and make an active contribution to our operational work/ processes which takes us closer to our vision and mission.</p> <p>We are becoming aware of the impact that COVID -19 is having on the employers who we engage and rely on to deliver our work. We recognise that some will have to de-prioritise tasks to tend to the needs of their businesses which could ultimately impact on the development of apprenticeships and T Levels.</p>	<p>We have been preparing for, and supporting, employer groups with guidance and process adjustments due to the impact of COVID-19.</p> <p>We have set up remote contact with all members and are holding webinars with employer groups to understand their situations and to advise and support.</p> <p>We are working closely with the department and the Quality Alliance to advise on and execute actions in our response and plan for recovery so that we can help employers now but also plan for recovery in the longer term.</p>

Further details regarding the Institute’s response and recovery plan in respect of COVID-19 can be found on page 11 and 12.



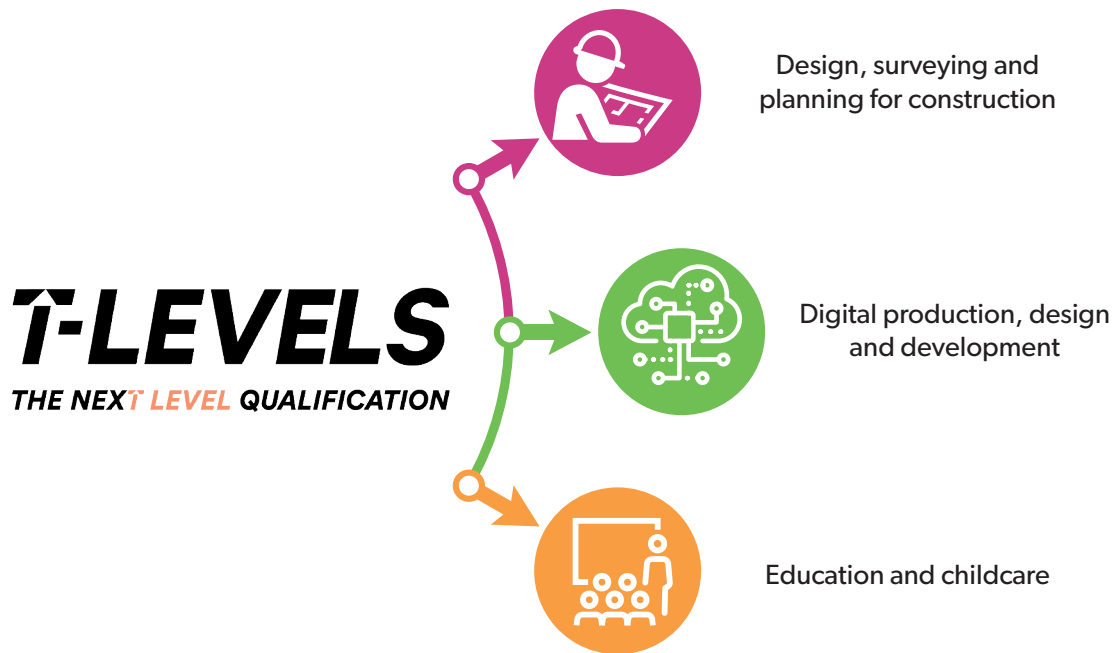
# Our year in numbers before COVID-19

## Apprenticeships



## Technical Education

The first three T-Level courses are now ready for delivery in 2020. These will be available at selected schools and colleges across the country.

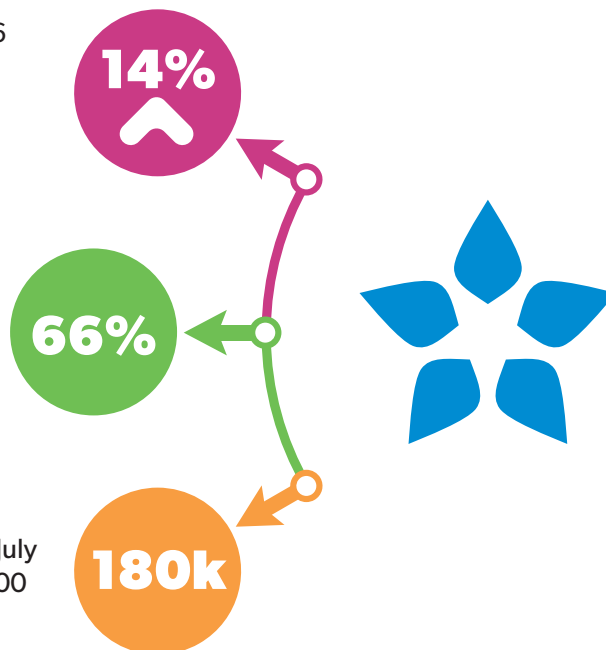


## Corporate

The Institute has grown from 146 permanent employees to 167, reflecting its new larger remit including technical education.

Our employee engagement score was 66% for the year, three per cent higher than the overall Civil Service score.

Since launching a staff intranet in July 2019 it has had more than 180,000 page views.



# Chief Financial Officer's review of the year

## Introduction

As a relatively new organisation, in its third year of operation, 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 enhanced responsibilities, specifically the development of T Levels, and further support to our core functions as we develop our operating capability.

Since the implementation of 'Faster and Better' (a change programme implemented in early 2018 to improve the development process for standards and the approvals processes) we have continued to approve standards more quickly than in previous years.

Our costs have increased by £6.3 million from £13.5 million to £19.8 million this year. This reflects our additional workload, most specifically in relation to T Levels.

Our staff numbers have grown from 146 to 167 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.

There has thus far been no impact on our finances as a result of COVID-19 or preparations for Brexit. A more detailed analysis can be found on pages 11 and 12 - Institute COVID-19 response and recovery.

## 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 68 - 85 for more details.

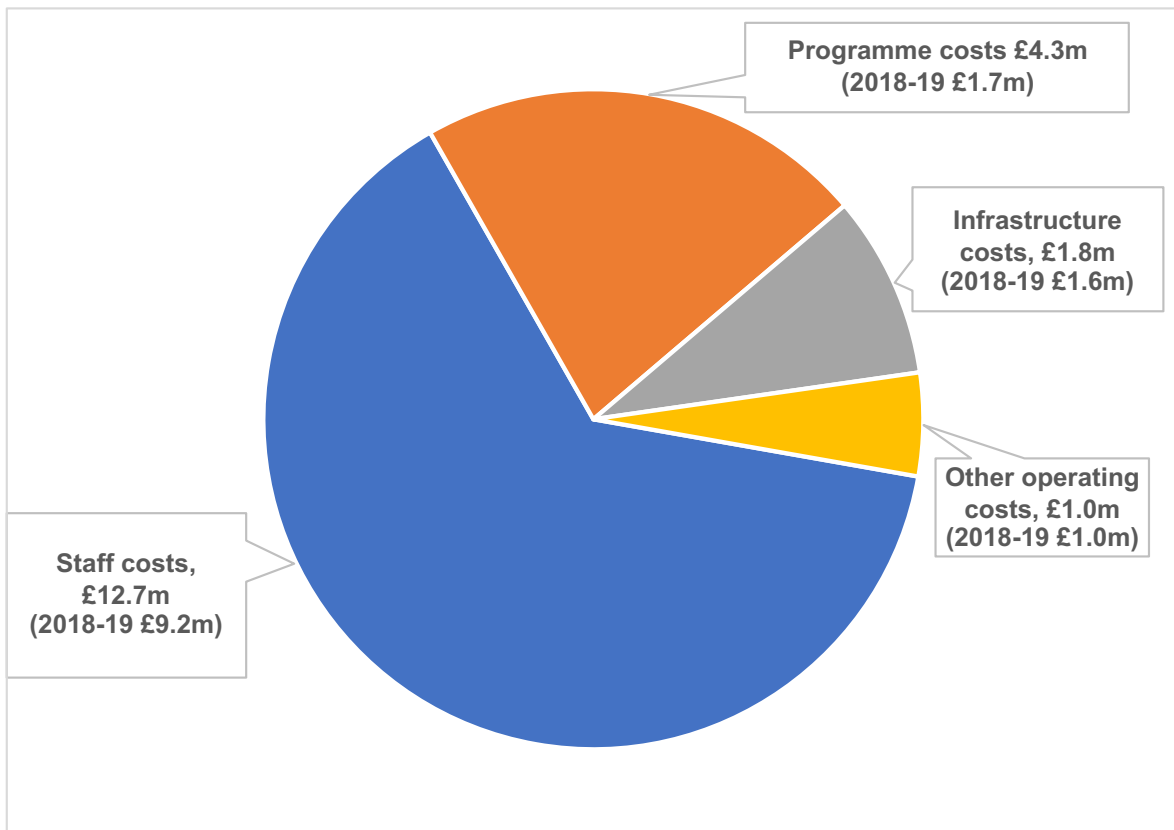
### Operating Income

In addition to the income which we have generated from leasing surplus office space £341,000 (compared to £376,000 in 2018-19) we have recorded income of £420,000 of fee income where the Institute has received fees from end-point assessment organisations where we have recovered the costs charged to the Institute in respect fees for external quality assurance billed by Open Awards.

