

**Skills for Care Ltd (Limited by guarantee)**

Trustees' report and  
consolidated financial statements  
Company registered number 03866683  
Charity registered number 1079836  
Year ended 31 March 2020

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## **Chair and Chief Executive Foreword**

This Trustees' report was written reflecting on the year, before the enormous impact of Covid-19 hit the country and the sector in March. This has been a devastating development, costing the lives of many people who access social care and their carers, both formal and informal. The world this time next year will be very different from today in ways that we cannot yet foresee. The continuing need for a capable and caring workforce in adult social care has not gone away and we intend to do all we can in these difficult circumstances to support its achievement.

Social care is vital to support people to live the lives that they choose. For this to happen, we need a workforce with the right number of people, the right skills, knowledge and values to provide high quality, relationship-based care and support. The role of Skills for Care (SfC) is to work with the sector to enable this to happen.

We support the sector's 18,500 employers to find, to keep, and to develop the right people by investing in their career long learning and development.

We continue to support Department of Health and Social Care (DHSC) colleagues at all levels to understand the issues facing the adult social care workforce in England, to plan ahead for these issues and to support the adult social care workforce.

Social care continues to face workforce challenges, recruitment continues to be an issue for many employers, funding is insufficient to fund the care and support people need and the sector is still without the recognition and value that currently exists in health and other sectors. The Covid-19 pandemic will have a lasting effect on the sector and those who have worked so hard to support people. It remains to be seen whether the increased attention, given to some social care settings as a result, will lead to a change in the way the sector is perceived and funded.

There was an increased focus on social care funding reform by politicians, in the media, and as a high-profile policy debate throughout the General Election. In the post-election period, we look forward to meaningful action in resolving the significant funding challenges that adult social care experiences.

In February there was the first Cabinet reshuffle by the new Prime Minister and Care Minister Caroline Dinenage moved from DHSC to Department for Digital, Culture, Media and Sport (DCMS). Caroline consistently advocated for the adult social care workforce and understood that the 1.49 million strong workforce is a skilled one. She has been succeeded by Helen Whately who brings significant knowledge and experience of our sector, and we look forward to enjoying a similar positive relationship with her.

We will remain focused on addressing some of the long-term system challenges in the social care sector in the coming year. These include:

- Ensuring that new workers in the sector are trained and developed so that they can provide the highest quality of services to the people they support.
- Supporting the wellbeing of the workforce who have always been under significant pressure, and this has been heightened with Covid.
- Changes to immigration rules and the impact on our EU and non-EU colleagues working in the adult social care workforce who make up 17% of the adult social care workforce.

There has been continued high-profile debate on the National Health Service (NHS) throughout the year and plans for the NHS People Plan continue. Skills for Care wants the NHS to be adequately resourced, and for it to be a great place to work. We want the same for social care – a joined up strategic approach to the workforce which deals with some of the systemic challenges. We want to make sure that any workforce strategy for the NHS is complementary to, and not at the expense of, social care. This is particularly true in making sure we can recruit enough trained nurses to fill our current shortfall of around 4,000.

In order to support employers and the workforce and to influence long-term change, it is essential that we work in partnership and that we engage with a range of people and organisations with a range of perspectives.

We do this through all of our national and local engagement work, through our Workforce Development Forum and through Skills for Care Fellows, who are individuals who have demonstrated commitment to leadership and workforce development who work closely with us to help improve our offer to employers.

Our UK wide partnership, Skills for Care and Development, continues as a rich source of information and ideas exchange about practice and policy between the four nations and we are pleased to support the continuation of this collaboration.

## Chair and Chief Executive Foreword *(continued)*

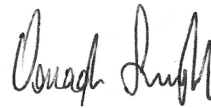
All of the achievements in this report and the level of engagement with employers and partners across the sector are testament to the skills, commitment and enthusiasm of our own highly motivated workforce bringing their own areas of expertise without whom none of this would happen.

Following her successful appointment to lead the team at Arthur Rank Hospice in Cambridge, Sharon Allen, Chief Executive Officer (CEO), left Skills for Care at the end of the last financial year. Andy Tilden, Operations Director, took over as Interim CEO for much of the period covered by this report. On behalf of the Trustees and the staff team we would like to thank Andy for his dedication and commitment to support the organisation throughout the year. In March 2020, Andy was succeeded by Oonagh Smyth. Oonagh brings a high level of sector experience to a leadership team that has worked effectively over the last year. Like all forward-looking organisations, we know we are not the finished article, but this report demonstrates that we are in a good place to support sector employers and respond to the challenges faced by everyone working in the adult social care sector.

We continue to be ably supported by the Skills for Care Board, and with their guidance continue to lead the organisation through effective, diligent and proactive governance.



**Dame Moira Gibb**  
*Chair*



**Oonagh Smyth**  
*Chief Executive*

29 September 2020

## Trustees' report

### Incorporating the strategic report

The trustees, who act as directors for the purposes of company law, are pleased to present their annual report and financial statements for the year ended 31 March 2020.

### Objectives and activities

#### Charity objects

The Charity's objects ("the Objects") are:

To help, support and assist social care service users and to improve standards of social care for the public benefit by but not limited to:

- i. The advancement of education by the organisation, promotion or provision of training to people (employed or volunteers) engaged or to be engaged in working with social care users in the United Kingdom.
- ii. To give particular attention to the workforce and skill development needs of all organisations, associations, individuals or groups of individuals working in the sector.
- iii. To promote the development of employment, education and training agendas in the sector in the United Kingdom and in particular to establish and promote the use of relevant National Occupational Standards.
- iv. Jointly, with some or all of central and local government, industry bodies, other sector skills councils and all relevant employers and staff groups to work on strategies and projects regarding:
  - a. the impact of legislation and other regulation pursuant to local, national or European policies on the sector's workforce;
  - b. the opportunities for career development, leadership, recruitment and skill shortages;
  - c. the development and implementation of a workforce training strategy linked to the needs of the sector and based on an understanding of the present and future competence needs.

In these objects, "social care users" are those people in need of care and support because of old age, youth, ill health, disability or financial hardship and the "sector" means collectively people, organisations and groups working with social care users.

#### Public benefit

The trustees confirm that they have referred to the guidance contained in the Charity Commission guidance on public benefit when reviewing the charity's aims and objectives and in planning future activities and setting the grant making policy for the year. The trustees confirm that the charity has complied with section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Charities Commission. The Commission has endorsed Skills for Care's activities as a charity to be for the public benefit and the activities below set out the reasons why.

#### Our purpose

Our purpose is to work with employers to achieve a caring, skilled, confident and well-led social care workforce that is valued by everyone. We achieve this by employing talented people to work in partnership with employers and others to enable individuals to lead the lives they want to.

#### Our aims

Our aims link clearly to our annual business plan, which contains our Work Programme (WP) for the DHSC.

We aim to:

- Support social care employers to recruit and retain sufficiency of a caring, skilled, competent and values led workforce.
- Use data, workforce intelligence and our unique employer engagement to support development of a workforce that is effective in meeting citizens' needs.
- Model being a Learning Organisation and actively promote learning and development including achievement of qualifications, to enhance provision responding to citizens' needs.

## Trustees' report (continued)

### Strategic report (continued)

- Promote practice through all of our resources and activity that keeps people safe and that innovates to support new ways of working.
- Develop compassionate leaders at every level to ensure citizen focused services are well-led.
- Maximise investment into leadership and workforce development through our social enterprise.

Skills for Care has a corporate plan which sets out our vision and aims for 2018-23. This plan will evolve in line with our approach to changes in the way services are planned, designed and delivered.

We value highly our role as the key delivery partner for DHSC on leadership and workforce in adult social care. We will continue to work collaboratively with other key national organisations, employers of all shapes and sizes, registered managers and people who use care and support, their families and carers.

### Achievements and performance

Our Skills for Care business plan for the year ending 31 March 2020 included work for our key client DHSC, other key partner activity and added value and charitable corporate activity.

Our Work Programme with DHSC was signed on 25 June 2019 and reflected the outcomes set by government, focusing on four key areas:

- Recruitment and retention
- Prevention and wellbeing
- Improvement
- Workforce for integration

Some of the main areas of activity, which support these themes, are described below.

#### 1. Recruitment and retention

We supported DHSC with a national recruitment campaign to drive applications into the adult social care sector by providing sector expertise and issuing six contracts to support partnerships promote social care as a career on a local level.

We continued to develop the I Care... Ambassadors (ICA) programme and there are currently more than 850 employers registered to promote care careers. From evidence gathered from the I Care ... About impact tool, we know one in three people say they are more interested in a career in care and 94% have a better idea of what it's like to work in care having heard from an ambassador. This year we also continued focussed ICA funding on targeting local authority areas with very low ambassador coverage. This has been successful in supporting the setup of five new partnerships who have recruited 120 ambassadors and delivered 47 I Care ... Ambassador activities.

We updated guidance on implementing safe and fair recruitment policies and procedures to support employers to reach the potential of people with criminal records and successfully ran four pilot Safe and Fair workshops, attended by 87 employers, to disseminate best practice based on the guidance. Feedback from the events included: *"It was a great event; I learnt a lot which I feel I can now support providers more when asked questions around Criminal Records"* and *"This was a really informative session. I learnt so much that we can apply in our workplace and more about how convictions and sentencing works. A complex topic was discussed in an open, balanced way and cleared up a lot of unknowns."*

We developed new seminar material titled 'Retaining your staff: Supporting your team to feel valued' which has been piloted with 68 employers across all six areas. Feedback from participants included: *'tools that were given can be very easily adapted and used in the workplace. Plus, raising awareness of importance how to support staff is very important'* and *'I have learned over the past year that happy staff makes a happy workplace. the pilot today further enhanced that learning which is currently being cascaded to all staff so that they can understand each other and work better together'*.

An evaluation on the prevalence of values-based recruitment has been published which surveyed 300 social care employers. This is an interim report following the "Secrets of Success" report published in 2017/18. Findings showed that 94% of employers surveyed agreed with the statement *'We recruit for values, not just skills, qualifications and experience'*, 97% indicating that they have adopted at least one of the value-based recruitment

## **Trustees' report** *(continued)*

### **Strategic report** *(continued)*

practices tested for in the survey and it is estimated that between 60% and 78% of the Care Quality Commission (CQC) registered adult social care establishments have a values statement in place, though less than two thirds were co-produced involving people who receive care.

Interest for our nursing activity continues to grow. The first issue of our Nursing News launched October 2019 and was sent to 175 contacts and there are currently 744 people signed up. A new suite of films about the nursing associate role have been launched. The main film explains what a nursing associate is, how it fits into the nursing family and what the benefits are of employing a nursing associate. We also produced six short films which focus on different people who talk about the role and its benefits from their perspective. These include a registered manager, managing director of a care provider, assistant director at a county council and a workforce development manager at a care association. Since the launch in early October, there has been a 611% increase in the number of unique page views to the nursing associate page compared to the previous quarter. The average time spent on the page is 11 minutes and 22 seconds which is much higher than average. The films have received a lot of positive press coverage too.

A new framework to support occupational therapists working in social care has been jointly developed by Skills for Care and the Royal College of Occupational Therapists. It was co-created with occupational therapists, managers, learning and development, and workforce staff from the social care sector and is a practical resource, supporting occupational therapists new or returning to work in adult social care for use across the UK. The framework is aligned with the Health Care Professionals Council (HCPC) Standards for Continued Professional Development (CPD) (HCPC 2017) and is based on the four pillars of practice in the Royal College of Occupational Therapists (RCOT) Career Development Framework (RCOT 2017), pillars which are widely used to guide career, learning and development for Allied Health Professionals (AHPs) including occupational therapists.

Continued support has been offered to the personal assistant (PA) workforce with the quarterly newsletter circulated in January to 4,306 people (an increase from 4,025 last quarter). There were 669 link clicks, which is a good rate of engagement considering the increasing number of subscribers, which increased by 77% over the year. Over 240 delegates attended the eight events this year, which were held in each of the Skills for Care areas between September 2019 and the end of February 2020. Feedback once again has been positive with 98% of evaluation respondents saying that the event they attended had raised their awareness or improved their knowledge about supporting individual employers (IEs) and PAs.

Working with NHS England (NHSE) and NHS Improvement (NHSI), we published a new guide to support individual employers, local authorities, Clinical Commissioning Groups (CCGs) and hospitals to understand the benefits of PAs being able to continue to support their employer should they be admitted to hospital. As well as outlining the benefits, this new guide shares learning and top tips about what works well.

## **2. Prevention and wellbeing**

Two workshops were run in collaboration with the National Institute for Health and Care Excellence (NICE), the Social Care Institute for Excellence (SCIE) and CQC focusing on how to improve the collection and use of data between commissioners and providers which were at near 100% attendance. A further three workshops on Quality Matters have been developed and will run later in the year.

A Modern Slavery knowledge and skills framework has been developed for health, justice and social care workers. This framework has raised significant issues about how much the social care workforce understands about modern slavery and whether or not alongside the framework we need to develop a series of resources for different parts of the social care workforce. The publication is currently on hold due to Covid-19.

We ran a project aimed at recognising the workforce and the people they support. Focusing on the North West, we held two workshops to generate resource ideas and share best practice about asset and strengths-based working and what the frontline social care workforce needs to work within these approaches. An additional workshop was delivered on 'The Power of Communities' to children and adult commissioners, the police and public health and the session was well-received with the recognition of the positives of connecting people and working more closely with communities for better outcomes, sustainability of services and use of resources.

We rolled out the workforce productivity programme to commissioners who have been testing the programme and cited the model as a useful, easy-to-use tool to support quality improvement, celebrate success and promote collaboration between commissioners, local authority quality assurance leads and providers to drive better quality care and increase productivity.

## Trustees' report (continued)

### Strategic report (continued)

Supporting employers and commissioners with implementing workforce commissioning and workforce planning activity remains a key part of region and local employer engagement activity. 35 attendees joined the NW Skills for Care team for the November 2019 CEO & Commissioners Roundtable. Intelligence gained through these kinds of groups at a regional level help inform other areas of Skills for Care work - for example, commissioners are moving in some areas to contracting with fewer providers for home care services and awarding longer contracts with a view to focusing on outcomes rather than time and task.