## Operating Costs

We increased our expenditure by £6.3 million during the year. The chart below shows how this figure is broken down.

### COST ALLOCATION £19.8m (2018-19 £13.5m)



An analysis of staff costs can be found in the Remuneration and Staff Report on page 60.

The detail of expenditure in programme costs, infrastructure costs (premises and IT and telecommunications) and other operating costs is provided in note 4 to the accounts on page 79.



## Staff costs

Our staff costs have increased from £9.2 million to £12.7 million. This is in line with the increase in average number of full-time equivalent staff which increased from 124 to 171. Staff costs directly attributable to programme work have increased from £3.8 million to £5.0 million.

## Infrastructure costs

These have remained constant, Our premises costs have increased from £1.2 million to £1.7 million, mainly as a result of the provision of £270,000 made in respect of dilapidations on our London premises as we approach the end of our lease. Our IT and telecoms costs have reduced from £0.4 million, to £0.1 million.

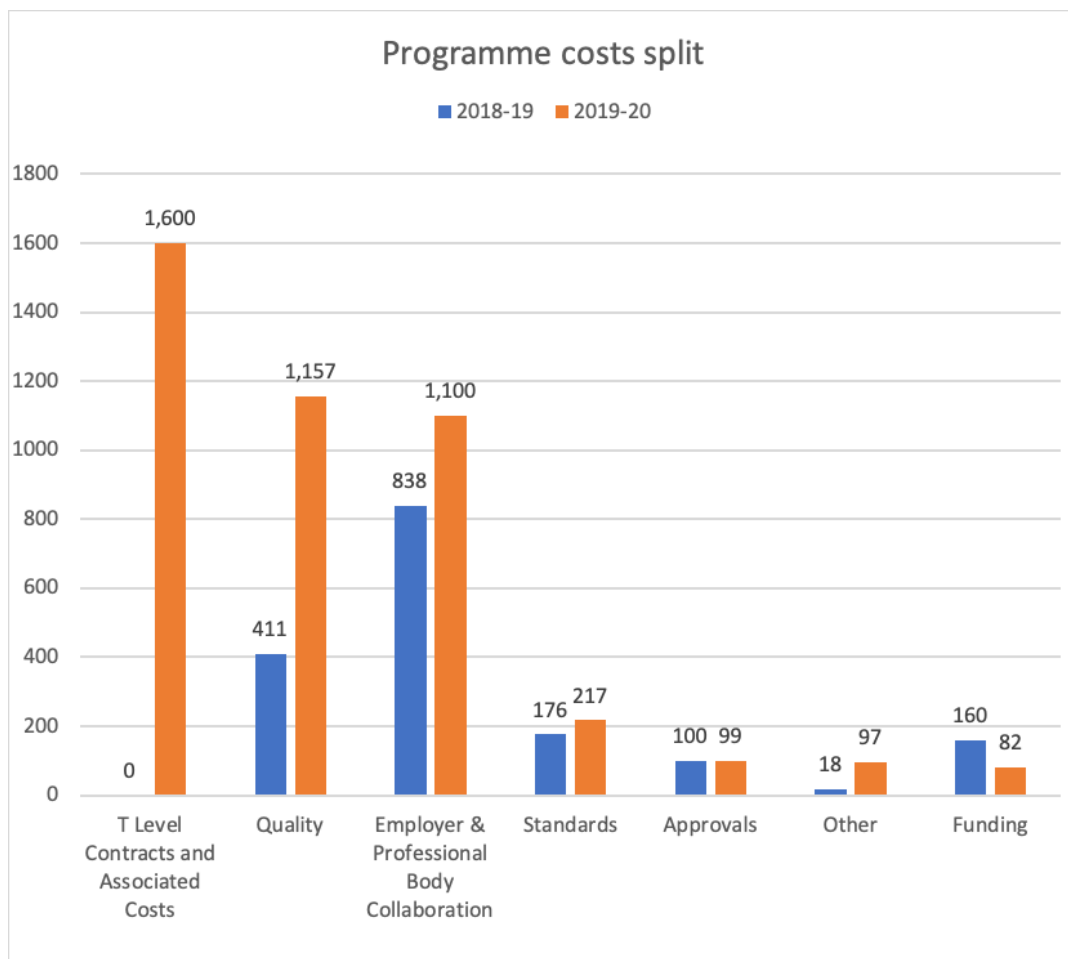
## Other operating costs

Whilst the Institute has continued to grow, we have effectively controlled the cost of some of our discretionary expenditure. This has remained constant at £1.0 million.

## Programme costs

The cost to deliver our mission has increased significantly, from £1.7 million to £4.3 million.

The most significant increase in programme costs has been the £1.6m of expenditure incurred in respect of T Level contracts. We awarded Wave 2 T level contracts in October 2019.



Throughout the year we have continued to work on the three Wave 1 T Level qualifications in Education, Digital and Construction, with final versions being approved by the Institute and accredited by Ofqual in April 2020. Contracts for the Wave 2 qualifications were awarded in October 2019 and development of the seven qualifications in Health & Science, Construction and Digital is now underway.

Quality relates to ensuring the quality of the apprenticeship standards and T Levels. We have incurred more than £1.1million of additional expenditure in this area (2018-19 £0.4 million).

We continue, as an employer-led body, to convene and facilitate employers, partners and other stakeholders to develop apprenticeship and T Level content. In line with our increased output, more than £260,000 of the total programme cost 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 T Level panels.

The remainder of the spending increase has been driven by our other programme work. Most notably, 277 apprenticeship standards were approved for delivery, up from 167 in 2018-19, 77% of which were approved first time. Two statutory reviews were completed and implemented during the year.

## Capital expenditure

We spent £647,000 (2018-19: £153,000) on capital items during the year .

We spent £454,000 on in-house software development, with a further £173,000 still in development. (2018-19: £88,000 and £19,000 respectively)

This is a continuation of the work previously initiated to develop a Record Management and Management Information system to strengthen the apprenticeship approval process and share analysis and intelligence with our staff, board, route panels and committees.

The system has been extended to support the development of T Levels and technical qualifications during the year.

We currently have a commitment of £315,000 (as at 31 March 2019: £nil) to continue to develop our systems as the work we undertake grows and develops.

The majority of the remaining £20,000 (2018-19: £46,000) of office furnishings and equipment) was spent improving our video conferencing facilities to enable efficient and effective working between our two offices.

## Estates

The lease on our offices in central London has been extended until March 2021 to enable us to source new premises best suited to our needs.

We are discussing leasing space in Sanctuary Buildings to be closer to our colleagues at the Department for Education.

## Forward look

We will continue to grow and develop in the year to March 2021. Most notably, we will be working toward delivering Wave 2 T Level content by September 2021 as well as expanding the endorsement of other technical qualifications.

To achieve the goals set out in our business plan as we anticipate that our staff numbers will continue to grow and that we will be 226 members of staff strong by March 2021.

As part of this growth we will need to continue to invest in processes and environment to best support our staff. We are implementing our new HR and payroll system, i-Trent, which is developed by Midland HR. The system will provide:

- enhanced functionality enabling it to be more user friendly for our staff
- better management information enabling us to support staff better in terms of their learning and development requirements

As part of the wider DfE group we will continue to use the Civil Service recruitment processes.

As noted previously, we have extended the lease on our London premises until March 2021. We are currently planning on moving to Sanctuary Buildings to be closer to our DfE colleagues and aim to facilitate this move without disruption to our activities towards the end of the financial year. This goal of this move is to provide value for money and flexibility for our staff and our stakeholders.

Whilst the full impact of COVID-19 is yet to be fully established, the Institute is already supporting EPAOs with online assessment. This work will continue during 2020-21. With the lease on current premises expiring, due consideration will be required in terms of ensuring that new offices meet changes in the working environment for staff.

## 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.

Whilst the Institute is in a negative equity position at the year end, this is because the supply funding is received in time to meet cash requirements instead of when expenditure and liabilities are initially incurred. The Institute carries a number of accruals in respect of transactions outstanding at the year end. These will be settled, and cash provided for settlement in the following year. This will enable the Institute to continue its operations.

The Institute has considered the effect of COVID-19, and does not foresee that it will impact on its ability to operate as a going concern. As previously noted, the Institute's funding for the year 2020-21 has already been agreed. Operationally, it will flex its resources to work with stakeholders to meet its objectives during the year.

## Performance on other matters

### Procedural Review

Trailblazer employer groups can seek a Procedural Review of a decision or recommendation made by the Institute<sup>1</sup>. In total the Institute received 29 requests for a Procedural Review in 2019-20 (compared with 37 in 2018-19)<sup>2</sup>.

	2019-20	2018-19
Total Procedural Review requests received <sup>3</sup>	29	37

#### Procedural Review requests in respect of funding band recommendations

Procedural Review requests received	29	35
Granted	3	10
Not granted	12	13
Not in scope <sup>4</sup>	14	12

#### Procedural Review requests in respect of the development of standards

Procedural review requests received	0	2
Upheld	0	0
Rejected	0	1
Not in scope	0	1

The [grounds for a review](#) can be found on the Institute's website.

- 1 Procedural Review replaced the Institute's appeals process in July 2019. Although there are some slight procedural differences, the key elements of Procedural Review remain the same as the former appeals process.
- 2 Note that in the period April 2018 – July 2019 trailblazers had the option to submit 'appeals' rather than Procedural Review requests (see footnote 4 above). The term 'Procedural Review requests' in the table refers to both appeals (for submissions received between April 2018 – July 2019) and Procedural Review requests (for submissions received after July 2019).
- 3 Note that in the period April 2018 – July 2019 trailblazers had the option to submit 'appeals' rather than Procedural Review requests (see footnote 3 above). The term 'Procedural Review requests' in the table refers to both appeals (for submissions received between April 2018 – July 2019) and Procedural Review requests (for submissions received after July 2019).
- 4 Procedural Review requests are determined not be 'In scope' where they are not based on the Procedural Review ground (see footnote 4 above).

## Correspondence and complaints

We have 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 2020, we received and dealt with 2,428 enquiries on a wide range of topics relating to apprenticeships and technical education (compared to 2,548 in 2018-19). Correspondence outside the remit of the Institute was re-directed to other agencies such as the ESFA or DfE. We replied to over 95% of all enquiries within the target of 20 working days.

The Parliamentary Ombudsman received no complaints about the Institute in 2019-20. The Institute's complaints policy and guidance on [how to make a complaint](#) can be found on the Institute's website.

## Freedom of Information

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 2019 and March 2020, the Institute received and responded to 44 requests made under the Freedom of Information Act (compared to 31 requests in 2018-19).

## Whistleblowing

The Institute has a structured and published process for making a disclosure in the public interest. No allegations were received or cases considered in 2019-20.

You can find more information about [how to contact us](#) on the Institute's website.

## Sustainability

For all matters regarding the Institute's approach to sustainability, please refer to the upcoming DEFRA Greening Government Commitments report.

## Social and community issues

We have developed a 4-year Diversity and Inclusion strategy - to create an Institute where everyone is able to be themselves at work and where honesty, challenge and innovation are encouraged and valued. The Vision is that 'We will be acknowledged by staff and recognised outside the Institute as an exemplar employer.' Further details of the strategy can be found in Remuneration and Staff report on pages 55 to 64.

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.

Jennifer Coupland

Chief Executive and Accounting Officer

Institute for Apprenticeships and Technical Education

Date: 10 September 2020



# Accountability report

## Corporate Governance Report

The corporate governance report has three sections:

- Directors' report
- Statement of Accounting Officer's responsibilities
- Governance statement.

The purpose of the Corporate Governance Report is to:

- explain the composition and organisation of the Institute's governance structure and how it supports the achievement of its objectives
- describe the Accounting Officer's responsibilities and how they have been assured
- describe risk management arrangements.

## The Board

The board, which includes the Chair and Chief Executive has decision making authority as per the governance framework. The board delegates day to day operational activity and decisions to the Chief Executive and the senior leadership team.

## 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

The Institute had no protected personal data related incidents that fell within the criteria for reporting to the Information Commissioner's Office in 2019-20 (compared with none in 2018-19).

## Institute Board members



Antony Jenkins (Chair)  
Chief Executive Officer 10x  
Future Technologies



Jennifer Coupland  
Executive Board member/  
Chief Executive and  
Accounting Officer  
(from 25 November 2019)



Sir Gerry Berragan  
Executive Board member/  
Chief Executive and  
Accounting Officer  
(until 22 November 2019)



Dr Kate Barclay  
Kate Barclay  
Consulting Ltd



Paul Cadman  
HR Director, Walter  
Smith Fine Foods Ltd



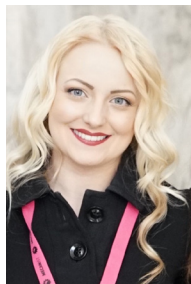
Dame Fiona Kendrick  
(Deputy chair)  
Chair, PWC Public  
Interest Body



Robin Millar CBE  
Chairperson, Blue  
Raincoat Chrysalis Group



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



Jessica Leigh Jones  
Founder, iungo  
Solutions



Professor Malcolm Press  
Vice-Chancellor  
of Manchester  
Metropolitan University



Toby Peyton-Jones  
Ambassador,  
Siemens UK



# 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 government financial reporting manual (FReM) 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 FReM 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

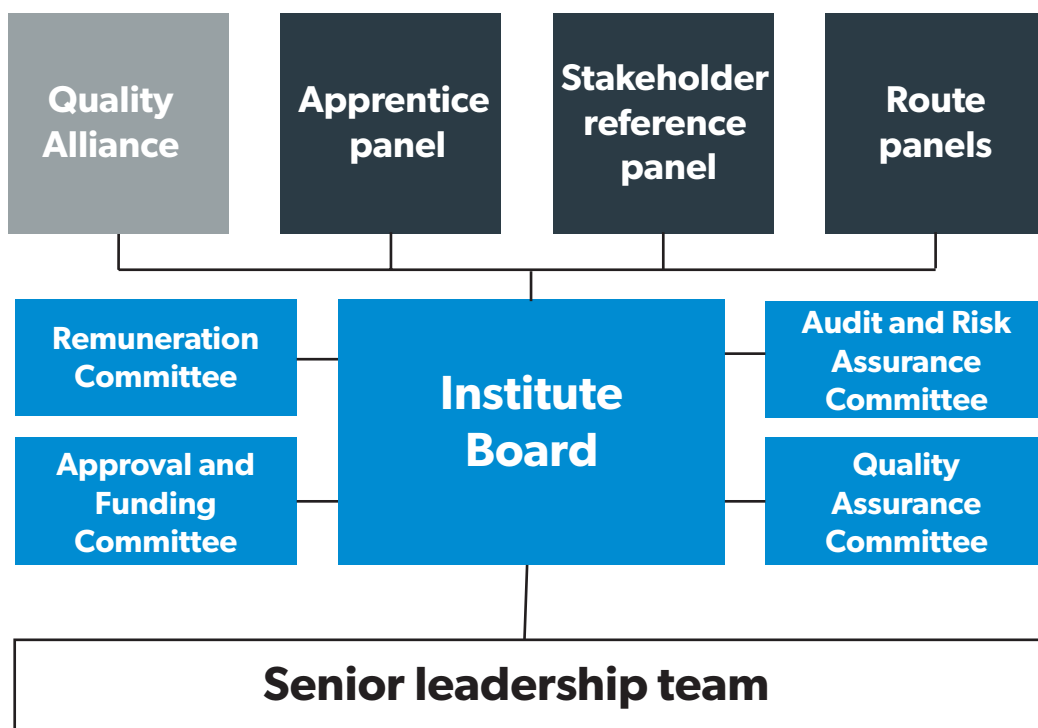
This governance statement describes the corporate governance and risk management frameworks used in the 2019-20 financial year. The Institute operates within a framework agreed with the DfE which was revised in April 2019.

## 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 where relevant to the Institute and its remit and in reviewing the effectiveness of governance. 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 1 April 2019 to 31 March 2020

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	5/6	5/5	-	-	-
Jennifer Coupland	2/2	1/1	1/1	-	-
Sir Gerry Berragan	4/4	4/4	2/2	-	-
Dr Kate Barclay	5/6	-	-	7/8	-
Paul Cadman	6/6	-	-	1/1	6/6
Dame Fiona Kendrick	5/6	5/5	2/3	-	-
Robin Millar CBE	6/6	-	-	7/8	-
Bev Robinson OBE	6/6	-	-	6/8	-
Jessica Leigh Jones	5/6	-	-	1/1	5/6
Professor Malcolm Press	5/6	-	-	5/8	-
Toby Peyton-Jones	6/6	-	3/3	-	-
Professor Martin Doel <sup>1</sup>	-	2/2	3/3	-	-

### The Institute board

The Institute board (the board) provides leadership and direction, setting our strategic aims, values and standards.

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 their duties.

The board is responsible for developing and monitoring the strategic planning of the Institute, and undertakes an annual review of the strategic plan. 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.

<sup>1</sup> Professor Martin Doel was appointed as an independent member of the Remuneration Committee on 6 September 2019.

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 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 2020, 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.