Our work in relation to the workforce supporting people with a learning disability and autism people is developed in partnership with colleagues at the Association of Directors of Adult Social Services (ADASS), Local Government Association (LGA), Health Education England (HEE), NHSE and a broad range of trade bodies and social care employers.

We sent out an 'Update for learning disability and/or autism services' in October 2019. It was delivered to 2,645 people and the links in the email were clicked on 367 times. This 6.38% click through rate is good (average 2.5%).

### 3. Improvement

An independent evaluation of the Workforce Development Fund 17/18 and 18/19 has now reported. At least three quarters of surveyed employers reported the following impacts as a result of accessing the traditional Workforce Development Fund (WDF):

- Improved the skills/qualification levels of their staff team 95%;
- Improved the quality of care provided 92%;
- Improved staff morale 85%;
- Addressed the most pressing skills gap(s) in the organisation 85%;
- Became more interested in training 84%;
- More effectively met the specialist/personalised needs of people who access care and support 83%;
- Improved staff productivity 83%;
- Improved efficiency 80%;
- More effectively met the expectations of individuals purchasing care for themselves or members of their family 77%;
- Addressed other skills gaps in the organisation; 77%
- Developed or refreshed training plans 76%.

This is based on a sample of 300 employers so is statistically significant.

A further 16 organisations benefited from our User Led Organisations (ULO) funding stream, with initial analysis indicating that 2,904 individuals achieved 4,988 learning outcomes. 129 direct IE applications were funded out of the 155 received, which enabled a further 417 PAs and a further 29 IEs to undertake learning and development achieving 1,253 learning outcomes.

We continued to be the membership organisation for registered managers in England. Through our day-to-day work with managers, as well as specific research and consultation activities, we understand and respond to the workforce, leadership and management challenges and opportunities facing registered managers. We have run an engagement pilot for all new, CQC identified, registered managers, inviting them to engage with SfC. To date, 36% (872) of all eligible registered managers have been directly contacted and have provided their email address and subscribed to enews; for a further 39% (963) of records SfC has secured an email address allowing a one-off communication. Alongside ensuring we provide a support offer to all registered managers, much of our work is focused on routes into the registered manager role and supporting new managers/services. We have 153 networks covering 149 local authority areas, reaching over 30% of registered managers.

We released three new videos from outstanding providers, titled 'What does outstanding care look like?' which had 835 unique pageviews to the 'Outstanding care' webpage and 1,388 views across all three videos. Five additional videos that focus on each key line of enquiry, have also been developed to be used at events to support providers to achieve an 'outstanding' rating.

From a total funding pot of £1.6m, we enabled employers to implement the Assessed and Supported Year in Employment (ASYE) for newly qualified social workers (NQSWs), which funded 1,316 NQSWs from 172 employers. We continued to embed external and national moderation processes in order to improve national consistency in social work practice and had a 93% response rate to national moderation panel evidence review requests, a 7% rise on last year.



## Trustees' report (continued)

### Strategic report (continued)

We launched 11 e-learning modules to support Management Induction Standards which have been branded as digital learning. These are bite-sized and provide opportunities for learners to undertake further 'real-life' learning. They now attract workforce development funding to support and encourage additional learning time and at the end of Q4, funding had been claimed for the completion of 155 digital modules. Since its launch, there have been a total of 11,636 unique page hits on the 'Guide to Developing your Staff' and 22,108 unique page hits on the qualifications area of the website.

Developments to the endorsed provider portal have been completed allowing providers to renew via their online portal accounts with evaluation on effectiveness of the updates continuing into 2021. Renewal rates have remained high, with over 95% retention rate through account management of endorsed provider base.

The Adult Social Care Workforce Data Set (ASC-WDS) continues to provide highly valued data and is used constantly to inform planning, funding and policy making decisions and we continue to provide expert analysis. A new Training and Qualifications section has been developed to further support the sector. Users can now access a summary of their training and qualifications and be notified when training is expiring or has expired. During Q4 alone, there were over 3 million-page views in the service, the addition of over 25,000 new staff records and over 250,000 training records and over 500 new workplaces joined the service.

We continued to collect comprehensive workforce intelligence while redeveloping the system for data collection in line with the Government Digital Standards (GDS). We updated and published the Size and structure of the adult social care sector and workforce, providing the most up-to-date and comprehensive overview of the size and structure of the adult social care sector and workforce in England. Building on this report, we published the State of the adult social care sector and workforce offering comprehensive workforce characteristics about the entire adult social care workforce in England such as age, gender, ethnicity and specific job role information.

We consulted with delivery partners and teams to design an immediate virtual support offer for all 2019/20 in-programme participants and re-design delivery models to secure completion on an inclusive basis over the course of 2020/21. We are drawing on current experience and workforce intelligence provided by participants to inform both Covid-19 response and recovery strategies to customising future programme delivery. This will contribute to the evidence-base used to build engagement with the development of our future workforce leadership offer.

#### 4. Workforce for integration

A free digital readiness tool to help employers measure progress towards the use of digital technology in their service, including how capable and equipped staff are in harnessing the benefits of digital tools and whether they have the right infrastructure in place was launched in Q3. It was created alongside social care employers at varying points in their 'digital journey' and hosted on [www.digitalsocialcare.co.uk](http://www.digitalsocialcare.co.uk); a dedicated space run by social care providers for social care providers.

In partnership with the NHS Leadership Academy, our Graduate Management Programme (GMP) fast-tracks graduates towards leadership roles within innovative health and social care settings. 19 graduate learners successfully graduated from Cohort 8 of the graduate management programme on 10 October 2019. All learners completed the Mary Seacole Leadership Development Programme and attained the Chartered Management Institute (CMI) Leadership and Management accreditation. 55% of the cohort were offered employment within their host organisation, 45% took up offers, 70% are committed to health and social care, through employment or further study. Initial feedback from the hosts of the cohort is positive, with five hosts securing graduates from Cohort 9.

Links have continued to strengthen across Sustainability and Transformation Partnership (STP) and Integrated Care Systems (ICS) and work with social care has grown especially in the ICS areas. We delivered an event in the South West in Q4, including HEE, NHSE and ADASS partners to social care providers which was extremely well received. Links show we are improving the voice of the social care sector across the health divide.

We continued work with the new roles in mental health, a key stakeholder in the steering group. A website was designed for mental health social work leadership and planning for two conferences. We have levered funding from HEE to work on allied mental health professionals (AMHP) service standards, NHS guidance for social work, and a continuing professional development (CPD) pathway for mental health social work. We contributed to NHS benchmarking of mental health social workers and peer support workers.

Due to the impact of Covid-19 we had to slow down the transforming care work in partnership with NHSE and NHS Improvement (NHSEI) as well as the prevention work, this meant cancelling two quality matters

## **Trustees' report** *(continued)*

### **Strategic report** *(continued)*

workshops. We were unable to finalise our work on integrated care resources as the integration case studies have been difficult to capture due to lack social care providers working with integrated services while dealing with the pandemic.

We have a crucial responsibility to support the sector by providing routine, reliable, and relevant information and guidance so that those on the frontline aren't overwhelmed. We also need to collect and curate sector intelligence to inform government and ourselves. We have developed a communications and engagement framework split into 4 sub-programmes to support this, utilising the communication channels we have available so we can ensure employers receive a balance of information from us that is consistent, regular and that they can expect to rely on. The sub-programmes are listed below:

#### **Sub-programme 1: Sharing official/generic sector advice and guidance, resources**

- Signpost through communication channels
- Guidance on all issues including non-workforce
- Continuous proactive review and update

#### **Sub-programme 2: Informing and promoting SfC's offer of support**

- Promotion on Skills for Care's response offer – linked to objectives and outcomes captured here. Plus additional work on nurse deployment and supporting social workers.

#### **Sub-programme 3: Market and sector intelligence**

- Detailed weekly qualitative report on issues current and emerging
- Informing sub programme 1, 2 & 3
- Shared with DHSC policy and stakeholder team

#### **Sub-programme 4: Positive comms and working towards parity of esteem**

- Provide a regular message of support and admiration to the sector
- Evidence the crucial role of our sector

Our workforce intelligence analysis team has undertaken various activity to feed into the wider Skills for Care and DHSC response to Covid-19. This work includes; working on a methodology to produce monthly statistics that track sickness, vacancy rates, new starters and other relevant data; publishing relevant statistics such as workforce age (70+) and those on zero-hour contracts; collaborating with CMM on a survey that looked at the impact of Covid-19 on the adult social care sector, particularly recruitment and retention and responding to bespoke data requests, such as pay by age, to make death in service estimates.

There have been some necessary adjustments to our programme of support for registered managers, but the position, relationships, infrastructure and offer we have developed through this work means that support has been rapidly repurposed. The new offer recognises the RMs as a lynchpin within the care system and builds upon our existing portfolio of support and resources under three themes; engaging managers to ensure they are aware of available support from us and others; providing information and signposting and peer-support as a source of resilience, information and validation. As part of this work, we launched a new advice line aimed at supporting those managing services through Covid-19 to access the latest information, resources, funding, online learning and other opportunities provided from SfC and we're also developing a series of webinars on a range of topics to support managers and their services.

We're currently working closely with DHSC, the Care Providers Alliance, NHS England and other partners so that we can provide and coordinate the primary point of contact for the deployment of nurses in social care, through the same regional system being used for the NHS. Guidance and further information, including the use of the Capacity Tracker to highlight workforce pressures is being delivered and the information that employers/providers supply will be used to inform the decisions about deployment currently being made by the seven regional hubs. Our aim is to ensure that social care is included in this decision-making process and that social care staffing needs are met in the same way as the NHS.

## Trustees' report (continued)

### Strategic report (continued)

#### Financial reviews

##### *Financial internal control environment*

Skills for Care engaged BDO as internal auditors to provide assurance on the internal control environment. An annual audit programme overseen by the Audit and Risk (A&R) Committee was agreed and covered the following areas: digital and agile review, financial ledgers, corporate governance, management of key relationships, General Data Protection Regulations (GDPR), disbursements and business continuity. In addition, two follow-ups were undertaken to review the implementation of audit recommendations. All recommendations were accepted where appropriate, and we will assess and implement any outstanding recommendations during 2020/21. BDO resigned as internal auditors on final presentation of the year end internal audits to the A&R Committee on 29 July 2020.

As part of an open tendering exercise, RSM were appointed and commenced planning for 2020/21 with the Leadership Team (LT) and A&R Committee. Areas we will cover are disbursements, digital, business development, value for money, key performance indicators (KPIs) and performance management, procurement and payroll.

#### Incoming resources

The charitable group had total incoming resources of £36.9m (2019: £40.1m) which represents an overall 9% decrease (2019: increase 42%).

Our main client, DHSC, agreed grant funding up to a maximum of £26.97m. During the year £0.17m was set aside for specific outcomes for the national recruitment campaign which were not agreed by them and was therefore deducted from the final Q4 payment, so they provided funds of £26.8m (2019: £26.9m) for the delivery of the agreed work programme. The total cost of the work programme exceeds DHSC funds, so we utilised sector co-funding as set out in note 14.

We were successful in negotiating and securing other restricted charitable funds £6.3m (2019: £8.9m), a decrease of over 25% (2019: increase 500%). This includes £4.4m (2019: £6m) from the Department for Education (DfE) contract to disburse the Child and Family ASYE and National Assessment and Accreditation System (NAAS). At the beginning of this contract in 2018/19 we received additional funding to disburse legacy grants of £1.5m. Sfc has also been successful in securing a rollover DfE contract that has been signed in April 2020 for delivery in 2020/21.

A main source of income in our Skills for Care Solutions trading subsidiary is the certification of apprenticeships £0.27m (2019 £0.69m) and with the implementation of the new apprenticeship standards replacing the previous frameworks and overseen by the Institute of Apprenticeships, this income will continue to decline as the remaining framework qualifications become obsolete and certification ceases. Other trading activity income accounted for in the subsidiaries is set out in notes 3 and 14. In addition, £1.7m of income secured in 2019/20 relating to 2020/21, has been deferred in creditors as detailed in note 12.

Our bank interest income was £0.02m (2019: £0.04m). Other income relates to Financial Reporting Standard (FRS) 102 pension interest as set out in note 17.

#### Resources expended

We maintain a cost management strategy to achieve savings across the organisation as required and manage external commissioned work by delivering activities in house, where appropriate. In house capacity was stretched for our ICT and digital department and we had to use an agency developer for some business-critical work. We used fixed term and permanent recruitment to deliver our outcomes, where vacant posts were not fulfilled at the beginning of the year. We continue this approach and aim to be as flexible and adaptable with our resources to deliver the outcomes of our business plan and DHSC work programme activities. We reviewed the structure of our directorate and leadership team and restructured to include a director of people to be aligned more closely with our sector by reorganising the management of external operations and employer engagement.

We undertake competitive tendering processes, where appropriate, to allocate and distribute the WDF. Where competitive tendering is undertaken, applications are evaluated by panels to assess the applicant's ability to deliver the requirements of the funding stream. Direct individual employer funding involves an assessment of each application on receipt to ensure that it meets the purpose of the funding, which is to increase the management skills of, or care provided to, individual employers.

## **Trustees' report** (continued)

### **Strategic report** (continued)

#### **Resources expended** (continued)

A new funding approach to support the completion of leadership and management learning programmes was undertaken with endorsed providers. As a result of delays with the transition from the National Minimum Dataset for Social Care (NMDS-SC) to the Adult Social Care:

Workforce Data Set (ASC-WDS), the mainstream fund was disbursed at a slower rate than usual. Covid-19 delayed the completion of several cohorts undertaking the leadership programmes with endorsed providers by the end of March, with some managing to complete into April and May. £0.6m of the mainstream fund was repurposed and committed to the rapid induction, essential training and volunteers' programme in response to Covid-19.