The chair's performance is assessed by the DfE. A board effectiveness survey is regularly undertaken to evaluate the board's performance and is due to take place during the current financial year. This last happened in 2019 and looked back over the first 18 months of the Institute's operation. The board will use the results of the effectiveness survey, and its strategic plan, to guide the assessment of its fitness for purpose as the Institute moves forward with its mission.

## Details of Committees reporting to the board

The structure of the committees that feed directly into the Board is shown on 42. Their roles and responsibilities are set out in written terms of reference which are reviewed annually and take account of relevant legislation and recommended good practice. 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 5 times during the year.

## Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee is chaired by an independent non-executive member (Toby Peyton-Jones) and consists of up to 2 members of the board and an independent member, Martin Doel, who was re-appointed as a member in September 2019 for a further term of 2 years, following appointment in 2017. The Accounting Officer attends meetings of the committee along with the Chief Financial Officer and the Head of Legal. Internal auditors, the Government Internal Audit Agency, 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 the Institute's 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 2019-20 the committee reviewed the findings of audit reports on the Institute's operations, including the commercial function, the accountability and control function, the Quality Framework, route panel membership, cyber security, readiness and risk management and its financial management and governance.

Other work included:

- agreeing the 2019-20 internal audit plan, monitoring progress against it and the implementation of internal audit's recommendations
- reviewing the 2018-19- Annual Report and Accounts, and 2019-20 interim audit work
- overseeing staff and stakeholder procedures
- In line with good practice the committee has also undertaken the assessment of its effectiveness against core good practice principles as set out by HM Treasury's Audit and Risk Assurance Handbook.

### Statement by Toby Peyton-Jones, Chair of the Audit and Risk Committee

I am satisfied that the Institute's Audit Risk and Assurance Committee (ARAC) has functioned effectively. ARAC provided support to the Institute's Board and to me the Chair of the Committee by reviewing and advising on the comprehensiveness and reliability of the Institute's risk management policy, assurances on governance, the control environment and the integrity of financial statements as well as being a forum to discuss in detail some of the key operational and strategic risks and opportunities that we have faced this year.

In addition to the normal membership for an ARAC we have representation from the ESFA with whom we share a number of key risk areas. In line with good practice we also have membership from a Senior Independent Director and this year have further strengthened the team with an additional Institute board member.

Key tasks for the Committee in 2019-20 were to engage with the Government Internal Audit Agency and the National Audit Office to ensure progress was maintained against the annual internal and external audit plans.

During 2019-20 the Committee considered the following:

- The 2019-20 draft Annual Report and Accounts, and associated outcomes of external audit reviews.
- The 2019-20 Governance Statement and associated assurance mechanisms.
- Executive reports on the payroll, HR and expenses project, the Institute's cloud services and cyber security arrangements, assurance framework and the professionalisation of the Institute's commercial function.

At a more strategic level the Committee has overseen the associated risks and opportunities of the expansion of the Institute role to include T Levels. In the latter part of the year the Committee set up a sub group chaired by the ARAC Chair to support the Senior Leadership Team responding to the COVID-19 pandemic. This group has met weekly and reported into the ARAC as well ask the Institute board.

The Committee will be undertaking a survey of its own effectiveness in autumn 2020.

## Approval and Funding Committee

The Approval and Funding Committee is chaired by an independent non-executive member (Dr Kate 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 submitted 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 range 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 has expanded its remit this year to approve T Level outline content.

The committee met every six weeks during the year, a total of 8 meetings, aligning with route panel meetings and 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 submitted to DfE for final approval.
- reviewing standards and assessment plans
- reviewing decisions and lessons learnt from appeals
- reviewing approvals data and key trends
- reviewing qualifications criteria
- reviewing the committee's own role, responsibilities and processes
- overseeing the transition to the new funding process
- overseeing T Level content

## Statement by Kate Barclay, Chair of the Approval and Funding Committee

I am satisfied that the Institute's Approval and Funding Committee (A&FC) has functioned effectively during 2019-20. The A&FC continues to provide governance and support to the Institute's Board and to me, the Chair of the Committee. It reviews and advises on new and revised apprenticeship proposals, samples and designates apprenticeship standards and assessment plans, and approves of all submitted funding band recommendations. This year has seen additional Technical Education responsibilities including the approval of T Level content and the approach to Higher Technical Qualifications.

During 2019-20:

- The AF&C, as part of the governance process, has continued to enquire into and check on performance in respect of route panel effectiveness
- The AF&C has led on ensuring transparency of process and had provided feedback on consultations and DfE funding reviews
- The AF&C reviewed the outcomes of the digital route review. In addition, the AF&C worked with the Institute on skills gap and labour market data to support approvals
- The A&FC considered approvals for Wave 1 and 2 Technical Qualification content of T Levels
- The A&FC considered the occupational maps, including those for Agriculture, Environmental and Animal Care
- The A&FC reviewed Governance during COVID-19 including flexibilities to the approvals process; monitoring the impact and provided strong feedback on assessment flexibilities
- The A&FC has considered policy topics, such as the position of employers and policy makers on inclusion of mandatory MBAs in apprenticeships and the provision of apprenticeships at level L8.

## Quality Assurance Committee

The Quality Assurance Committee is chaired by an independent non-executive member, Paul Cadman. The purpose of this committee is to ensure 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.

In addition, the Quality Assurance Committee ensures that T Levels are developed and approved with robust assessment strategies (and associated exemplification materials) which can deliver valid and reliable assessments.

The committee met 6 times during the year.

The committee consists of:

- 2 members of the board
- 3 independent members - Jim Iley, Isabel Sutcliffe and Ben Blackledge - who were appointed as members in July 2017 for a term of 2 years and were all extended for a further 2-year term in July 2019.
- 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
- T Levels in delivery are being monitored and quality assured.
- Reviewing T Level – technical qualification assessment material.

### **Statement by Paul Cadman, Chair of the Quality Assurance Committee**

I am satisfied that the Institute's Quality Assurance Committee (QAC) has functioned effectively during 2019-20. The QAC provided governance and support to the Institute's board and to me the Chair of the Committee by reviewing and advising on the external quality assurance (EQA) for apprenticeships and continuing to be supportive of the need to ensure good quality relevant assessment in apprenticeships and T Levels.

During 2019-20:

- The QAC reviewed and approved the Institute's EQA Framework and associated operating manual for providers.
- The QAC continued to undertake the exercise to recognise new EQA providers.
- The QAC reviewed and provided feedback on material submitted as part of T Levels (Wave 1 and 2).
- The QAC members attended Technical Qualification Board meetings to make the QAC's recommendations for approval of provider milestone achievements.
- The QAC continues to address any issues arising from EQAP reports and advises and supports Institute officials with remedial measures
- The QAC reviewed the Risk Register noting the levels of risk and mitigation measures in place to ensure good management of operations
- The QAC inviting EQAP representatives to attend QAC meetings to report on their activities and any challenges that they face.
- The QAC has provided feedback to the Institute on the EQA consultation and the transition measures.



## Stakeholder Reference Panel

The purpose of the panel 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 met 4 times over the course of the 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 Apprentice Panel is fundamental in providing the apprentices' voice to influence our work and government's policy on apprentices in a tangible way.

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 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.

This panel met formally 6 times throughout the 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 body.

## 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:

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

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

We will continue to work closely with Ofqual as a valued partner, whilst at the same time being cognisant of potential developments at the regulator.

## Route panels

The 15 route panels represent the employer voice within the Institute. Panel members are experts in their industry, characterised by their outstanding occupational knowledge, exceptional experience and critical grasp of the future skills needs of their sectors. They are passionate advocates for apprenticeships and T Levels.

Route panels are responsible for ensuring that apprenticeship standards and T Level are high quality and meet the needs of employers, apprentices and learners and the economy at large. They meet every eight weeks to consider submissions from trailblazer groups and T Level panels.

Route panel members operate strategically and collectively, using occupational maps to:

- review and make recommendations to the Institute's Approval and Funding Committee on approving apprenticeship proposals, standards and assessment plans, as well as the content of T Levels and T Level qualifications
- make recommendations on funding bands for apprenticeship standards
- support the review of existing apprenticeship standards

They maintain a strategic overview of their occupational sector, identifying potential skills gaps or overlaps and ensuring that new apprenticeship standards and T Level work together to provide clear pathways for career progression.

## 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 leadership team, individually through line management arrangements, and works with the board to discharge duties as a collective.

The Chief Executive is supported by the senior leadership team where appropriate at the board, including regular financial representation through the 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 where relevant Heads of Legal and Programme Office

Members of the Institute's senior leadership team attend to report on delivery progress against corporate business planning and risk and issue management as required.

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

## The Assessment of 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 Leadership Team	Supports the Accounting Officer in articulating risk appetite and by leading the assessment and management of risk.
The Audit & Risk Assurance Committee (ARAC)	Supports the board and Accounting Officer by reviewing the comprehensiveness and reliability of assurances on risk management. Includes independent assurance.
Managers	Actively identify and manage 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 (Government Internal Audit Agency – GIAA)	Provide 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 leadership 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 leadership 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 (NAO).

We continue to evolve and 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 2020, 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 overview section on pages 25 and 26.

## 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. 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.

The Institute has developed its Assurance Framework during the year, and a comprehensive summary was presented to the Audit and Risk Assurance Committee in April 2020. This will be further reviewed and enhanced during the year to 31 March 2021, with consideration being made to strengthening and where appropriate, adding, processes to provide a greater degree of assurance over core activities. Specifically, where reliance is placed on core systems provided by the Department, ESFA or other entities within the Departmental group, the process of obtaining the necessary assurances and supporting documentation will be enhanced.

### 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 leadership 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'. Her opinion has been informed by the internal audit work completed during the year.

Four internal audit reviews were conducted in the past 12 months, with three reviews receiving a moderate assurance rating and one substantial opinion. The areas of review and associated ratings are noted below:

- Funding Band Strategy - Moderate
- T Level Procurement - Substantial
- EQA Reviews - Moderate
- 2019-20 Year-End Health Check - Moderate

The Institute has made significant progress in delivering the government's technical education reforms during its third year, as I have observed from inside the organisation, since my appointment in November 2019. Well-founded governance frameworks and processes are in place, with the Institute having the capability required to deliver its core functions. During the past year the Institute has faced challenges as it evolves into an established organisation, and it has modified some of its start-up governance arrangements. Its risk management framework has been revised, new HR service provision has been contracted, a staff handbook has been established, an assurance framework had been developed and key controls such as commercial and financial processes have been strengthened.

Further improvements are being made to the assurance framework and the counter fraud strategy, which is still in its infancy, will be developed over the coming year. Progress in implementing these is reported to internal auditors, senior leadership 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 2019-20 were outstanding. All management actions due were adequately cleared.

## 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 in 2018-2019. 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 provided evidence on the report to the Public Accounts Committee in July 2019. The minutes of the meeting can be found on its website. In response to the matters raised at the meeting in respect of:

1. The arrangements for assessing apprentices at the end of their apprenticeships:  
The Institute ensures that an EPAO is involved in the development of the standard. The ESFA will not release the standard for enrolment until there is an EPAO assigned to it.
2. The streamlining and strengthening of quality assurance arrangements to give greater confidence that EPAs are robust, fair and consistent.

The new EQA Framework was launched in July 2019. Since then the vast majority of EQAPs are fully operational against the EQA Framework which has brought considerable consistency to the system. However, further opportunities for simplification and optimisation were identified and the Institute launched a consultation on these proposals in February 2020 and the findings are currently being analysed.

After its audit of the 2018-19 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.

## ESFA

The ESFA is responsible for maintaining ILRs (Individual Learner Records). The Institute relies on apprenticeship certification data from the ILRs to determine the cost of EQA and to invoice EPAOs.

It has obtained assurances from the ESFA over the validity of the certification data contained within the ILRs.

## Overall conclusions

I have considered the evidence that supports 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

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 on their website.

## Senior officials' remuneration – subject to audit

Name	2019- 20				2018-19			
	Salary	Bonus payments	Pension benefits	Total	Salary	Bonus payments	Pension benefits	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Jennifer Coupland <sup>1</sup>	50-55 (FYE 120-125)	-	65-70	120-125	-	-	-	-
Sir Gerry Berragan <sup>2</sup>	95-100 (FYE140-145)	0-5	-	100-105	140-145	10-15	-	150-155

<sup>1</sup> Jennifer Coupland was appointed Chief Executive in November 2019

<sup>2</sup> Sir Gerry Berragan ceased to be Chief Executive in November 2019.

Salary includes gross salary and any other allowances 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 in 2019-20 or 2018-19.

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.

## Board members

The following sections provide details of the salary entitlements of members of the Institute board for year ending 31 March 2020. Where board members joined or left in the year, annualised remuneration values are shown in italics.



## Board members' remuneration – subject to audit

Name	2019-20			2018-19		
	Fees	Pension Benefits <sup>1</sup>	Total	Fees	Pension Benefits	Total
	£000	£000	£000	£000	£000	£000
Antony Jenkins	0-5	-	0-5	0-5	-	0-5
Dr Kate 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
Robin Millar CBE	10-15	-	10-15	10-15	-	10-15
Bev Robinson OBE	10-15	-	10-15	10-15	-	10-15
Jessica Leigh Jones (from June 2018)	10-15	-	10-15	10-15 (10-15)	-	10-15 (10-15)
Professor Malcolm Press (from June 2018)	15-20	-	15-20	10-15 (10-15)	-	10-15 (10-15)
Toby Peyton-Jones <sup>2</sup>	10-15	-	10-15	10-15	-	10-15
Dame Asha Khemka (to December 2018)	-	-	-	10-15 (10-15)	-	10-15 (10-15)

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

<sup>2</sup> Toby Peyton-Jones is a non-executive member the DfE. His remuneration for that role is disclosed in the DfE annual report and accounts.

## Fair pay disclosure – subject to audit

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 2019-20 was £120,000-£125,000 (2018-19: £150,000-£155,000). This was 2.4 times (2018-19: 3.1) the median remuneration of the workforce, which was £51,833 (2018-19: £49,373). This reduction is as a result of the remuneration of the incoming CEO being lower than that of the outgoing CEO and the higher median remuneration of staff employed.

In 2019-20, one (2018-19: nil) employee received remuneration in excess of the highest-paid director. Remuneration ranged from £15,000-£20,000 to £130,000-£135,000 (2018-19: £20,000-£25,000 to £150,000-£155,000). The highest paid director has been excluded from this calculation. There is one member of staff who received higher pay once bonuses have been included

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.

## Pension Benefits – subject to audit

The pension benefits of senior officials for the year ended 31 March 2020 are as follows:

Name	Real increase in pension and related lump sum at pension age £'000	Accrued pension at pension age as at 31/3/20 and related lump sum £'000	CETV at 31/03/19 nearest £'000	CETV at 31/03/20 nearest £'000	Real increase in CETV £'000
Jennifer Coupland	2.5-5 plus a lump sum of 5-7.5	30-35 plus a lump sum of 55-60	442	512	52

No senior official received any pension benefits in 2018-19

## 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.

For 2019-20, employers' contributions of £2,235,000 were payable to the PCSPS (2018-19: £1,290,000) at one of four rates in the range 26.6% to 30.3% (2018-19: 20.0% to 24.6%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The salary bands and contribution rates were revised for 2019-20 and will remain unchanged until 2020-21. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions are age-related and range from 8% to 14.75% (2018-19: 8% to 14.75%) of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

Employers also contribute a further 0.5% of pensionable salary to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement

Further details about the Civil Service pension arrangements can be found on their website.

## Cash Equivalent Transfer Values:

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the

individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken. The Real Increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. Off Payroll Engagements: No persons (2018-19 no persons) retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £nil (2018-19: £nil).

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

Exit package cost band	2019-20			2018-19		
	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
<b>Total number of exit packages</b>	-	-	-	-	2	2
<b>Total cost (£000)</b>	-	-	-	-	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

The staff costs for the Institute have increased to £12,676,000 (2018-19 £9,229,000) and staff numbers increased to an average full time equivalent of 171 (2018-19: 124).

## Average number of full-time equivalent persons employed by the Institute- subject to audit

	2019-20			2018-19		
	Permanently employed staff	Others	Total	Permanently employed staff	Others	Total
Average number of full time equivalent staff	160	11	171	115	9	124

## Breakdown of staff costs- subject to audit

	2019-20			2018-19		
	Permanently employed staff £000's	Others £000's	Total £000's	Permanently employed staff £000's	Others £000's	Total £000's
Wages and salaries	8,425	1,018	9,443	6,416	780	7,196
Social security costs	998	-	998	743	-	743
Pension costs	2,235	-	2,235	1,290	-	1,290
<b>Sub total</b>	<b>11,658</b>	<b>1,018</b>	<b>12,676</b>	<b>8,449</b>	<b>780</b>	<b>9,229</b>
Less staff costs related to programme	4,972	45	5,017	3,603	187	3,790
<b>Total net staff costs</b>	<b>6,686</b>	<b>973</b>	<b>7,659</b>	<b>4,846</b>	<b>593</b>	<b>5,429</b>

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.

## Analysis of staff policies and practice

The engagement index is 66%, in comparison with a Civil Service average of 63%. However this is lower than last year, and so the Institute has put in a plan, focusing on building engagement with the Vision and Mission, leadership, development and collaboration.

## Sickness absence

During the year ended 31 March 2020 we lost 326 days to sickness absence (2018-19: 238). This equates to approximately 1.8 days (2018-19: 1.7 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<sup>1</sup>.