We continued to work in partnership with Health Education England for Kent, Surrey and Sussex (HEEKSS) to allocate and distribute the Workforce Integration Fund. Applications are assessed by a panel to agree if the set criteria are met. £1.1m (2019: £1.6m) has been disbursed this year with £0.3m deferred to future periods as set out in note 12. Our contract agreement with DfE is to claim funds in arrears once applications are processed to be paid out.

During the year we worked with Cordis Bright and Skills for Care board members to identify business development activities which generates the best results from a financial and impact perspective. Resources are identified which are required to deliver activities and the price to the client negotiated to cover the full cost and a profit is included where possible and appropriate.

Affina Organisation Development Limited (AOD) has reviewed the cost of associates and negotiated reductions thereby increasing the profit margin. There has also been a review of overheads to make savings where possible.

#### **Total funds carried forward**

All funds received during the year and expenditure incurred is shown in the consolidated statement of financial activities. The detailed movements in specific restricted and unrestricted funds are shown in note 14 to the financial statements.

£0.76m (2019 £0.73m) DHSC funds are committed to DHSC work programme activities spanning the financial year end.

The unrestricted funds are committed to activities as set out in Sfc's reserves policy and detailed in note 14.

#### **Reserves policy**

The charity has a reserves policy of maintaining free unrestricted reserves. The Finance and General Purpose (F&GP) Committee monitor the reserves policy and underlying assumptions quarterly. They make recommendations of designations of those reserves to the Sfc board.

#### **Free reserves**

Free reserves are accumulated to cover minimum liabilities and not to exceed the estimated maximum costs including; statutory redundancy, early retirement costs, an average of six month's operational costs where applicable, lease and pension liabilities and to cover necessary costs and commitments during an unforeseen period of difficulty. At 31 March 2020 (excluding pension exit valuation – see note 14c), there were sufficient free reserves to fund the maximum £10.4m potential liabilities (2019: £11.6m maximum). This takes into account the unwinding of premises leases.

Both our subsidiaries carry out non-charitable activity with an aim to generate trading surplus for reinvestment into our business plan activity for the benefit of the sector. The Sfc Solutions Board, AOD Board, Finance and General Purposes committee and Sfc Board have oversight of this and review what may be required to fund any potential funding gap in the future.

General reserves, being the free reserves of the charity, are all designated for specific purposes as described in note 14.

#### **Investment powers and policy**

The charity's governing document gives the trustees the power to engage an investment manager. This authority has been delegated to the Finance and General Purposes Committee. The appointed manager throughout the year was CCLA Investment Management Limited, who manage the portfolio on a discretionary basis within agreed risk and return objectives. The portfolio is invested in a blend of CCLA's specialist COIF charity funds. The Funds held during the year were the Ethical Investment Fund (annual management charge (AMC) 0.60%, rebated

## Trustees' report (continued)

### Strategic report (continued)

#### Investment powers and policy (continued)

to 0.50% for balances over £10m); the Fixed interest Fund (AMC 0.22%); the Charities Property Fund (AMC 0.65%) and the Charities deposit fund (AMC 0.20%).

The total return on our investments during the year was 2.2% (2019: 8.8%). The rate of return in any one year will depend substantially on market conditions in the underlying asset classes. We did not realise any gains or losses during the year (2019: nil). We have an unrealised gain of £0.4m (2019: £2m) as shown on note 9. The

F&GP regularly monitors the return of the funds invested by the investment manager and compares the returns against relevant market indices; the committee also receives regular updates from the investment manager. We receive regular updates from CCLA and if funds decrease by £0.1m between valuations provided by the Investment Manager, the Chair of FGP is provided with an explanation.

Towards the end of the year, equity market valuations turned sharply downwards in response to the Covid-19 crisis, accounting for the lower rate of returns than in the previous year. However, we were pleased to note that CCLA's active management of the assets meant that the effects on our portfolio were not as severe as experienced by many investors, and that the valuation has begun to recover since year end.

The company has a policy of placing funds, not invested with the investment manager, or not immediately required for cashflow purposes, in deposit accounts with its bankers as its need for access to funds outweighs any ability to generate higher levels of return. We achieved rates of return between 0.05% - 0.30% (2019: 0.05% - 0.35%) on bank balances, against a background of continued low bank base rates.

#### Plans for future periods

As a result of Covid-19 the last weeks of the 2019/20 year saw the staff team focus time and effort on capturing feedback through our networks on the immediate issues being experienced by our sector at the front line and using that feedback to inform our offer of support and to share with DHSC to inform their guidance and policy work. That same insight and intelligence informs our work for the year ahead.

As in previous years, Skills for Care's 2020/21 annual business plan summaries the activity we will undertake and is presented in two sections. The first section details activity for our key client, DHSC, through our agreed work programme. All activities in the work programme have been divided up under the two main DHSC priority themes; recruitment and retention of staff and workforce development. Each separate activity under the main priority theme has been cross-referenced to the list below and the sub-theme they are allocated to.

#### Recruitment and retention of staff

1. To support employers to recruit more social care staff with the values and skills needed to deliver high quality care and support.
2. Support employers in motivating and retaining their staff.
3. Provide the authoritative source of analysis and reporting of workforce intelligence for the adult social care workforce in England, including increasing the reach of ASC-WDS amongst employers.

#### Workforce development

4. Develop and provide clear guidance for the unregulated workforce, including PAs, to develop their knowledge and skills (including digital), and to identify opportunities for career progression.
5. Support the continual development, revision, and supply of the relevant qualifications and training programmes for social care, including apprenticeship standards.
6. Support the recruitment and development of registered managers, equipping them to fulfil their statutory responsibilities and to drive improvement and innovation in local services.
7. Attract and develop future leaders into social care through the graduate management scheme.
8. Deliver the Workforce Development Fund and Endorsed Provider Network to help more staff to access high quality training and development.

We have been working with DHSC to revise and re-prioritise our work programme activities to enable us to support the sector in response to the emergency measures brought on by Covid-19. We will work flexibly across all areas of the work programme to enable us to respond quickly to any urgent priorities or unplanned activities required by DHSC.

The second part of the 2020/21 business plan is activity to develop non DHSC activity to enable us to reinvest funds into supporting the adult social care sector. This activity includes:

## **Trustees' report** *(continued)*

### **Strategic report** *(continued)*

#### **Plans for future periods** *(continued)*

- **Recruitment and retention solutions** which includes designing and piloting additional professional leadership programmes for nurse leaders and occupational therapists and continuing to support employers in child and family services with the disbursement of ASYE funding and delivery of best practice.
- **Workforce development solutions** which includes existing and new offers around workforce planning and recruiting people into the sector with the right values
- **Digital solutions** which also includes using the ASC-WDS to generate a range of workforce intelligence tailored to meet client needs.
- **Added value services** such as seeking funding opportunities via bids, proposals, sponsorship and possible new investments that supports workforce projects, Accolades ceremony, London meeting room rental, Apprenticeship certification service, priced publications, and hosting our UK-wide partnership SfCD and our trading activities within Skills for Care Solutions and Affina Organisation Development.
- **Corporate activities** including market intelligence and ensuring governance, statutory and charitable compliance.

#### **Related parties and strategic partnerships**

We continue our close strategic partnership with the other UK partners: Social Care Wales, the Scottish Social Services Council and the Northern Ireland Social Care Council. This is an important relationship as it allows the UK group, under the Skills for Care and Development umbrella, to coordinate our response to issues to enable an increased impact and to support and learn from each other. We host one part time member of staff and provide financial support and other services to Skills for Care and Development under a service level agreement.

We are the delivery partner for the DHSC on leadership and workforce in adult social care and continue to build on our relationship with DHSC colleagues across a number of directorates.

We will continue to work collaboratively with key national organisations, employers of all shapes and sizes, registered managers and people who use care and support, their families and carers. This engagement enables us to seek to influence DHSC policy to ensure it will achieve positive outcomes for all.

We work with organisations representing people who need care and support and their carers to ensure effective partnership approaches in our work at both national and local levels.

We are an active partner in Think Local Act Personal (TLAP). We work closely with the Association of Directors of Adult Social Services (ADASS) at national level on their Workforce Development Network and locally with ADASS regional branch members. We also work closely with the LGA and have a strategic partnership agreement with HEE.

We administer the ASYE and NAAS for the children's sector on behalf of the Department for Education, and also continue to work closely with the Federation for Industry Sector Skills & Standards (FISSS).

#### **Structure, governance and management**

##### *Governing document*

Skills for Care is a company limited by guarantee, governed by its Memorandum and Articles of Association. No trustee has any beneficial interest in the charitable company. All trustees are members of the company and guarantee to contribute £1 in the event of a winding up. The number of guarantors at 31 March 2020 was 14 (2019: 13).

##### *Appointment of trustees*

As set out in Clause 30 (1) of the Memorandum and Articles of Association, the board appoints the chair of the trustees. Trustees are appointed through an open recruitment process. A specification for board members is used in the selection process. The Remuneration and Nominations Committee form the selection panel for the recruitment processes and regularly consider areas where there is a potential skills gap which could be filled by new trustees. A trustee can serve up to two three-year terms (with an additional term in exceptional cases agreed by the board), this includes the Chair and Vice-Chair. The board membership is kept under review and re-aligned as appropriate.

## **Trustees' report** *(continued)*

### **Strategic report** *(continued)*

#### **Structure, governance and management** *(continued)*

##### *Trustee induction and training*

The Chair and Chief Executive Officer induct new trustees, so they have a clear understanding of the work of SFC and their duties as trustees. This includes their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making process, the work programme, business plan and recent financial performance of the charity. They are required to sign a declaration that states they have read and understood the company's governing documents.

During the induction, trustees meet other trustees and key senior staff and are provided with an induction pack. Trustees are encouraged to attend appropriate Skills for Care and external events where these will facilitate the undertaking of their role.

##### *Evaluation*

The board regularly evaluates its performance through reviewing the effectiveness of every board and committee meeting to ensure they all meet their objectives. Trustees have an annual one-to-one meeting with the Chair of the board which is an opportunity for trustees to confidentially feedback on the performance of the board and to suggest any improvements that can be made. Periodically a full board evaluation is undertaken. The programme for individual and group evaluation will be reviewed in 2020/21.

##### *Organisational structure*

The board of trustees administers the charity and meets at least four times a year to make strategic decisions regarding the charity. There are standing committees covering Finance and General Purposes, Audit and Risk, and Remuneration and Nominations, and forums/working groups covering workforce development, business development, and race equality.

A Chief Executive Officer (CEO) is appointed by the trustees to manage the day-to-day operations of the charity. In order to facilitate effective operations, the CEO has delegated authority, within terms of delegation approved by the trustees, for operational matters. The Leadership Team (LT) is in place to support the CEO.

##### *Governance code*

Skills for Care has adopted the principles of the Charity Governance Code. A self-assessment against the best practice within each principle is completed annually and an action plan developed to progress actions where gaps are identified. On the recommendation of the internal auditors a process document has been created to set out the annual self-assessment review process, how the action plan is managed and the reporting protocol. The focus of the coming year will be around board and committee evaluation.

##### *Risk management*

Skills for Care has a defined risk management process and associated procedures to review, mitigate and report the risks faced by the organisation. This includes a defined risk management process for identifying risks ranging from individual project level to strategic level.

#### *Section 172 (1) Statement and Streamlined Energy and Carbon Reporting*

As Trustees we are aware that this year sees the introduction of new disclosure requirements within the Trustees report for larger companies following the new legislation of The Companies (Miscellaneous Reporting) Regulations 2018 and The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) and Regulations 2018. We have considered the size criteria and how this applies to the Skills for Care Group and whilst we are not mandated to make such disclosure, we believe it is best practise to acknowledge this may be the case in future years and to report what actions we are taking to comply at present.

Section 172(1) statement which hereby describes how the Board of Trustees have acted in regard to the matters set out in Section 172(1)(a) to (f) when performing their duties under this Section.

These duties have included, but are also not necessarily limited to, their responsibility to earnestly promote the success of the Group and its companies, to act in the way that he or she considers to be in good faith and would be most likely to promote the success of the Group and its companies for the benefits of its stakeholders as a whole and, in doing so, have taken into consideration due regard (amongst other matters) to the factors (a) to (f) which are as follows:

## Trustees' report (continued)

### Strategic report (continued)

#### Structure, governance and management (continued)

- (a) the likely consequences of any decision in the long term,
- (b) the interests of the Group's and its companies' employees,
- (c) the need to foster the Group's and its companies' business relationships with suppliers, customers and others,
- (d) the impact of the Group and its companies' operations on the community and the environment,
- (e) the desirability of the Group and its companies maintaining a reputation for high standards of business conduct, and
- (f) the need to act fairly as between management members of the Group and its companies.

In adhering to the above, the Board of Trustees have duly discussed and considered the following during the ordinary course of business:

- the issues, factors and stakeholders that the Trustees consider relevant in complying with section 172 (1) (a) to (f) and how they have formed that opinion;
- the main methods that the Trustees have used to engage with its stakeholders in order to understand the issues to which they must have regard; and
- information on the effect of that regard on the Group's and its companies' decisions and strategies during the financial year.

The Trustees have duly adjudged as to what they consider to be collectively appropriate to disclose and believe that their statements and information in the Trustees' Report in this respect are meaningful and informative for the Group's stakeholders, have shed light on matters that are of strategic importance to the group at the time and are consistent with the size and complexity of its current business.

In our highly valued role as key delivery partner for DHSC on leadership and workforce in adult social care we continue to work collaboratively with other key national organisations, employers of all sizes, registered managers and individuals who provide care within their own family.

Our corporate plan for 2018-23 sets out our longer term aims and how decisions may affect the longer term.

The Achievements and performance section of the Trustees' Report starting on page 4 details how we have engaged and fostered our relationship with DHSC, suppliers, customers and others during the year.

The end of our financial year saw the impact of Covid -19 hitting the UK and the effects of lockdown raising considerable challenges for the DHSC and the sector we support as well as our own operations. Rapid changes were needed, and we engaged with all concerned and especially our own employees under these difficult circumstances to ensure we could continue our delivery, albeit in a different form. Engagement with our employees is always important but none more so than at this time.