<sup>1</sup> [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/786079/Civil-Service-Sickness-Absence-Data-for-the-year-ending-31-March-2018.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/786079/Civil-Service-Sickness-Absence-Data-for-the-year-ending-31-March-2018.pdf)

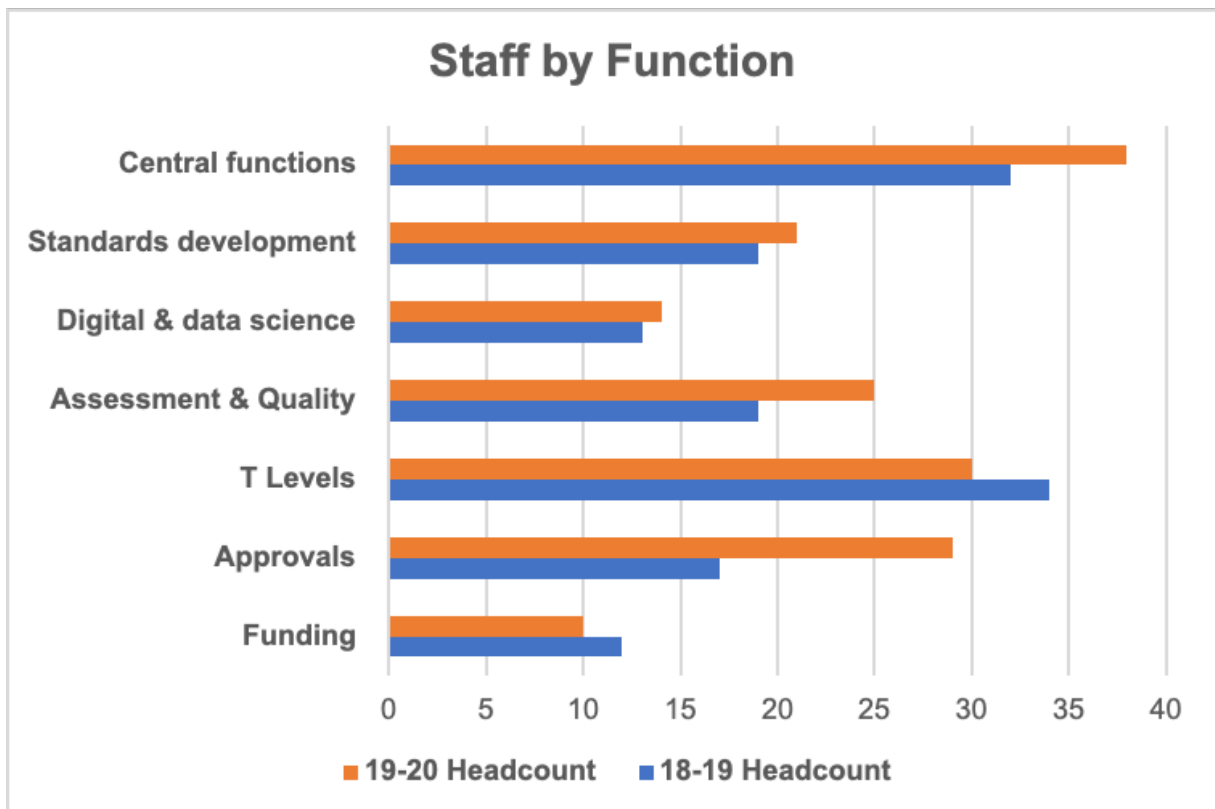
## People

Our staff are mainly civil servants, with some contractors for specific activities of expertise. Our civil servants are employed by the Institute on terms and conditions as agreed by HM Treasury, and varied with Ministerial approval. Responsibility has been delegated to the Accounting Officer for the recruitment of Institute staff.

Our headcount figures for permanent staff were as follows:

Grade	2019-20			2018-19		
	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	4	4	8
Civil Servants grades EA to G6	60	97	157	51	85	136
	<b>65</b>	<b>102</b>	<b>167</b>	<b>57</b>	<b>89</b>	<b>146</b>

The graph below shows a comparison between 2018-19 and 2019-20 indicating the areas of the Institute in which our staff work.



As we continue to invest in the delivery of our services, our programme headcount has increased to 129 from 114 in 2018-19. Our central functions headcount has increased to 38 from 32 the previous year.

## Diversity and inclusion - not subject to audit

Since last year we have developed a 4-year diversity and inclusion strategy to create an Institute where everyone is able to be themselves at work and where honesty, challenge and innovation are encouraged and valued. The Vision is that 'We will be acknowledged by staff and recognised outside the Institute as an exemplar employer by:

- Growing and developing our workforce through transparent, inclusive recruitment and providing learning opportunities for all to reach their potential
- Fostering an inclusive working environment where everyone feels respected and that their opinions are valued
- Ensuring apprenticeship standards and T Levels are accessible to all.

The Institute has signed up to the Disability Confident Scheme, which supports employers to make the most of the talents that disabled people can bring to the workplace.

We have gained our Level 1 accreditation, Disability Confident Committed, and are on track the summer of 2020 to gain our Level 2 accreditation, Disability Confident Employer. We also have plans this financial year to gain our Level 3 Disability Confident Leader Accreditation.

The Institute has steadily grown in size as capability has been built and the scope of the organisation widened.

We have grown considerably since 31 March 2018 when we had 89 staff.

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 21% declaring themselves BAME, 14% declaring themselves as disabled and 3% as LGBT. Declaration rates have increased over the year with 78% now declaring their ethnicity, 83% their disability and 73% happy to disclose their sexual orientation.

## Gender equality - not subject to audit

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. We continue to employ more women than men with 61% of our workforce being female. As we have grown, the mix of staff has changed. Our recruitment in 2019-20 increased the number of staff below SCS level, whilst the number in senior leadership positions remained unchanged.

At 31 March 2020, our mean gender pay gap was 8.4%: women earn 92p for every £1 that men earn when comparing hourly rates. The gap has increased from 6.2% in 2019. At the Senior Civil Servant (SCS) grade the genders are equally represented.

Our median pay gap is 4.7% with women earning 95p for every £1 that men earn. This compares to a median pay gap of 2.9% in 2019. Women were earning £1.03 for each £1 earned by men.

While the numbers of men and women employed in the Institute is even at the higher grades, the Institute employs far more women than men below grade 6. This reduces the mean and median pay of women overall.

Our figures compare to the full time Civil Service median pay gap of 11.1% as at 31 March 2019 (the last date for which records are available). The figures for 31 March 2020 were not available at the time of publication but will be published by the Government Equalities Office later in 2020.

The implementation of our new HR system will enable us to better understand the differences arising.

## Expenditure on HR services and training - not subject to audit

The Institute spent £213,000 (2018-19: £226,000) on HR services and training in the year ending 31 March 2020.

## Off payroll engagements - not subject to audit

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 2020: 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 2019 and 31 March 2020.

## All off-payroll engagements as of 31 March 2020, for more than £245 per day and that last for longer than 6 months

<b>Number of existing engagements as at 31 March 2020</b>	-
<b>Of which:</b>	
Number that have existed for less than 1 year	-
Number that have existed for between 1 and 2 years at time of reporting	-

All new off-payroll engagements, or those that reached 6 months in duration, between 1 April 2019 and 31 March 2020, for more than £245 per day and that last for longer than 6 months.

<b>Number of new engagements, or those that reached 6 months in duration, between 1 April 2019 and 31 March 2020</b>	3
Number assessed as caught by IR35	1
Number assessed as not caught by IR35	2

There were no off-payroll engagements of board members and/or senior officials between 1 April 2019 and 31 March 2020.

## Trade union facility time - not subject to audit

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 2019-20 (2018-19: none).

## Staff Redeployments - not subject to audit

During the year to 31 March 2020, one member of staff at HEO grade in an administrative function was redeployed for duties associated with COVID-19. The redeployment was for 2 months.

No staff were redeployed for duties associated with Brexit during the year.

## Consultancy

The Institute incurred no expenditure in respect of consultancy in 2019-20 (2018-19: £nil)

## Parliamentary accountability report

### Fees statement

	2019-20 £000	2018-19 £000
Fee income	420	-
Direct cost of EQA	420	-

The Institute receives fees from End Point Assessment Organisations (EPAOs) to recover the costs charged to the Institute in respect of External Quality Assurance (EQA).

Fees are charged at the rate of £40 per apprenticeship certified.

### Losses statement

There were no cases of losses in 2019-20 (2018-19: None)

### Special payments statements

There were no special payments greater than £300,000 in 2019-20 (2018-19: None)

Jennifer Coupland

Chief Executive and Accounting Officer

Institute for Apprenticeships and Technical Education

Date: 10 September 2020



## 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 2020 under the Apprenticeships, Skills, Children 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 2020 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 Apprenticeships, Skills, Children and Learning Act 2009 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 have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

the Institute for Apprenticeships and Technical Education's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

the Institute for Apprenticeships and Technical Education have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Institute for Apprenticeships and Technical Education's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **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 Apprenticeships, Skills, Children 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.
- Conclude on the appropriateness of the Institute for Apprenticeships and Technical Education'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. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the Institute for Apprenticeships and Technical Education to cease to continue as a going concern.

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:

1. the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Apprenticeships, Skills, Children and Learning Act 2009;
2. in the light of the knowledge and understanding of the Institute for Apprenticeships and Technical Education 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
3. 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: 15 September 2020

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

# Financial Statements



## Statement of Comprehensive Net Expenditure

### For the year ended 31 March 2020

	Note	2019-20 £000	2018-19 £000
Operating income	2	761	376
		<u>761</u>	<u>376</u>
Staff costs	3	12,676	9,229
Operating expenditure	4	7,136	4,285
<b>Total operating expenditure</b>		<u><b>19,812</b></u>	<u><b>13,514</b></u>
<b>Net expenditure for the year</b>		<u><b>19,051</b></u>	<u><b>13,138</b></u>
Other comprehensive expenditure for the year	-	-	-
<b>Comprehensive net expenditure for the year</b>		<u><b>19,051</b></u>	<u><b>13,138</b></u>

There are no other recognised gains or losses.

There are no discontinued operations.

The notes on pages 73 to 85 form part of these accounts.

**Statement of Financial Position****As at 31 March 2020**

	Note	2020 £000	2019 £000
<b>Non-current assets</b>			
Property, plant and equipment	5	53	47
Intangible assets	6	719	182
<b>Total non-current assets</b>		<b>772</b>	<b>229</b>
<b>Current assets</b>			
Receivables	8	516	470
Cash and cash equivalents	7	841	4,725
<b>Current assets</b>		<b>1,357</b>	<b>5,195</b>
<b>Total assets</b>		<b>2,129</b>	<b>5,424</b>
<b>Current liabilities</b>			
Payables	9	(4,060)	(2,238)
Provisions	10	(270)	-
<b>Total current liabilities</b>		<b>(4,330)</b>	<b>(2,238)</b>
<b>Total assets less current liabilities</b>		<b>(2,201)</b>	<b>3,186</b>
<b>Total assets less total liabilities</b>		<b>(2,201)</b>	<b>3,186</b>
<b>Taxpayers' equity</b>			
General fund		(2,201)	3,186
<b>Total equity</b>		<b>(2,201)</b>	<b>3,186</b>

The notes on pages 73 to 85 form part of these accounts.

Jennifer Coupland

Chief Executive and Accounting Officer

Institute for Apprenticeships and Technical Education

Date: 10 September 2020

**Statement of Cash Flows****For the year ended 31 March 2020**

	Note	2019-20 £000	2018-19 £000
<b>Cash flows from operating activities</b>			
Net operating expenditure	SoCNE	(19,051)	(13,138)
Adjustments for non-cash transactions			
Non-cash transactions with Group		-	11,206
Notional expenditure: IT costs		200	200
Depreciation	5	14	8
Amortisation	6	90	14
Increase in receivables	8	(46)	(419)
Increase in payables	9	1,822	336
Increase in provisions for liabilities and charges	10	270	-
<b>Net cash outflow from operating activities</b>		<b>(16,701)</b>	<b>(1,793)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	5	(20)	(46)
Purchase of intangible assets	6	(627)	(107)
<b>Net cash outflow from investing activities</b>		<b>(647)</b>	<b>(153)</b>
<b>Cash flows from financing activities</b>			
Grant in Aid from sponsor department	SoCTE	13,464	6,671
<b>Net cash inflow from financing activities</b>		<b>13,464</b>	<b>6,671</b>
Net (decrease) / increase in cash and cash equivalents		(3,884)	4,725
Cash and cash equivalents at 1 April 2019	7	4,725	-
<b>Cash and cash equivalents at 31 March 2020</b>	7	<b>841</b>	<b>4,725</b>

Prior to December 2018, cash payments and receipts were processed on behalf of the Institute by the Education and Skills Funding Agency. These are disclosed above as 'Non-cash transactions with Group.'

The notes on pages 73 to 85 form part of these accounts.

## Statement of Changes in Taxpayers' Equity

### For the year ended 31 March 2020

	Note	General Fund £000
<b>Balance at 1 April 2018</b>		<b>(1,753)</b>
Grant in Aid from sponsor department		6,671
Comprehensive net expenditure for the year	SoCNE	(13,138)
Notional IT costs		200
Non-cash adjustments:		
Payments made by ESFA		11,206
<b>Balance at 31 March 2019</b>		<b>3,186</b>
Grant in Aid from sponsor department		13,464
Comprehensive net expenditure for the year	SoCNE	(19,051)
Notional IT costs		200
<b>Balance at 31 March 2020</b>		<b>(2,201)</b>

The notes on pages 73 to 85 form part of these accounts.



## Notes to the accounts

### 1. Statement of accounting policies

These accounts have been prepared in accordance with the 2019-20 Financial Reporting Manual (FReM) issued by HM Treasury (HMT). The accounting policies contained in the manual apply IFRS 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.

#### 1.1 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.

Whilst the Institute is in a negative equity position at the year end, in line with the FReM, this is solely due to supply funding being provided as cash is required rather than when liabilities are incurred. The Institute carries a number of accruals in respect of transactions outstanding at the year end. These will be settled and cash provided for settlement in the following year. This will enable the Institute to continue its operations.

#### 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

There were no significant FReM changes in 2019-20

#### 1.5 Early adoption

The Institute has not early adopted any accounting standards in 2019-20.

## 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:

Standard	FreM Application	Change & Impact
IFRS 16 Leases	2021-22	<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 on its London premises is due to expire on 24 March 2021. The Institute will need to find new premises before this date. The impact of IFRS 16 on any new leases is not known cannot be foreseen.</p>

## 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.

## 1.8 Depreciation

The depreciation periods which 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

Depreciation is applied on a straight-line basis.

## 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 licence or 3 years where none given

Amortisation is applied on a straight-line basis.

## 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

Financial liabilities are mainly trade and other payables that are initially recognised at fair value and held at amortised cost. The cost is judged to be a reasonable approximation of fair value and amortised cost.

## **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 has subleased part of the premises it occupies. This lease has been classified as an operating lease and rental income has been recognised on a straight-line basis over the period the service is provided.

## **1.13 Grant in Aid**

Grants from the Department are recognised as funding.

Grant in Aid is recorded by the Institute as financing in the Statement of Cash Flows and is recognised as a movement in the General Fund in the Statement of Changes in Taxpayers Equity.

## **1.14 Operating and other income**

Operating and other income includes costs recovered by the Institute on its directly provided services, on a full-cost basis. Operating income is stated net of VAT. Further detail is provided in Note 2.

Income is recognised in accordance with IFRS 15 Revenue from Contracts with Customers, which is applied by HM Treasury in the Government Financial Reporting Manual (FRM). This states that revenue shall only be recognised once a performance obligation is met.

The Institute recognises income when it is advised that a certificate for an apprentice has been issued subsequent to passing an End Point Assessment.

The Institute receives fees from End Point Assessment Organisations (EPAOs) to recover the costs charged to the Institute in respect of External Quality Assurance. Fees are charged at the rate of £40 per apprenticeship certified. Income generated will be equivalent to the direct costs incurred.

## **1.15 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.

## **1.16 Employee benefits**

### **1.16.1 Pensions**

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

The Institute's staff are members of the Principal Civil Service Pension Scheme (PCSPS). This is an unfunded multi-employer defined benefit pension scheme. For accounting purposes this is recognised as a defined contribution scheme in accordance with the FReM. 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 58 of the Remuneration and Staff Report.

### **1.16.2 Other employee benefits**

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

### **1.17 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.

### **1.18 Provisions**

The Institute recognises provisions in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the statement of the financial position date.

### **1.19 Notional charges**

Certain costs are charged on a notional basis and included in the accounts. The only notional costs in 2019-20 and 2018-19 were for IT provided by the Department. Notional costs are recorded in the Statement of Comprehensive Net Expenditure and recorded as a movement in the General Fund.

## 2. Operating Income

	2019-20	2018-19
	£000	£000
Fee Income	420	-
Rental income	341	376
	<u>761</u>	<u>376</u>

The Institute receives fees from End Point Assessment Organisations (EPAOs) to recover the costs charged to the Institute in respect of External Quality Assurance.

Fees are charged at the rate of £40 per apprenticeship certified.