We have regular Teams and Zoom meetings with our colleagues to ensure we are engaging not only with our own team but with the wider community to deliver a much-needed rapid response to the Covid crisis. Pages 7 and 8 demonstrate how we as an organisation, led by the Board, have reacted to this crisis.

We are an organisation who always strives to maintain a reputation for high standards and business conduct. As explained on page 8 of our report we have engaged independent internal auditors to regularly review our operations and procedures so we can continually improve. The findings from the review undertaken by the independent firm are appropriately addressed by the business and such implementation is overseen by the A&R committee and the Board.

Our subsidiaries are an integral part of the group and the Board at each meeting consider how relationships between the individual organisations can be enhanced for the benefit of the group overall. Risks in the subsidiaries are considered by the individual subsidiary Boards and by the group Audit and Risk Committee to ensure all objectives are aligned and risks mitigated for each individual organisation within the group (page 13).

As the group as a whole has a limited carbon footprint the Board of Trustees have chosen not to formally report the specific criteria required by legislation this year as there is no requirement for us to formally report. We do however take such matters seriously and are aware that the areas of reporting would be around the emissions and energy use from burning gas, from fuel used in transport and from the company's electricity usage. We have



## **Trustees' report** *(continued)*

### **Strategic report** *(continued)*

#### **Structure, governance and management** *(continued)*

instigated mechanisms by which this information can be obtained, wherever possible, should the need arise to disclose in future.

As the group's offices are in shared buildings some of this information is not readily available at this time but we will continue to work with the Landlords to see if this would be possible in the future.

As an organisation we continue to review ways in which we can reduce our carbon footprint and reduce the business miles we incur. Lockdown due to Covid 19 has seen us all working from home since mid-March significantly reducing the impact of our usual travel and use of office space upon the environment and having had this experience we will continue to monitor our ways of working in the future to see how they can be changed to help protect the environment.

#### *Principal risks and uncertainties*

Significant risks and uncertainties are reviewed by the Leadership Team, together with any project risks that have been escalated for their review, as defined in our risk management procedure. It is the remit of the A&R Committee to take ownership of risk management and reporting of major risks to the board. They are also responsible for identifying a number of activities for internal audit each year; some activities are audited more frequently where the risk is deemed to be of greater significance, for example financial management, whilst others are reviewed as part of a long-term schedule of audit.

The A&R Committee review the corporate risks and any project risks escalated by LT. Both trading subsidiary companies, SfCSL and AOD have corporate risk registers. These risk registers are reviewed by LT, A&R Committee and each individual company board. The risk registers for both subsidiaries were reviewed and updated during the year, and no major risks were reported.

At each board meeting, trustees receive a risk report detailing any risks identified as major risks, together with a brief overview of the other main risks, and the relevant mitigations. SfC and its subsidiaries have an agreed risk appetite for each risk category. All risks that are rated above the risk appetite or outside of the risk tolerance are escalated by A&R to the Board.

During the year the major risks reported to the board were risks caused by instability from Brexit and the general election and ASC-WDS risks were closely managed throughout the year. The trustees reviewed and monitored these risks throughout the year and were re-assured that they are being mitigated and managed effectively.

As detailed in this report the effect of the Covid-19 pandemic has created a major risk for Skills for Care and we developed a separate risk register to manage, monitor and report these as the crisis evolved. Our workforce is flexible and has been able to adapt to working from home while still delivering the outcomes agreed by DHSC and to support the sector where possible.

## Trustees' report (continued)

### Strategic report (continued)

#### Reference and administrative information

At 31 March 2020, there were 14 board members.

#### Trustees

Dame Moira Gibb (Chair of Board)  
Suzie Bailey  
Louise Bladen  
Susan Bott  
Mark Lever  
Mahiben Maruthappu  
Susan McMillan  
Steve Scown  
Paul Snell  
Neil Taylor (Vice-Chair of Board; Chair of SfCSL and Chair of AOD)  
Munira Thobani  
Mandy Thorn  
Mark Ward  
Rachael Wardell

#### Date of appointment or resignation

Appointed 3 July 2019

#### Chief Executive

Andy Tilden (Interim CEO until 9 March 2020)  
Oonagh Smyth (from 9 March 2020)

#### Audit & Risk Committee

Louise Bladen (Chair)  
Suzie Bailey (from 1 April 2020)  
Susan McMillan  
Steve Scown  
Paul Snell (until 1 April 2020)  
Rachael Wardell

The Committee reviews the annual Trustees' report and financial statements; ensures there is an effective system of internal control and risk management; ensures health and safety policies and procedures are being adhered to and review the governing documents on an annual basis.

#### Finance & General Purposes Committee

Mark Lever (Chair)  
Susan Bott  
Mahiben Maruthappu  
Neil Taylor  
Mandy Thorn  
Mark Ward

The Committee agrees Skills for Care indicative budgets annually and makes recommendations to the Skills for Care board. It reviews performance of the DHSC work programme, business development, and overall SfC business plan. It also monitors the quarterly accounts, reserves and the financial position of the organisation. It ensures compliance with relevant statutory and auditing reporting requirements and provides direction to the Investment Manager and monitors their performance at agreed intervals.

#### Remuneration & Nominations Committee

Susan McMillan (Chair)  
Moira Gibb  
Paul Snell  
Neil Taylor

## Trustees' report (continued)

### Strategic report (continued)

#### Reference and administrative information (continued)

The Committee determines all matters relating to the remuneration package of the Chair and CEO and receives proposals from the CEO and makes decisions on any changes to the Leadership Team structure and remuneration. It also forms the interview panel in the recruitment of new trustees, leads the Chairs recruitment process with the Vice Chair, and considers issues like succession planning and the composition of the board to ensure it has the skills and knowledge to continue to operate effectively.

#### Company references

Skills for Care Ltd- Company number 03866683 – Charity number 1079836

Skills for Care Solutions Limited – Company number 07938138

Affina Organisation Development Limited – Company number 04644495

The National Skills Academy for Social Care Limited – Company number 9698766 (*Dormant*)

All accounts are drawn up to 31 March 2020.

#### Leeds head office

Westgate  
6 Grace Street  
Leeds  
LS1 2RP

#### London office

Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

#### Advisors

##### External auditor

Brown Butler  
Leigh House  
28-32 St Paul's Street  
Leeds  
LS1 2JT

##### Internal auditors

BDO (resigned 29 July 2020)  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

#### Solicitors

Clarion  
Elizabeth House  
13-19 Queen Street  
Leeds  
LS1 2TW

#### RSM

Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

#### Bankers

The Royal Bank of Scotland  
South Yorkshire & North Derbyshire  
Commercial Support Team  
PO Box 4862  
5 Church Street  
Sheffield  
S2 9EQ

#### Investment manager

CCLA Investment Management Ltd  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4ET

The trustees who held office at the date of approval of this trustees' report confirm that so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware, and each trustee has taken all the steps that he or she ought to have taken as a trustee to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### Auditor

A resolution to tender for the appointment of external auditors of the group was approved by SfC Board at the board meeting in July 2019. Following the tender exercise Brown Butler were formally appointed on 25 February 2020.

A resolution for the reappointment of external auditors of the group will be approved by the SfC Board at the Annual General Meeting 14 October 2020.

**Trustees' report** *(continued)*

**Strategic report** *(continued)*

**Reference and administrative information** *(continued)*

**Approval**

This report is approved by the board of trustees on 29 September 2020 and is signed on its behalf.

By order of the board



Dame Moira Gibb

Chair of Board

Westgate  
6 Grace Street  
Leeds  
LS1 2RP

## **Statement of responsibilities of the trustees of Skills for Care (a company limited by guarantee) in respect of the trustees' report and the financial statements**

The Trustees are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law they are required to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charitable company and of the group's excess of income over expenditure for that period. In preparing each of the group and charitable company financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group's and the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charitable company or to cease operations or have no realistic alternative but to do so.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

## Independent auditor's report to the members of Skills for Care Ltd

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### Opinion

We have audited the financial statements of Skills for Care Ltd (the "charitable parent company") and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities SORP (FRS102) and the Charities Act 2011.

### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or parent charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Skills for Care Limited (continued)**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 17, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

## **Independent auditor's report to the members of Skills for Care Limited** *(continued)*

### **Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Brown Butler*

Linda Cooper (Senior Statutory Auditor)  
For and on behalf of Brown Butler  
Chartered Accountants and Statutory Auditor  
Leigh House  
28-32 St Paul's Street  
Leeds  
LS1 2JT

29 September 2020



**Consolidated statement of financial activities** (incorporating income and expenditure account  
and other comprehensive income)

	Note	2020 Unrestricted £	2020 Restricted £	2020 Total £	2019 Total £
<b>Income</b>					
Trading activities	4	2,578,448	-	2,578,448	3,108,755
Investments	4	24,086	-	24,086	41,580
Charitable activities	4	217,773	33,156,715	33,374,488	36,050,966
Pension	4, 17	868,000	-	868,000	889,000
<b>Total income</b>	4, 14	<b>3,688,307</b>	<b>33,156,715</b>	<b>36,845,022</b>	<b>40,090,301</b>
<b>Raising funds</b>					
Raising funds	5	1,443,833	-	1,443,833	1,881,139
Investments	5	3,375	-	3,375	3,214
Charitable activities	5	2,643,495	30,729,047	33,372,542	33,948,774
Pension	5, 17	1,367,000	-	1,367,000	1,126,000
<b>Total resources expended</b>	5	<b>5,457,703</b>	<b>30,729,047</b>	<b>36,186,750</b>	<b>36,959,127</b>
<b>Net (outgoing)/incoming resources before transfers</b>		<b>(1,769,396)</b>	<b>2,427,668</b>	<b>658,272</b>	<b>3,131,174</b>
Transfers	14d	2,390,279	(2,390,279)	-	-
<b>Net incoming resources</b>		<b>620,883</b>	<b>37,389</b>	<b>658,272</b>	<b>3,131,174</b>
<i>Other comprehensive income</i>					
Actuarial loss on pension scheme	14, 17	(298,000)	-	(298,000)	(4,402,000)
Net unrealised investment gain	9, 14	438,896	-	438,896	2,052,768
<b>Net movement in funds</b>		<b>761,779</b>	<b>37,389</b>	<b>799,168</b>	<b>781,942</b>
<b>Total funds brought forward</b>	14	<b>25,085,782</b>	<b>730,557</b>	<b>25,816,339</b>	<b>25,034,397</b>
<b>Total funds carried forward</b>	14	<b>25,847,561</b>	<b>767,946</b>	<b>26,615,507</b>	<b>25,816,339</b>

The notes on pages 23 to 50 form part of the financial statements.

## Consolidated balance sheet

at 31 March 2020

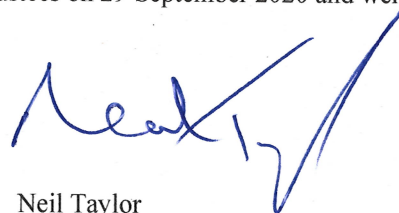
	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Intangible assets	8	4,033,270		2,976,110	
Tangible assets	8	203,851		361,209	
Investments	9	28,066,703		27,491,226	
			<b>32,303,824</b>		<b>30,828,545</b>
<b>Current assets</b>					
Stock – publications		35,422		51,650	
Debtors due within one year	11	1,355,409		3,346,627	
Cash at bank in hand		10,873,970		11,583,996	
		<b>12,264,801</b>		<b>14,982,273</b>	
Creditors: amounts falling due within one year	12	(10,065,734)		(12,904,095)	
			<b>2,199,067</b>		<b>2,078,178</b>
<b>Total assets less current liabilities</b>					
Provisions for liabilities and charges	13	(137,384)		(137,384)	
			<b>34,502,891</b>		<b>32,906,723</b>
<b>Net assets before pension liability</b>					
Pension liability	17	(7,750,000)		(6,953,000)	
			<b>26,615,507</b>		<b>25,816,339</b>
<b>Funds</b>					
Unrestricted (before pension)	14	33,597,561		32,038,782	
Pension liability	14	(7,750,000)		(6,953,000)	
			<b>25,847,561</b>		<b>25,085,782</b>
Restricted funds	14	767,946		730,557	
			<b>26,615,507</b>		<b>25,816,339</b>

The notes on pages <sup>27</sup>23 to 50 form part of the financial statements

These financial statements were approved by the board of trustees on 29 September 2020 and were signed on its behalf by:



Dame Moira Gibb  
Trustee and Chair of Board



Neil Taylor  
Vice Chair

Company registered number: 03866683

## Company balance sheet

at 31 March 2020

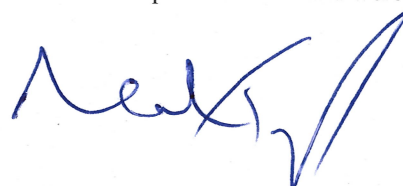
	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Intangible assets	8	3,989,743		2,910,760	
Tangible assets	8	203,851		358,749	
Investments	9	28,066,703		27,491,226	
Investment in subsidiaries	10	63,526		75,469	
			<b>32,323,823</b>		<b>30,836,204</b>
<b>Current assets</b>					
Debtors due within one year	11	1,836,511		4,155,235	
Cash at bank and in hand		9,453,546		10,018,047	
		<b>11,290,057</b>		<b>14,173,282</b>	
<b>Creditors: amounts falling due within one year</b>	12	<b>(9,100,062)</b>		<b>(12,091,836)</b>	
			<b>2,189,995</b>		<b>2,081,446</b>
<b>Total assets less current liabilities</b>					
Provisions for liabilities and charges	13		<b>(137,384)</b>		<b>(137,384)</b>
			<b>34,376,434</b>		<b>32,917,650</b>
<b>Net assets before pension liability</b>			<b>34,376,434</b>		<b>32,780,266</b>
<b>Pension liability</b>	17		<b>(7,750,000)</b>		<b>(6,953,000)</b>
			<b>26,626,434</b>		<b>25,827,266</b>
<b>Funds</b>					
Unrestricted (before pension)	14	33,608,488		32,049,709	
Pension liability	14	(7,750,000)		(6,953,000)	
Unrestricted funds	14	25,858,488		25,096,709	
Restricted funds	14	767,946		730,557	
<b>Total charitable company funds</b>			<b>26,626,434</b>		<b>25,827,266</b>