## 3. Staff numbers and related costs

	Permanently employed staff	Others	2019-20 Total	Permanently employed staff	Others	2018-19 Total
	£000	£000	£000	£000	£000	£000
Wages and salaries	8,425	1,018	9,443	6,416	780	7,196
Social security costs	998	-	998	743	-	743
Pension costs	2,235	-	2,235	1,290	-	1,290
	<u>11,658</u>	<u>1,018</u>	<u>12,676</u>	<u>8,449</u>	<u>780</u>	<u>9,229</u>
Average full time equivalent number of persons employed	160	11	171	115	9	124

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

#### 4. Operating expenditure

	2019-20	2018-19
	£000	£000
Programme related expenditure:		
quality	1,157	411
standards	217	176
approvals	99	100
funding	82	160
employer and professional body collaboration	1,100	838
T-level contracts and associated costs	1,600	-
other	97	18
Administration expenditure:		
Staff related costs	173	127
Board costs	147	170
Professional fees	265	275
Premises costs including rates and service charges	1,681	1,152
IT and telecommunications costs	92	404
PR & Marketing	116	131
Travel and subsistence	264	195
External audit fees	45	35
Other expenditure	1	93
<b>Total</b>	<b>7,136</b>	<b>4,285</b>

Depreciation of £4,000 and amortisation of £90,000 is included programme related expenditure.  
 Depreciation of £10,000 is included in IT and telecommunications costs.

## 5. Property, plant and equipment

	Furniture & Fittings £000	Total £000
Cost or valuation		
At 1 April 2019	57	57
Additions	20	20
At 31 March 2020	77	77
Depreciation		
At 1 April 2019	(10)	(10)
Charged in year	(14)	(14)
At 31 March 2020	(24)	(24)
<b>Carrying value at 31 March 2019</b>	<b>47</b>	<b>47</b>
<b>Carrying value at 31 March 2020</b>	<b>53</b>	<b>53</b>
	Furniture & Fittings £000	Total £000
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)
<b>Carrying value at 31 March 2018</b>	<b>9</b>	<b>9</b>
<b>Carrying value at 31 March 2019</b>	<b>47</b>	<b>47</b>



**6. Intangible assets**

	Developed software £000	IT development £000	Total £000
Cost or valuation			
At 1 April 2019	198	19	217
Additions	454	173	627
At 31 March 2020	652	192	844
Amortisation			
At 1 April 2019	(35)	-	(35)
Charged in year	(90)	-	(90)
At 31 March 2020	(125)	-	(125)
<b>Carrying value at 31 March 2019</b>	<b>163</b>	<b>19</b>	<b>182</b>
<b>Carrying value at 31 March 2020</b>	<b>527</b>	<b>192</b>	<b>719</b>
Cost or valuation			
At 1 April 2018	110	-	110
Additions	88	19	107
At 31 March 2019	198	19	217
Amortisation			
At 1 April 2018	(21)	-	(21)
Charged in year	(14)	-	(14)
At 31 March 2019	(35)	-	(35)
<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>

**7. Cash**

	2019-20	2018-19
	£000	£000
Balance at 1 April	4,725	-
Net change in cash and cash equivalents	(3,884)	4,725
<b>Balance at 31 March</b>	<b>841</b>	<b>4,725</b>

The Institute did not operate its own bank account until December 2018.

All balances are held with the Government Banking Service.

**8. Receivables**

	2019-20	2018-19
	£000	£000
Amounts falling due within one year:		
Sundry debtors	416	451
Prepayments and accrued income	99	19
<b>Total receivables</b>	<b>515</b>	<b>470</b>

**9. Payables**

	2019-20	2018-19
	£000	£000
Amounts falling due within one year:		
Trade payables	19	21
Taxes and Social Security Costs	36	103
Accruals and deferred income	4,005	2,114
<b>Total payables</b>	<b>4,060</b>	<b>2,238</b>

## 10. Provisions for Liabilities and Charges

	2019-20	2018-19
	£000	£000
Amounts falling due within one year:		
Dilapidation on London premises	270	-
<b>Total provisions for liabilities and charges</b>	<b>270</b>	<b>-</b>

## 11. 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.

### 11.1 Liquidity risk

The Institute is in a net deficit position due to significant accruals at the year end. Cash will be drawn down as Grant in Aid when required to settle these liabilities. 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.

### 11.2 Interest rate risk

The Institute's financial liabilities carry a nil rate of interest. The Institute does not consider itself exposed to any interest rate risk.

### 11.3 Foreign currency risk

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

## 12. Commitments under operating leases

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

	2019-20	2018-19
	£000	£000
Obligations under operating leases for the following year comprise:		
Buildings		
Not later than one year	875	754
Later than 1 year and not later than 5 years	53	93
	928	847
Expected receipts from sub-leases		
Not later than one year	-	(140)
	928	707

## 13. Capital commitments

The Institute had £315,000 of capital commitments as at 31 March 2020 (31 March 2019: £nil) in respect of IT development.

## 14. 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, is a non-executive member DfE board. He is also a fellow of the Chartered Institute of Personnel Development (CIPD) and a companion of the Chartered Management Institute (CMI) . During the year the Institute was invoiced £,3,600 by the CIPD in respect of work on T Levels. It received income of £9,360 and £64,360 in respect of EQA from the CIPD and CMI respectively. There were no such transactions in 2018-19.

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. The transactions in respect of Toby Payton-Jones are noted above. No other transactions with related parties were identified (2018-19: none).

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 (2018-19: none).

## 15. Events after the reporting period

The Institute has considered the current situation in respect of COVID-19 and has determined that there is no financial impact to be reported.

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.

# Annex

# Case studies



## June



June decided to retire from a previous company at the age of 54. However, during the first year she sadly lost her mother to breast cancer and her son left home to go to university. Wanting to fill her days, June got back into work and joined Marston's on a part time basis doing administration for the recruitment team.

Deciding she wanted to further her development, June then decided she wanted to do a HR Support Apprenticeship, completing the apprenticeship in 18 months towards the end of last year. Her achievement was no mean feat, alongside her day-to-day work, June attended workshops and completed written assignments on all aspects of HR. She even had to sit GCSE Maths and English exams as she couldn't find her original certificates from school. Now, since the completion of her apprenticeship, June has been promoted to a recruitment advisor.

### June said:

"I'm absolutely delighted to have completed my apprenticeship, giving me a great sense of achievement and boosting my confidence, especially after having such a troubled time before joining Marston's. My success has really helped me come through some of the hardest times I've had to experience, allowing me to focus on other things and move my thoughts elsewhere. I am living proof that apprenticeships are not just for the young, people of any age can learn and better themselves'."

# Henok

After finishing his A levels, Henok went to work full time, excelling in his role as a retail manager for one of the largest retailers in the country. However, at 30 he decided he wanted to try something different.

Initially he found it hard to find job opportunities as the common feedback he received was that he did not have the desired qualifications or experience. After a conversation with a recruitment consultant who mentioned the prospect of apprenticeships Henok started exploring different career paths. After finding out that there was no age limit on apprenticeships, Henok decided to grab the opportunity with both hands and apply for some.

Now 32, Henok has completed his apprenticeship achieving the highest grade possible and is working as a technical education programme management officer at the Institute for Apprenticeships and Technical Education.

## Henok said:

“Apprenticeships offer a foot in the door for those lacking experience to start their professional careers in their desired fields. Being an apprentice at the Institute was a great opportunity to get on the job experience, whilst working towards a professional qualification. In the future I look to complete a higher-level apprenticeship to extend my qualifications further, it’s never too late to learn new skills and develop as a professional.”





## Jessica and Nadia



**Jessica**



**Nadia**

After completing their apprenticeships, Jessica and Nadia wanted to inspire young minds, especially women, to consider a future career in Engineering and STEM.

The pair developed the outreach concept, named 'The Ada Talks campaign' after visiting a local primary school in their area which made them realise how underfunded design and Technology was and how little young people knew about engineering and digital pathways.

The project that Jessica and Nadia designed looks to provide free, inclusive and immersive content for teachers and parents to use to raise awareness of different jobs in engineering, design and technology to encourage younger students who are in primary school in particular, to aspire to have a job in the future that involves a STEM subject.

The content of the outreach project Jessica and Nadia created includes YouTube videos, face to face demonstrations, and learning packs that can be used in classes for projects. By helping to raise awareness of their field the pair got a lot of exposure from industry professionals.

When asked what their proudest moment was, they spoke about being invited to the Houses of Parliament in recognition of their project and how they received overwhelming amounts of positive feedback for their outreach programme.

## Amber

Amber, 24, is currently doing a level 4 historic environment advice assistant apprenticeship. Amber is part of the first cohort of apprentices who are doing this apprenticeship, so everything was not only pretty new to her, but her employer and training provider too.

Amber, however, said that she was given a lot of information beforehand about the apprenticeship and how the work and learning balance would work. It was especially pleasing for Amber as the heritage sector in particular is quite hard to get into and is known for being very competitive. More than this it can be extremely difficult to get the hands on experience, which Amber says can be difference between getting an entry level job to moving on to something specialist.

When asked what she would advise current apprentice applicants, she said:

“Ask questions! Whether it’s during the application process, at the end of the interview or when receiving feedback. This will not only help you understand the position you’re applying for better, and help you be more prepared but will also show how interested and proactive you are in the role.”





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