The notes on pages <sup>27</sup>28 to 50 form part of the financial statements

These financial statements were approved by the board of trustees on 29 September 2020 and were signed on its behalf by:



Dame Moira Gibb  
Trustee and Chair of Board



Neil Taylor  
Vice Chair

Company registered number: 03866683

## Consolidated cash flow statement

### Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities

	<i>Note</i>	2020 £	2019 £
Net incoming resources before transfers		658,272	3,131,174
<i>Adjustment for:</i>			
Depreciation and amortisation	5, 6, 8	1,894,545	939,668
Disposal of fixed assets	8	32,135	-
Interest income	4,6	(24,086)	(41,580)
Net pension movement	14, 17	499,000	237,000
		<hr/>	<hr/>
Decrease/(increase) in debtors		3,059,866	4,266,262
Decrease in stock		1,991,218	(2,069,982)
Decrease in stock		16,228	7,686
(Decrease)/increase in trade and other creditors		(2,913,361)	2,778,485
Decrease in dilapidations provision	13	-	(20,000)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>2,153,951</b>	<b>4,962,451</b>
		<hr/> <hr/>	<hr/> <hr/>
<b>Cash flows from investing activities</b>			
Interest received	4, 6	24,086	41,580
Acquisition of intangible fixed assets	8	(2,826,482)	(2,881,936)
Acquisition of tangible fixed assets	8	-	(400,208)
Purchase of investments	9, 10	(61,581)	-
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(2,863,977)</b>	<b>(3,240,564)</b>
		<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents		(710,026)	1,721,887
Cash and cash equivalents at 1 April		11,583,996	9,862,109
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>		<b>10,873,970</b>	<b>11,583,996</b>
		<hr/> <hr/>	<hr/> <hr/>

### Analysis of changes in net debt

	1 April 2019 £	Cashflow £	Other non-cash changes £	31 March 2020 £
Cash and cash equivalents	11,583,996	(710,026)	Nil	<b>10,873,970</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

## Notes

(forming part of the financial statements)

### 1. Accounting policies

The company is limited by guarantee and registered as a charity under the Charities Act 2011 (registered charity number 1079836) and incorporated in England and Wales. Except for note 17 all figures are stated to the nearest pound (£). The accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### Judgements and uncertainties

The following are the significant management judgements made in applying the accounting policies of Skills for Care that have the most significant effect on the financial statements:

##### (i) Pension liability

Skills for Care is committed to meeting the pension liability of the West Yorkshire Pension Fund and the potential deficit is provided by AON who are independent actuaries. The present value of those future deficit payments is recognised in the balance sheet and underlying assumptions of the pension scheme are detailed in note 17. The liability as at 31 March 2020 is £7.7m. The liability as at 31 March 2019 of £6.9m would have increased by £0.21m if new pension rulings had been taken into account (£0.004m GMP indexation and £0.208m McCloud). This has been included in the current valuation. The new pension rulings have been adopted in 2019/20 with the 2018/19 charge of £0.21m included in the past service cost in the current year and prior year comparatives have not been restated.

##### (ii) Income recognition

Where income received in the year is for contracted activity yet to take place, unspent income is deferred to the following year to match delivery of the activity. Total income deferred as at 31 March 2020 is £1.7m (2019: £2.7m).

##### (iii) Useful life of depreciable asset

Management regularly review the development of its major depreciable asset, ASC-WDS to estimate its useful life. The impact of agile working which is in line with DHSC Government digital services and achieving a minimum viable product means the amortisation of the asset is calculated as costs are incurred. Total amortisation of the ASC-WDS asset for the year is £1.2m (2019: £0.2m).

##### (iv) Amortisation of investment in subsidiary and intangibles and goodwill

Management estimate that the amortisation of investment in the subsidiary AOD is aligned to the amortisation of the acquired goodwill and other intangibles. Total cumulative impairment of the investment as at 31 March 2020 is £0.2m (2019: £0.2m).

##### (v) Covid-19

The impact of Covid-19 saw a rapid change to delivery and the requirements of DHSC and the sector around the year end. The department have repurposed some of the 19/20 funding and this has been carried forward into 20/21 as SFC responded to the changing needs of the sector.

The board of trustees believe the group is well placed to continue to support the sector and SFC will continue to receive DHSC funding, however as noted in 1.2 below, the funding has been reviewed in two phases this year due to Treasury commitments as a result of Covid-19 which bring some uncertainty at this time with regard to what the Department would like future delivery to be and confirmation of future funding.

#### 1.1 Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. Skills for Care meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

## Notes (continued)

### Accounting policies (continued)

#### 1.2 Going concern

The financial statements have been prepared on a going concern basis as discussions around shaping the work programme for 2020/21 commenced in October 2019. DHSC has indicated funds for next year will be based on a 'flat cash' settlement. Due to Covid-19 and pressures on Treasury their business planning for 2020/21 has not been finalised. In order for SfC to secure some cash in advance of the delayed timetable, we have negotiated two 6-month grant agreements with the first one signed on 17 July 2020. The charity has unrestricted reserves at 31 March 2020 which the Trustees believe are sufficient to allow the charity to continue for a period of at least 12 months from the date of signing these accounts. As a result, the Trustees believe it is appropriate to prepare the financial statements on a going concern basis, taking into account its reserves policy.

#### 1.3 Basis of consolidation

The consolidated financial statements include the financial statements of the company and its wholly owned subsidiary undertakings, Skills for Care Solutions Limited and Affina Organisational Development Limited, which are made up to 31 March. Subsidiary results are set out in note 3. The consolidated statement of financial activities consolidates the results of the charitable activities of the group on a line by line basis. In accordance with FRS102, no separate statement of financial activities has been presented for the company alone.

On 7 February 2020 the Group acquired 14% of the ordinary share capital of Care Friends Limited. Due to the size of the shareholding this has not been accounted for as a subsidiary or associate in note 10.

#### 1.4 Income

Grants and other income are recognised in the year in which entitlement exists and the amount can be measured with reasonable certainty and measurability. Income is deferred only when the company has to fulfil conditions before becoming entitled to it or where it relates to the following accounting period.

Restricted income received which has not been physically spent, accrued or deferred in creditors at the year-end is carried forward in restricted reserves. The trustees consider this to be an appropriate accounting policy as they believe that the grant makers, or other funders who imposed the restrictions, will not ultimately request the company to make refunds to them. The company continues discussions with the DHSC to ensure our work programme objectives and milestones are achieved. The financial report to DHSC and note 14 shows Skills for Care has some DHSC funds to carry forward all of which are fully committed. All funds receivable from the DHSC are treated as restricted in accordance with grant letters.

#### 1.5 Resources expended

Resources are allocated at a strategic level based on the costed Work Programme (WP) with the DHSC, other funding agreements and the business plan as agreed by the Board. Budget holders are allocated specific resources in order to deliver the required outcomes. Activities requiring commissioned work with outstanding milestones as at 31 March 2020 or relating to the outcomes of the 2019/20 work programme are accounted for on an accruals basis and the costs relating to these milestones are included in the financial statements. Commitments to meet the response to Covid-19 are not included in the financial statements and are shown in note 14e.

Governance costs are those incurred in connection with the strategic management of Skills for Care resources, compliance with constitutional and statutory requirements, including legal and audit costs. These have been accounted for within the appropriate cost activity as required by FRS102.

#### 1.6 Fixed assets: tangible

Individual fixed assets costing £5,000 or more are capitalised at cost. Depreciation is calculated so as to write off the cost of fixed assets by equal annual instalments over their estimated useful lives as follows:

Office furniture and equipment and IT Hardware - 3 years

#### 1.7 Leases and hire purchase agreements

Rentals arising under operating leases are charged to the statement of financial activities over the terms of the agreements.

#### 1.8 Pensions

The company makes contributions to the West Yorkshire Pension Fund (WYPF), a multi-employer defined benefit scheme. The company's share of the underlying assets and liabilities of this defined benefits scheme is accounted

## Notes (continued)

### Accounting policies (continued)

for in accordance with FRS 102 'Retirements Benefits'. The service cost of pension provision relating to the year, together with the cost of any benefits relating to the past service if the benefits have vested, is charged to the Statement of Financial Activities (SOFA). A charge equal to the increase in the present value of the scheme liabilities (because the benefits are closer to settlement) and a credit equivalent to the charity's long term expected return on assets (based on the market value of the scheme assets at the start of the year), are also included in the Statement of Financial Activities. The scheme closed to new members in 2008. The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet. Any differences between the actual and expected return on assets during the year are recognised in the Statement of Financial Activities along with differences arising from experience or assumption changes. The pension cost charge represents contributions payable by the company to the fund in respect of the year for current and former employees. See note 17 for further details.

The company also has a stakeholder scheme with Standard Life. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

### 1.9 Investments

All listed investments are revalued at bid value at the end of the year as shown in note 9. Changes made to the balance sheet values are reflected in the statement of financial activities. No sales of the investments were made during the year so there is no realised loss or gain to report. The investment manager costs are deducted from any investment gains.

In the company's financial statements, investments in subsidiary and other undertakings are stated at cost less provision for permanent diminution in value.

### 1.10 Restricted, unrestricted and designated funds

The various funds of the charity are accounted for as follows:

**Restricted funds** are funds subject to specific instructions or restrictions, which have been imposed by the grant makers or other funders, but still within the objects of the charity. The purpose and use of the restricted funds are set out in note 14 to the financial statements.

**Unrestricted funds** are expendable at the discretion of the trustees in furtherance of the objects of the charity. Funds earmarked for particular purposes by the trustees are designated as separate funds. The designation has an administrative purpose only and does not legally restrict the trustees' discretion to apply the fund. These funds are designated to fund potential commitments and projects as agreed by SfC board and for the purpose of funding estimated closure costs and periods of financial uncertainty in accordance with the reserves policy. At 31 March 2020, the unrestricted funds are sufficient to meet the estimated closure liabilities. Additionally, funds are designated to meet the FRS102 pension valuation £7.7m (2019 £6.9m) as per note 17. As we do not plan to exit from this scheme this does not include orphan or exit valuations.

Income is generated from business development activities and bank interest generated on all fund balances.

### 1.11 VAT

A significant proportion of Value Added Tax (VAT) is not recoverable by the charity, and as such is included in the relevant gross costs in the Statement of Financial Activities.

### 1.12 Taxation

Skills for Care is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains received with categories covered by Chapter 3 Part II Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. The charge for taxation for the trading subsidiaries is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

### 1.13 Business combinations

Business combinations are accounted for using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

## Notes (continued)

### Accounting policies (continued)

At the acquisition date, the group recognises goodwill at the acquisition date as:

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of contingent consideration (see below); plus
- the fair value of the equity instruments issued; plus
- directly attributable transaction costs; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

### 1.14 Intangible assets, goodwill and negative goodwill

#### 1.14.1 Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

#### 1.14.2 Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred. The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Other intangible assets, including software and licenses, and ASC-WDS, acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

#### 1.14.3 Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software and ASC-WDS – 3 years

Other intangible assets - 2 years

Goodwill is amortised on a straight-line basis over its useful life. Goodwill has no residual value. The finite useful life of goodwill is estimated to be 5 years

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

#### 1.15 Stock

Stock relates to the estimate of the cost and quantity of publications and other marketing materials held for resale at the year-end.

## 2. Goodwill on acquisition

The estimated useful life of the goodwill arising from acquisition is five years. Other intangible assets identified in respect of the acquisition are being amortised over two years.

## 3. Subsidiary undertakings

The company has two trading subsidiaries, Skills for Care Solutions Limited and Affina Organisation Development Limited.

There was an increase in share capital for Affina Organisation Development Limited to bring in line with the nominal value of share capital of Skills for Care Solutions Limited (note 10).

The aim of trading is to generate surplus funds which would be paid to the charitable company under gift aid, for investment into the sector and to pursue future charitable activities. Skills for Care Solutions Limited contributed income of £1.9m (2019: £2.4m) and net profit of £1.1m (2019: £1.2m) to SfC charitable group. Affina Organisation Development Limited contributed income of £0.7m (2019: £0.7m) and net profit of £0.03m (2019: loss of £0.005m).

The group trading income and expenditure is shown as unrestricted in note 14.



**Notes (continued)**

**4. Income**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>
<b>Restricted</b>		
DHSC	26,839,183	26,920,378
Other	6,317,532	8,933,959
	<hr/>	<hr/>
<b>Total restricted income</b>	<b>33,156,715</b>	<b>35,854,337</b>
	<hr/>	<hr/>
<b>Unrestricted</b>		
Trading activity (less trading bank interest)	2,578,448	3,108,755
Bank interest	24,086	41,580
Charitable income	217,773	196,629
FRS 102 pension income	868,000	889,000
	<hr/>	<hr/>
<b>Total unrestricted income</b>	<b>3,688,307</b>	<b>4,235,964</b>
	<hr/>	<hr/>
<b>Total income</b>	<b>36,845,022</b>	<b>40,090,301</b>
	<hr/>	<hr/>
Revenue	23,300,000	23,470,000
Capital	2,790,000	2,980,000
Transforming care	180,000	180,000
Chief social worker	299,183	203,815
Liberty protection safeguards	246,123	-
Best practice toolkit for autism	23,877	55,713
Workforce strategy consultation	-	30,850
	<hr/>	<hr/>
<b>Total DHSC restricted income</b>	<b>26,839,183</b>	<b>26,920,378</b>
	<hr/>	<hr/>
Dept for Education	4,449,863	5,985,734
Health Education England	1,515,820	2,486,191
NHS England	257,195	183,042
Local authorities	15,665	119,260
Federation for Industry Sector Skills & Standards (FISSS)	36,892	2,146
Other	42,097	157,586
	<hr/>	<hr/>
<b>Total other restricted income</b>	<b>6,317,532</b>	<b>8,933,959</b>
	<hr/>	<hr/>
<b>Total restricted income</b>	<b>33,156,715</b>	<b>35,854,337</b>
	<hr/>	<hr/>
<b>Total unrestricted and restricted income</b>	<b>36,845,022</b>	<b>40,090,301</b>
	<hr/>	<hr/>

Notes (continued)

5. Total resources expended

	Notes	Staff costs 5(a) £	Other costs £	Group Total 2020 £	Group Total 2019 £
Trading activity – cost of raising funds	14	645,964	797,869	1,443,833	1,881,139
Investments	5b	3,375	-	3,375	3,214
Charitable activities		8,348,997	25,023,545	33,372,542	33,948,774
Pension	17	334,000	1,033,000	1,367,000	1,126,000
<b>Charitable activities</b>	5c	<b>8,686,372</b>	<b>26,056,545</b>	<b>34,742,917</b>	<b>35,077,988</b>
<b>Total resources expended</b>	14	<b>9,332,336</b>	<b>26,854,414</b>	<b>36,186,750</b>	<b>36,959,127</b>
<b>Unrestricted</b>		<b>5,363,189</b>	<b>94,514</b>	<b>5,457,703</b>	<b>4,125,231</b>
<b>Restricted</b>		<b>3,969,147</b>	<b>26,759,900</b>	<b>30,729,047</b>	<b>32,833,896</b>
	5d	<b>9,332,336</b>	<b>26,854,414</b>	<b>36,186,750</b>	<b>36,959,127</b>

5a) Skills for Care Solutions has no directly employed staff. Staff costs for the delivery of the trading activities are employed by Skills for Care and recharged via a service level agreement which is reviewed each year. AOD do have directly employed staff and where SfC staff costs are incurred these are recharged by a service level agreement.

5b) The cost of the investment management fees applied to the fund by the investment company is netted off the gain on investments as disclosed in note 9.

5c) The costs of charitable activities represent the costs of the delivery of the strategic objectives as indicated in the Trustees' report.

Direct costs which can be attributed to specific activities are allocated directly.

Support costs which cannot be attributed directly have been allocated as follows:

	2020 £	2019 £
Trading activities	61,272	63,740
Investment	3,375	3,214
Charitable activities	454,795	473,414
Total	519,442	540,368

This includes governance costs of £113,947 (2019 £139,928)

5d) Details of the specific funding streams and costs incurred in supporting the business plan activities are detailed in note 14.

5e) Disbursements include £5.6m (2019: £7.1m) Adults and Child & Family ASYE, £1.1m (2019: £2.2m) Health Education England for Kent, Surrey, and Sussex (HEEKSS) grants, and £nil (2019: £0.1m) to personal health budget holders for support. Of these grants £0.7m (2019: £0.7m) were awarded to individuals with the remainder being to organisations. This also includes £10.5m (2019: £10.2m) Workforce Development Fund (WDF). Of the total fund, £0.6m had been committed to Covid-19 rapid response training.

**Notes** (continued)

**5. Total resources expended** (continued)

	Notes	2020 £	2019 £
Payroll costs	7	9,332,336	8,724,559
Agency costs	7	50,283	263,187
Training and recruitment		96,688	141,478
Travel		580,548	684,985
Contracts and consultancy		2,373,647	2,377,351
Disbursements	5e	17,136,102	19,716,513
Graduate bursaries		411,774	375,075
Workshops and meetings		476,141	482,954
Board and committees		7,634	10,564
Conferences and exhibitions		173,751	185,025
Rent, rates, utilities		1,070,604	713,709
Insurance		19,121	20,704
Cleaning and maintenance		49,866	45,719
Software, telecoms and equipment		460,093	227,327
IT leases, rentals and licenses		312,258	326,367
Postage and courier		91,377	86,116
Printing and stationery		223,071	191,271
Subscriptions and publications		39,702	79,736
Promotion and advertising		146,084	179,529
Fees paid to external auditors	6	48,676	60,555
Accountancy and legal costs	6	80,753	113,991
Bad debt provision		72,257	21,051
London office move		-	46,787
Corporate office costs		4,234	3,906
Pension interest	17	1,033,000	941,000
Loss on sale of assets		2,205	-
Depreciation and amortisation	8	1,894,545	939,668
<b>Total resources expended</b>		<b>36,186,750</b>	<b>36,959,127</b>

**6. Net incoming resources before transfers and auditors' remuneration**

Net incoming resources before transfers as shown in the consolidated statement of financial activities is stated:

	Group	
	2020	2019
	£	£
<i>After charging:</i>		
Auditors' remuneration - audit of these financial statements KPMG	-	41,080
Auditors' remuneration - audit of these financial statements Brown Butler	35,200	-
Auditors' remuneration - audit of financial statements of subsidiaries KPMG	-	3,495
Auditors' remuneration - audit of financial statements of subsidiaries Brown Butler	6,000	-
Auditors' remuneration - taxation and compliance services KPMG	3,923	4,330
Auditors' remuneration - taxation and compliance services Brown Butler	2,219	-
Auditors' remuneration - internal audit services	26,713	28,941
Remuneration paid to other auditors for subsidiary company audits	-	11,650
Operating lease rentals - buildings and equipment	997,537	644,948
Amortisation of goodwill and intangible assets and depreciation of tangible fixed assets (note 5 and 8)	1,894,545	939,668
Loss on disposal of assets	2,205	-
Other pension interest (note 17 and note 5)	1,033,000	941,000
<i>And after crediting:</i>		
Bank interest receivable (note 4)	24,086	41,580
Other income - FRS102 pension interest (note 17 and note 4)	868,000	889,000

**Notes** (continued)

**7. Staff numbers and costs**

The Remuneration & Nominations Committee determine all matters relating to the remuneration of the Chair and Chief Executive Officer. They receive proposals from the CEO and make decisions on any changes to the Leadership Team structure and remuneration outside of any organisational wide proposal. Proposals are presented to the F&GP Committee, who make recommendations to SfC Board which refer to the proposed annual cost of living award as part of the annual business planning exercise, taking into account the overall financial context and other reward and wellbeing initiatives.

As no staff are employed by the subsidiary company Skills for Care Solutions, resources utilised to deliver trading activities are charged within the service level agreement with the subsidiary for £579,962 (2019: £822,867). The average number of staff employed by the group during the year, analysed by category, was as follows:

	<b>2020</b>	2019
Key management personnel (Leadership Team)	<b>6</b>	6
Programme heads, project managers, heads of areas and locality managers	<b>102</b>	111
Project management office, engagement and other project support	<b>41</b>	37
Corporate resources	<b>35</b>	37
Digital and data analysts	<b>23</b>	10
SfCD UK partnership hosted staff	<b>1</b>	1
	<b>208</b>	202

The aggregate payroll cost of these persons during the period, analysed by category, was as follows:

	<b>2020</b>	<b>2020</b>	2019
	£	£	£
Gross wages	8,261,446		
Labour costs capitalised	<u>(869,402)</u>		
		<b>7,392,044</b>	6,997,968
Employers social security costs		<b>844,836</b>	807,760
Employers pension costs (before FRS102 adjustments)		<b>761,456</b>	733,831
		<b>8,998,336</b>	8,539,559
Employers pension contributions included above (including one off lump sum payments)		<b>(760,000)</b>	(622,000)
Current service cost		<b>806,000</b>	684,000
Past service cost		<b>288,000</b>	123,000
		<b>9,332,336</b>	8,724,559

The above payroll costs exclude agency and secondment staff costs of £0.12m (2019: £0.23m). The above costs include £0.2m (2019: £0.22m) in relation to the costs of redundancy, settlements, notice pay and pension payments relating to five members of staff.

**Notes (continued)**

**7. Staff numbers and costs (continued)**

The average number of employees in the group whose emoluments (including pension and National Insurance Contribution (NIC)) fell within each of the following bands was:

	2020	2019
£60,001 - £70,000	12	19
£70,001 - £80,000	9	3
£80,001 - £90,000	2	1
£90,001 - £130,000	3	-
£130,001 - £150,000	1	1
	<u>          </u>	<u>          </u>

Total pension contributions for the above employees totalled £267,308 (2019: £196,946).

SfC used the agreed contribution rate of 23.9% (2019: 21.9 %) for the employer's contribution paid to the WYPF scheme. Deficit payments totalling £0.03m (2019: £0.03m) were made.

14 trustees (2019: 15) were reimbursed for expenses of £8,678 (2019: £8,599) for travel and subsistence. Trustee indemnity insurance was covered under the directors and officer's policy with Aviva Insurance Ltd. The trustees consider that the officers and members liability insurance is adequate (Axa Insurance from 1 April 2020).

The charity also operates a stakeholder pension scheme as set out in note 17.

<b>Trustee directors' emoluments</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments (including employer's NIC) (pension £nil)	<b>38,641</b>	<b>38,668</b>
	<u>          </u>	<u>          </u>

The Chair is entitled to £35,000 per annum (2019: £35,000). The honorarium is authorised by Skills for Care's governing document and approved by the Charity Commission and is commensurate with the time dedicated to the company's affairs.

Notes (continued)

8. Fixed assets

8a) Intangible and tangible assets

	Software & licenses	ASC-WDS (note 8b)	Company intangible assets	Goodwill & other (note 8d)	Group intangible assets	Office furniture & equipment	Hardware & project development	Company tangible assets (note 8c)	Subsidiary tangible assets	Group tangible assets	Group intangible & tangible assets
	£	£	£	£	£	£	£	£	£	£	£
<b>Cost</b>											
At beginning of year	1,727,451	6,268,143	7,995,594	361,116	8,356,710	615,666	437,496	1,053,162	17,520	1,070,682	9,427,392
Additions	348,129	2,478,353	2,826,482	-	2,826,482	-	-	-	-	-	2,826,482
Disposals	(106,673)	(3,774,604)	(3,881,277)	-	(3,881,277)	-	(38,167)	(38,167)	(17,520)	(55,687)	(3,936,964)
Transfers (8e)	268,097	-	268,097	-	268,097	(268,097)	-	(268,097)	-	(268,097)	-
<b>At end of year</b>	<b>2,237,004</b>	<b>4,971,892</b>	<b>7,208,896</b>	<b>361,116</b>	<b>7,570,012</b>	<b>347,569</b>	<b>399,329</b>	<b>746,898</b>	<b>-</b>	<b>746,898</b>	<b>8,316,910</b>
<b>Amortisation</b>											
At beginning of year	957,168	4,127,666	5,084,834	295,766	5,380,600	364,180	330,233	694,413	15,060	709,473	6,090,073
Charge for the year	489,394	1,225,975	1,715,369	21,823	1,737,192	95,184	59,714	154,898	2,455	157,353	1,894,545
Disposals	(74,543)	(3,774,604)	(3,849,147)	-	(3,849,147)	-	(38,167)	(38,167)	(17,515)	(55,682)	(3,904,829)
Transfers (8e)	268,097	-	268,097	-	268,097	(268,097)	-	(268,097)	-	(268,097)	-
<b>At end of year</b>	<b>1,640,116</b>	<b>1,579,037</b>	<b>3,219,153</b>	<b>317,589</b>	<b>3,536,742</b>	<b>191,267</b>	<b>351,780</b>	<b>543,047</b>	<b>-</b>	<b>543,047</b>	<b>4,079,789</b>
<b>Net book value</b>											
At 31 March 2020	596,888	3,392,855	3,989,743	43,527	4,033,270	156,302	47,549	203,851	-	203,851	4,237,121
At 31 March 2019	770,283	2,140,477	2,910,760	65,350	2,976,110	251,486	107,263	358,749	2,460	361,209	3,337,319

## Notes (continued)

### 8. Fixed assets (continued)

#### Intangible and tangible assets (continued)

8b) The Adult Social Care Workforce Dataset (ASC-WDS) system previously known as the National Minimum Data Set-Social Care (NMDS-SC) includes workforce intelligence from employers across the adult social care sector in England.

The previous version was decommissioned in September 2019 once all records had been successfully migrated from NMDS-SC to the new ASC-WDS Service. The system was developed in partnership with a wide range of key stakeholders and contains data on circa 22,000 care providing establishments and 730,000 workers across England. It informs government policy, supports employers in workforce strategy and planning and provides a unique and trusted source of data for research. The data is valuable to Skills for Care as it provides robust evidence for the range of projects and products we deliver. Skills for Care also manages the annual, mandatory, local authority workforce return on behalf of the NHS Digital via the ASC-WDS, the first time this was undertaken with the new service in October 2019 and the report, co-produced with NHS Digital, holds National Statistic status.

The product was developed to Minimum Viable Product in time for release and development continued beyond this phase until the end of March 2020. The product will continue to be developed in 2020/21 and will include new features, which were planned beyond 2019/20 and include analytics and data visualisation. The development process of the new product and service, ASC-WDS, funded by DHSC falls under the Agile and GDS framework and therefore must comply with their development standards. This consists of performing a discovery, developing alpha prototypes and moving into development, once GDS have assessed and agreed to moving into public Beta. We will be moving into live assessment in September 2020. The quality assurance approach ensures the product is fit for purpose from public beta onwards.

8c) All company tangible fixed assets are held for direct charitable purposes.

8d) Goodwill and other intangibles include other intangible costs of £252,000 which are fully amortised to nil.

8e) Transfers of £0.3m relate to a re-categorisation of asset class following a review of the Contracts and XRM systems development costs which were initially classified as hardware and re-classified as software.

### 9. Investments

Group and Company	2020		2019	
	Cost £	Bid value £	Cost £	Bid value £
At beginning of year (note 9a)	21,334,851	27,491,226	21,334,851	25,438,458
Additions during the year (note 9b)	136,581	136,581	-	-
Unrealised gain in year	-	438,896	-	2,052,768
<b>At end of year</b>	<b>21,471,432</b>	<b>28,066,703</b>	<b>21,334,851</b>	<b>27,491,226</b>

9(a) The investment portfolio is managed by CCLA, our investment managers, through a blend of funds from the COIF charities fund range. See notes in the Trustees' report - Investment powers and policy.

9 (b) On 7 February 2020 SfC acquired a 14% share as a charitable investment in a company whose activities include social care recruitment and retention digital solutions. The consideration was part settled in cash £25,000, resources £36,581 and £75,000 was deferred to be settled in the form of funding for future promotional activity and is represented by a creditor in these financial statements.

**Notes** (continued)

**10. Fixed asset investments - Company**

	Note	Shares in group undertakings £
<b>Costs</b>		
At beginning of year	3	299,305
Additions		9,880
<b>At end of year</b>		<b>309,185</b>
<b>Provisions</b>		
At beginning of year		223,836
Impairment		21,823
<b>At end of year</b>		<b>245,659</b>
<b>Net book value</b>		
<b>At 31 March 2020</b>		<b>63,526</b>
<i>At 31 March 2019</i>		<i>75,469</i>

The companies in which Skills for Care's beneficial interest is more than 20% are as follows:

Subsidiary undertakings	Registered office	Company registered number	Principal activity	Country of registration	Percentage of ordinary shares held
Skills for Care Solutions Limited	West Gate, 6 Grace Street, Leeds LS2 2RP	07938138	Trading	England and Wales	100
Affina Organisation Development Limited. (Note 2)	West Gate, 6 Grace Street, Leeds LS2 2RP	4644495	Trading	England and Wales	100

In the opinion of the trustees the investments in and amounts due from the Company's subsidiary undertakings are worth at least the amounts at which they are stated in the company balance sheet.

**Summary Profit and Loss Account of the subsidiaries**

	Skills for Care Solutions	AOD	2020 Total	2019 Total
	£	£	£	£
Turnover	1,913,015	672,453	2,585,468	3,117,874
Cost of sales	(628,895)	(332,473)	(961,368)	(1,271,194)
<b>Gross profit</b>	<b>1,284,120</b>	<b>339,980</b>	<b>1,624,100</b>	<b>1,846,680</b>
Administrative expenses	(175,136)	(307,329)	(482,465)	(609,945)
Operating profit	1,108,984	32,651	1,141,635	1,236,735
Interest receivable	2,609	31	2,640	6,224
Profit on ordinary activities before taxation	1,111,593	32,682	1,144,275	1,242,959
Tax on profit on ordinary activities	-	(790)	(790)	-
<b>Profit for the year</b>	<b>1,111,593</b>	<b>31,892</b>	<b>1,143,485</b>	<b>1,242,959</b>

The profits of Skills for Care Solutions Limited and Affina Organisational Development Limited have been donated to Skills for Care Ltd under gift aid.



**Notes (continued)**

**10. Fixed asset investments (continued)**

<b>Assets and Liabilities:</b>				
Current assets	<b>1,410,278</b>	<b>628,220</b>	<b>2,038,498</b>	2,219,851
Current liabilities	<b>(1,400,278)</b>	<b>(617,816)</b>	<b>(2,018,094)</b>	(2,215,219)
Total net assets	<b>10,000</b>	<b>10,404</b>	<b>20,404</b>	4,632
Called up share capital	<b>10,000</b>	<b>10,000</b>	20,000	10,120
Profit and loss account	-	<b>404</b>	404	(5,488)
<b>Shareholders' funds</b>	<b>10,000</b>	<b>10,404</b>	<b>20,404</b>	<b>4,632</b>

**11. Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	<b>1,028,145</b>	2,892,797	<b>578,310</b>	2,315,041
Amounts owed by group undertakings	-	-	<b>1,063,439</b>	1,398,013
Prepayments, other debtors and accrued income	<b>327,264</b>	453,830	<b>194,762</b>	442,181
	<b>1,355,409</b>	3,346,627	<b>1,836,511</b>	4,155,235

**12. Creditors: amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>383,624</b>	446,165	<b>333,910</b>	366,489
Other creditors	<b>912,709</b>	949,938	<b>657,581</b>	765,305
Accruals (note 12a)	<b>7,088,787</b>	8,809,678	<b>6,975,642</b>	8,670,697
Deferred income (note 12b)	<b>1,680,614</b>	2,698,314	<b>1,132,929</b>	2,289,345
	<b>10,065,734</b>	12,904,095	<b>9,100,062</b>	12,091,836

12a) Accruals include disbursement and contract for services of £5.9m (2019: £7.3m) which are committed to the payment of milestones relating to activities undertaken during the year. At 31 March 2019 we had in place £1.5m legacy contracts due for payment from the DfE Child and Family ASYE contract which were paid out in this year.

The remainder of the accruals are purchase orders of £0.6m (2019: £1.1m) and other accruals of £0.5m (2019 £0.4m).

12b) Deferred income includes £0.5m for HEE projects (2019 £2.0m). 2020/21 will be the final year as the funding will be fully disbursed. There is also £0.3m for the DfE Child and Family ASYE contract and £0.3m from other funders to be disbursed to the sector and £0.4m for customers of AOD who were invoiced and paid in advance.

**Notes (continued)**

**13. Provision for liabilities and charges**

	<b>2020</b>	2019
	<b>£</b>	£
At beginning of year	<b>137,384</b>	157,384
Charge in year	-	(53,700)
Release of provision for terminated London office premises	-	(26,300)
Provision for dilapidation of new London office premises	-	60,000
<b>At end of year</b>	<b>137,384</b>	137,384

The provision relates to the potential dilapidation costs of the leased offices in Leeds and London. This provision is reviewed annually and is released on the termination of the leases, when costs to revert the premises back to their original condition are incurred. During last year, we moved premises from the 4th floor of Lynton House to the 2nd floor. Although we are in the same office block our landlords have changed and we incurred £0.053m of costs to make good the 4th floor as required by our lease conditions.

Notes (continued)

14. Reserves	At beginning of year		Incoming resources	Resources expended	Gift aid payment and taxation	Unrealised gain/(loss)	Transfers and designations	At end of year		Commitments (note 14e)	At end of year	
	£	£						£	£		£	£
<b>Restricted</b>												
<b>DHSC</b>												
Revenue grant	671,295	23,300,000	(24,160,692)	-	-	802,704	613,307	(613,307)	-	-	-	-
Capital grant	39,580	2,790,000	-	-	-	(2,829,580)	-	-	-	-	-	-
Transforming care	-	180,000	(217,270)	-	-	37,270	-	-	-	-	-	-
Chief social worker	2,883	299,183	(302,462)	-	-	396	-	-	-	-	-	-
Liberty protection and safeguarding	-	246,123	(91,484)	-	-	-	154,639	(154,639)	-	-	-	-
Best practice toolkit for autism	16,799	23,877	(16,966)	-	-	(23,710)	-	-	-	-	-	-
<b>Total SfC Work Programme</b>	<b>730,557</b>	<b>26,839,183</b>	<b>(24,788,874)</b>	<b>-</b>	<b>-</b>	<b>(2,012,920)</b>	<b>767,946</b>	<b>(767,946)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
DfE	-	4,449,863	(4,283,195)	-	-	(166,668)	-	-	-	-	-	-
Others	-	1,867,669	(1,656,978)	-	-	(210,691)	-	-	-	-	-	-
<b>Other restricted</b>	<b>-</b>	<b>6,317,532</b>	<b>(5,940,173)</b>	<b>-</b>	<b>-</b>	<b>(377,359)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total restricted and unrestricted cofunding</b>	<b>730,557</b>	<b>33,156,715</b>	<b>(30,729,047)</b>	<b>-</b>	<b>-</b>	<b>(2,390,279)</b>	<b>767,946</b>	<b>(767,946)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

14. Reserves (continued)	At beginning of	Incoming	Resources	Gift aid and	Unrealised	Transfers	At end of	Commitments	At end of
	year	resources	expended	taxation	gain/(loss)	and designations	year	(note 14e)	year
	£	£	£	£	£	£	£	£	£
Unrestricted									
ACEQUAS	160,398	163,440	(22,174)	-	-	(301,664)	-	-	-
Care Friends	97,264	-	-	-	-	(97,264)	-	-	-
1718 business plan	144,517	-	-	-	-	(144,517)	-	-	-
1819 business plan	418,000	-	(86,904)	-	-	(331,096)	-	-	-
1920 business plan	1,000,000	-	(557,549)	-	-	(271,389)	171,062	(87,062)	84,000
2021 business plan	-	-	-	-	-	1,000,000	1,000,000	-	1,000,000
Corporate	-	42,286	47,174	-	-	(89,460)	-	-	-
SfC business continuity	2,092,975	-	-	-	-	1,205,443	3,298,418	-	3,298,418
SfCSL	-	-	-	1,138,786	-	(1,138,786)	-	-	-
AOD business continuity	29,880	-	-	-	-	17,313	47,193	-	47,193
Investment in AOD	65,469	-	-	-	-	(11,943)	53,526	-	53,526
SfC closure reserve	8,416,960	-	-	-	-	(430,603)	7,986,357	-	7,986,357
Lease renewal	3,027,336	-	-	-	-	(638,802)	2,388,534	-	2,388,534
SfCD business continuity	223,515	44,493	(143,467)	-	-	-	124,541	-	124,541
Dilapidations reserve	137,384	-	-	-	-	-	137,384	-	137,384
Dilapidations provision	(137,384)	-	-	-	-	-	(137,384)	-	(137,384)
Fixed asset	3,269,509	-	(1,870,267)	-	-	2,794,344	4,193,586	-	4,193,586
Pension reserve	6,953,000	-	-	-	-	797,000	7,750,000	-	7,750,000
Investment gain	6,156,375	-	-	-	438,896	-	6,595,271	-	6,595,271
Unrestricted (before pension)	32,055,198	250,219	(2,633,187)	1,138,786	438,896	2,358,576	33,608,488	(87,062)	33,521,426
Pension liability	(6,953,000)	868,000	(1,367,000)	-	(298,000)	-	(7,750,000)	-	(7,750,000)
Unrestricted	25,102,198	1,118,219	(4,000,187)	1,138,786	140,896	2,358,576	25,858,488	(87,062)	25,771,426

14. Reserves (continued)	At beginning of year	Incoming resources	Resources expended	Gift aid payment and taxation	Unrealised gain/(loss)	Transfers and designations	At end of year	Commitments (note 14d)	At end of year
<b>Total company funds</b>	<b>25,832,755</b>	<b>34,274,934</b>	<b>(34,729,234)</b>	<b>1,138,786</b>	<b>140,896</b>	<b>(31,703)</b>	<b>26,626,434</b>	<b>(855,008)</b>	<b>25,771,426</b>
SfCSL	-	1,915,624	(804,031)	(1,111,593)	-	-	-	-	-
AOD	(5,489)	672,484	(639,802)	(27,193)	-	-	-	-	-
<b>Total trading activities</b>	<b>(5,489)</b>	<b>2,588,108</b>	<b>(1,443,833)</b>	<b>(1,138,786)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Total aggregate funds	<b>25,827,266</b>	<b>36,863,042</b>	<b>(36,173,067)</b>	<b>-</b>	<b>140,896</b>	<b>(31,703)</b>	<b>26,626,434</b>	<b>(855,008)</b>	<b>25,771,426</b>
Total consolidating adjustments	<b>(10,927)</b>	<b>(18,020)</b>	<b>(13,683)</b>	<b>-</b>	<b>-</b>	<b>31,703</b>	<b>(10,927)</b>	<b>-</b>	<b>(10,927)</b>
Group unrestricted funds	25,085,782	3,688,307	(5,457,703)	-	140,896	2,390,279	25,847,561	(87,062)	25,760,499
<b>Total group funds</b>	<b>25,816,339</b>	<b>36,845,022</b>	<b>(36,186,750)</b>	<b>-</b>	<b>140,896</b>	<b>-</b>	<b>26,615,507</b>	<b>(855,008)</b>	<b>25,760,499</b>

**Notes (continued)**

**14a) Unrestricted reserves**

The charity has a policy of maintaining free unrestricted reserves in order to meet any potential funding gap in accordance with the Skills for Care reserves policy. The Finance and General Purposes Committee monitor the reserves policy and underlying assumptions each quarter. Unrestricted reserves are made up of free reserves and non-free reserves.

Free reserves are accumulated to fund potential liabilities of SFC. Potential liabilities include estimated redundancy and early retirement costs, up to 6 months' operational costs, lease liabilities, and necessary costs and commitments that Skills for Care may face during an unforeseen period of funding difficulty. At 31 March 2020, the designated funds were sufficient to fund the minimum potential liabilities. The Finance and General Purposes Committee, SFC Solutions, AOD board and the SFC board oversee the business development strategy to plan to fund any potential funding gap in the future.

**The free reserves of the group are determined as follows:**

	2020	2019
	£	£
<b>Unrestricted reserves (before pension)</b>	<b>33,597,561</b>	<b>32,038,782</b>
<b>Non free reserves (14b)</b>		
Investment reserve	(6,595,271)	(6,156,375)
Fixed asset reserve	(4,193,586)	(3,269,509)
Goodwill in AOD	(53,526)	(65,469)
	<u>22,755,178</u>	<u>22,547,429</u>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
<b>Free reserves (14c)</b>		
<b>Made up of:</b>		
SfC business continuity	3,287,491	2,076,559
AOD business continuity	47,193	29,880
2021 business plan	1,000,000	-
2020 business plan	171,062	1,000,000
2019 business plan	-	515,264
2018 business plan	-	144,517
Adult Care External Quality Assurance Service (ACEQUAS)	-	160,398
Lease renewal	2,388,534	3,027,336
SfC closure	7,986,357	8,416,960
SfCD business continuity	124,541	223,515
Pension	7,750,000	6,953,000
Dilapidations reserve	137,384	137,384
Dilapidations provision	(137,384)	(137,384)
	<u>22,755,178</u>	<u>22,547,429</u>

## Notes (continued)

### 14b) Non free reserves

**Investment reserve:** The unrealised gains on investments are not free reserves. If the investments were sold and this gain was crystallised, the actual realised gain generated would contribute to general reserves which are free reserves of the charity.

**Fixed asset reserve:** The total value of funds received which have been spent on capital fixed assets less accumulated depreciation charged to date. This is an accounting reserve only and is not a free reserve. It will reduce to nil when all assets have been fully depreciated.

**Goodwill reserve:** This is an accounting reserve only and is not a free reserve. It will reduce to nil when it has been amortised to nil.

### 14c) Free reserves

**SfC business continuity:** Funds designated by the Trustees to fulfil any potential future funding gap or investment requirements.

**AOD business continuity:** Funds designated by the Trustees to fulfil any potential future funding gap or investment requirement

**Care Friends:** Funds designated by the Trustees in the previous year to meet any future requirement and impairment of the company's investment in Care Friends Limited. As the shares have been purchased and the match funding committed this year, the Trustees have deemed that there is no requirement to designate any funds in the current year and the balance at 31 March 2020 is nil.

**Business plan reserves:** Funds designated by the Trustees to meet commitments and liabilities which spanned the year ends and to fulfil any potential future funding gap or investment requirements up to a maximum of £1m.

**Lease renewal:** Funds designated to fund the leases to the end of the contracted terms.

**SfC closure reserve:** Funds designated by the Trustees to fulfil potential closure costs which may be incurred if the company ceased activities in the future. As at 31 March 2020 the minimum potential closure liability (excluding £7.7m pension) is £7.3m (2019: £8.4m) and the maximum is £14.3m (2019: £11.6m). The year-end pension exit valuation of £12.6m (triannual valuation at 310319) is higher than £7.75m FRS102 accounting valuation.

**SfCD business continuity:** Funds set up by the SfCD Board to fulfil any future funding gap as income streams do not cover planned core activity costs.

**FRS102 Pension:** The company make contributions to the WYPF, a multi-employer defined benefit scheme. The pension scheme FRS102 valuation gave rise to an estimated deficit of £7.7m as at 31 March 2020 (2019 £6.9m). Trustees designated reserves to meet this deficit. The year-end pension exit valuation £12.6m is higher than £7.75m FRS102 accounting valuation.

**Dilapidations reserve and provision:** Funds designated by the Trustees to meet potential future costs when the company vacates current premises. We moved to a new premise in September 2018 and revalued future dilapidations based on the actual costs incurred during the move.

### 14d) Transfers and designations

The following transfers and designations were made during the year:

#### **Restricted funds £2.4m (2019 £2.7m) transferred to unrestricted**

**DHSC funds:** A transfer of £0.8m (2019 £0.5m) has been made from 2020 unrestricted sector income funds to cofund the DHSC WP. A transfer of £2.9m (2019 £2.9m) reflects capital additions capitalised in the balance sheet, funded out of the restricted capital grant to fund the costs of fixed asset additions.

**Other funds:** There is a net surplus of £0.4m (2019 £0.3m) on charitable projects transferred to unrestricted funds to contribute towards funding corporate activity, governance and business continuity.

#### **Unrestricted funds**

Trading surplus gift aided to SfC, income from bank interest, surplus from charitable activities and unspent closure cost reductions were transferred and designated into the business continuity reserve to fund potential future business plan funding requirements. This included ACEQUAS activity, which SfC withdrew from in Autumn 2019 at a point where the activity returned an overall breakeven on the initial £0.3m three-year reserves designated by SfC Board.

## Notes (continued)

### 14e) Commitments in place

The company had £0.8m of costs committed to activities which were not due for payment before the year end but were funded from grant income received during the year. DHSC agreed this commitment at the final accountability meeting in June 2020.

### 15. Commitments and contingent liabilities

Commitments under non-cancellable operating leases included in SfC closure reserves are as follows:

	2020		2019	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
<i>Operating leases where payments are due:</i>				
Within one year	805,050	28,890	805,050	31,925
Within second to fifth years	2,271,485	27,536	3,220,200	43,731
Over five years	-	-	495,138	-
	<u>3,076,535</u>	<u>56,426</u>	<u>4,520,388</u>	<u>75,656</u>

### 16. Analysis of group net assets between funds

	Restricted	Unrestricted funds	Total
	£	£	£
Tangible fixed assets	-	203,851	203,851
Intangible assets	-	4,033,270	4,033,270
Investments	-	28,066,703	28,066,703
Current assets	7,621,127	4,643,674	12,264,801
Creditors falling due within one year	(6,853,181)	(3,212,553)	(10,065,734)
Creditors falling due after more than one year	-	(7,887,384)	(7,887,384)
<b>Net assets as at 31 March 2020</b>	<u>767,946</u>	<u>25,847,561</u>	<u>26,615,507</u>
<i>Net assets as at 31 March 2019</i>	<u>730,557</u>	<u>25,085,782</u>	<u>25,816,339</u>

### 17. Pension schemes

#### Standard Life stakeholder pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the period represents employer's contributions payable by the Group to the scheme and amounted to £0.2m (2019: £0.2m). There were no outstanding contributions at the end of the financial year (2019: £0.03m).

#### West Yorkshire Pension Fund (WYPF)

Certain of the group's employees participate in the West Yorkshire Pension Fund (the 'Fund'), which is part of the Local Government Pension Scheme (the 'LGPS'). On 20 December 2008, the scheme was closed to new members.

In accordance with FRS102, disclosures of certain information concerning assets, liabilities, income and expenditure relating to pension schemes are required. The results below relate to the funded liabilities within the fund which is part of the LGPS. The funded nature of the LGPS requires the employer and its employees to pay contributions into the Fund, calculated at a level intended to balance pension liabilities and investment assets.

The latest actuarial valuation of Skills for Care's liabilities took place as at 31 March 2020. Liabilities have been estimated by AON, a independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:



**Notes (continued)**

**17. Pension schemes (continued)**

<b>Key assumptions (% per annum)</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Discount rate for liabilities	2.3	2.4	2.6
Customer Price Index (CPI) inflation	2.0	2.2	2.1
Pension increases	2.0	2.2	2.1
Pension accounts revaluation rate	2.0	2.2	2.1
Salary increases	3.25	3.45	1.0

**Mortality assumptions**

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies resulting from these mortality assumptions are shown below.

<b>Assumed life expectancy at age 65</b>	<b>2020</b>	<b>2019</b>
<b>Males</b>		
Member aged 65 at accounting date	21.8	22.2
Member aged 45 at accounting date	22.5	23.2
<b>Females</b>		
Member aged 65 at accounting date	24.6	25.4
Member aged 45 at accounting date	25.7	27.2

<b>Asset allocation</b>	<b>2020</b>	<b>2019</b>
	<b>%</b>	<b>%</b>
Equities	77.5	74.0
Property	4.5	4.7
Government bonds	9.6	11.2
Corporate bonds	5.1	4.0
Cash	1.9	2.3
Other**	1.4	3.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

\*\* The administrating authority may invest a small portion of the fund's investments in the assets of some of the employers participating in the fund if it forms part of their balanced investment strategy.

<b>Reconciliation Of funded Status to balance sheet</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of assets	32,877	36,449
Present value of defined benefit obligation	(40,627)	(43,402)
<b>Pension liability recognised on the balance sheet</b>	<b>(7,750)</b>	<b>(6,953)</b>

**Notes** (continued)

**17. Pension schemes** (continued)

The split of the liabilities at the last valuation date between the various categories of members was as follows:

	2020	2019
	%	%
Active members	37	44
Deferred pensioners	28	32
Pensioners	35	24
<b>Amount recognised in the income statement</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating cost</b>		
Current service cost	806	684
Past service cost	76	123
Past service cost – 2018/19 McCloud and GMP indexation	212	-
<b>Financing cost</b>		
Interest on net defined benefit liability	165	52
<b>Pension expense recognised in profit and loss</b>	<b>1,259</b>	<b>859</b>
	<hr/>	<hr/>
Allowance for administration expenses included in current service cost £'000	10	9
<b>Amounts recognised in other comprehensive income</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Asset (losses)/gains arising during period	(3,867)	1,330
Liability gains/(losses) arising during period	3,569	(5,732)
	<hr/>	<hr/>
Total amount recognised in other comprehensive income and charged to SOFA	(298)	(4,402)
<b>Changes to the present value of the defined benefit obligation</b>	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	43,402	36,462
Current service cost	806	684
Interest expense on defined benefit obligation	1,033	941
Contributions by participants	167	164
Re-measurement (gains)/losses on liabilities	(3,569)	5,732
Net benefits paid out	(1,500)	(704)
Past service cost	76	123
Past service costs – 2018/19 McCloud and GMP indexation	212	-
	<hr/>	<hr/>
<b>Closing defined benefit obligation</b>	<b>40,627</b>	<b>43,402</b>
	<hr/>	<hr/>

**Notes** (continued)

**17. Pension schemes** (continued)

<b>Changes to the fair value of assets</b>	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Opening fair value of assets</b>	<b>36,449</b>	34,148
Interest income in assets	868	889
Re-measurement (losses)/gains on assets	<b>(3,867)</b>	1,330
Contributions by employer	760	622
Contributions by participants	167	164
Net benefits paid	<b>(1,500)</b>	(704)
	<hr/>	<hr/>
<b>Closing fair value of assets</b>	<b>32,877</b>	36,449
	<hr/>	<hr/>
	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Actual return on assets</b>		
Interest income on assets	868	889
(Losses)/gain on assets	<b>(3,867)</b>	1,330
	<hr/>	<hr/>
<b>Actual return on assets</b>	<b>(2,999)</b>	2,219
	<hr/>	<hr/>
	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Amount credited to other income</b>		
Interest income on assets	868	889
Interest cost	<b>(1,033)</b>	(941)
	<hr/>	<hr/>
<b>Net expected return on pension assets</b>	<b>(165)</b>	(52)
Current service cost	<b>(806)</b>	(684)
Past service cost	<b>(76)</b>	(123)
Past service cost – 2018/19 McCloud and GMP indexation	<b>(212)</b>	-
	<hr/>	<hr/>
<b>Net amount credited/(charged) to statement of financial activities (SOFA)</b>	<b>(1,259)</b>	(859)
	<hr/>	<hr/>

Included in resources expended is the difference between the actual pension contributions made in the year and the actual contributions required. The adjustment is made to staff costs (note 7) and does not appear on the face of the Statement of Financial Activities.

**Estimated pension expense in future periods**

An estimate of the charges to the profit and loss account under FRS102, based on assumptions as at 31 March 2020 are as follows:

	<b>2021</b>
	<b>£'000</b>
<b>Current service costs</b>	<b>770</b>
Net internal cost on net defined benefit liability	<b>168</b>
	<hr/>
<b>Total estimated pension expense</b>	<b>938</b>
	<hr/>
Allowance for administration expenses include in current service cost	<b>7</b>
Estimated pensionable payroll over period ending March 2021	<b>2,238</b>
	<hr/>

**Notes** (continued)

**18. Related party transactions**

Trustees of the Charity are appointed as a result of their knowledge and connections with organisations in the social care sector. The total value of contracts and payments awarded to organisations connected to board members (not necessarily for the personal benefit of the member) in the year are detailed below. All declarations of interests are recorded on a register of declarations.

<b>Board member</b>	<b>Contractor/ organisation</b>	<b>Relationship of board member with contractor/ organisation</b>	<b>Type of contract/s awarded to contractor/ organisation</b>	<b>Value £</b>
Susan McMillan	Warrington Disability Partnership	Trustee and volunteer	WDF ULO contract	6,481
Rachael Wardell	London Borough of Merton	Director of Children, Schools and Families	Child and Family ASYE funding	15,000
Rachael Wardell	London Borough of Merton	Director of Children, Schools and Families	Adults ASYE funding	3,793

## **Glossary of terms**

A&R	Audit & Risk
ACEQUAS	Adult Care External Quality Assurance Service
ADASS	Association of Directors of Adult Social Services
AMHP	Allied Mental Health Professionals
AMC	Annual Management Charge
AOD	Affina Organisation Development Limited
ASC-WDS	Adult Social Care Workforce Dataset
ASYE	Assessed and Supported Year in Employment
CCG	Clinical Commissioning Group
CEO	Chief Executive Officer
CMI	Chartered Management Institute
COIF	Charities Official Investment Fund
CPD	Continuing Professional Development
CPI	Customer Price Index
CQC	Care Quality Commission
DCMS	Department for Digital, Culture, Media and Sport
DE	Department for Education
DHSC	Department of Health and Social Care
EPTS	Emergency Programme of Training & Support
F&GP	Finance & General Purposes Committee
FISSS	Federation for Industry Sector Skills & Standards
FRS	Financial Reporting Standard
FTE	Full Time Equivalent
GDPR	General Data Protection Regulations
GDS	Government Digital Standards
GMP	Graduate Management Programme
HCPC	Health & Care Professionals Council
HEE	Health Education England
HEEKSS	Health Education England for Kent, Surrey and Sussex
ICA	I Care Ambassador
ICS	Integrated Care System
IE	Individual Employer
LGA	Local Government Association
LGPS	Local Government Pension Scheme
LT	Leadership Team
NAAS	National Assessment and Accreditation System
NHS	National Health Service

**Glossary of terms (continued)**

NHSE	NHS England
NHSI	NHS Improvement
NIC	National Insurance Contribution
NICE	National Institute for Health and Care Excellence
NMDS-SC	National Minimum Dataset for Social Care
NQSW	Newly Qualified Social Worker
PA	Personal Assistant
PSW	Principal Social Worker
RCOT	Royal College of Occupational Therapists
RPI	Retail Price Index
SCIE	Social Care Institute for Excellence
SfC	Skills for Care Ltd
SfCD	Skills for Care and Development
SfCSL	Skills for Care Solutions Limited
SOFA	Statement of Financial Activities
SSC	Sector Skills Council
STP	Sustainability and Transformation Partnership
TLAP	Think Local Act Personal
ULO	User Lead Organisation
VAT	Value Added Tax
WDF	Workforce Development Fund
WP	Work Programme
WYPF	West Yorkshire Pension Fund