

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

Trustees' report and  
consolidated financial statements

Year ended 31 March 2021

Company registered number 03866683

Charity registered number 1079836

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## **Chair and Chief Executive foreword**

Our vision at Skills for Care's is of a fair and just society where people can access the advice, care and support that they need to enjoy lifelong independence, health & wellbeing and a good quality of life. Good social care services are vital in achieving this.

The coronavirus (COVID-19) has had a profound impact on people who use social care and on those who provide it. Among people who access social care in England, there have been many tens of thousands more deaths than normally expected. Social care workers themselves are among the occupational groups at the highest risk of dying from COVID-19. Yet social care staff have kept getting up each day, going into work and supporting our loved ones and our communities.

We must take the opportunity to record our immense gratitude to colleagues working in social care. They have responded to the deep and wide challenges of the pandemic tirelessly and bravely to ensure that our friends and relatives are supported in their communities. We regret the loss of life and offer our sympathies to anyone who has lost a family member from the virus.

We would like to pay tribute to everyone at Skills for Care who has worked hard to support the sector to recruit, retain, develop, and lead the workforce during this terrible time. We are deeply grateful for their flexibility, commitment, and energy in supporting the sector's 18,500 employers to find, keep, and develop the right people by investing in their career long learning and development.

We have supported the development of our regulated professionals, registered nurses, occupational therapists and social workers who are central to social care. We have built a much better understanding of the social care workforce through our Adult Social Care Workforce Data Set to inform planning and policy.

As the membership body for Registered Managers (RMs), we have supported over 2,800 RMs through membership and a further 10,000 RMs at network meetings in this difficult year, to carry out their role as the linchpin of our services.

This year we saw Andy Tilden leave Skills for Care after 20 years, one of which was as interim Chief Executive Officer (CEO). Andy has shown incredible commitment to Skills for Care and to the social care sector over many years. During the year we welcomed four new members of the Leadership Team: Tricia Pereira as Director of Operations, Sarah Gilbert and Jenny Paton as Directors of Strategy, Impact and Policy (job share), and Sarah-Jane Dale as Director of Development.

This year also saw us start to work on our new strategy which will shape and guide our work for the next three years.

We are committed to developing and improving to be a more inclusive organisation; through the way we work, and through what we do to support the adult social care sector. We strive to ensure we are an inclusive workplace, where we are all able to achieve our full potential; we champion diversity in our organisation and in the adult social care sector; and we grow and develop our support for the adult social care sector with equality, diversity and inclusion.

We have significant short-term challenges in social care with a vacancy rate which equates to 112,000 vacancies a day and almost one third of staff leaving their roles in any one year.

We are yet to understand the full impact of COVID-19 on the workforce, but we expect to see more people leaving social care as a result of the trauma they have experienced, and we expect to see other negative effects on people's wellbeing which will mean that they need more support.

In the longer term, demographic trends mean more people will live longer- a great benefit but which means ever greater numbers of staff will be required to support the frailest. We estimate that 520,000 additional roles in adult social care will be needed by 2035.

As expectations change, so will the skills and roles needed now and in the future. We want to fulfil the ambition in the Care Act to have a social care service that is preventative and personalised. We need to make those plans today so that we have the right workforce for the future.

In collaboration with others, Skills for Care can help make these changes. We want people who rely on social care to be at the heart of the conversation about the future of adult social care and co-production and partnership working will be key.


We continue to work with Department of Health and Social Care (DHSC) colleagues, local government, providers and people who draw on social care to understand the issues facing the adult social care workforce in England, to plan for the future and to support the adult social care workforce.



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Moira Gibb (Jul 25, 2021 10:50 GMT+1)

**Dame Moira Gibb**  
*Chair*



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Oonagh Smyth (Jul 26, 2021 08:08 GMT+1)

**Oonagh Smyth**  
*Chief Executive*

15 July 2021

## 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 2021.

### 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 vision*<sup>1</sup>

Our vision is of a fair and just society where people can access the advice, care and support that they need to enjoy lifelong independence, health & wellbeing and a good quality of life.

#### *Our mission*

To achieve our vision, the sector needs the right number of people, in the right place and at the right time, with the right skills, values and behaviours. Our mission is to support and empower current and future social care leaders, employers and the wider workforce.

Skills for Care is in the process of creating a new strategy for 2021-2024. We fed sector-wide evidence and stakeholder views into the strategy which confirmed the organisation's role and priorities to support these challenging times and our vision for the future of social care and what it means for our workforce. We will increase our role in using data and evidence to develop long-term workforce strategies. This will include working with stakeholders to agree the skills, roles and relationships needed to support principles of personalisation, prevention and re-enablement. We will also utilise our position and sector relationships to further support the wellbeing and

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<sup>1</sup> The wording of the vision and mission may change as we continue to develop our strategy for 2021-2024.

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

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

recognition of people working in social care and use our voice to progress the Equality, Diversity and Inclusion agenda within the sector.

The new strategy will have four priority areas and associated operational plans that reflect its refreshed vision and approach. The priority areas are briefly: Increasing Workforce Capacity, Developing Workforce Capability, Supporting Social Care Systems, and Supporting Culture and Diversity. We recognise that these priority areas are interlinked and have an organisational Theory of Change that maps these dependencies. Our associated outcomes framework will enable us to better communicate the impact we are having on the sector over a longer period of time.

We highly value 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 such as Health Education England (HEE), NHS Employers, NHS England, NHS Improvement, the Care Provider Alliance (CPA), Local Government Association (LGA), Association of Directors of Adult Social Services (ADASS), Social Care Institute for Excellence (SCIE) and the Royal College of Occupational Therapists (RCOT) as well as with local organisations and people who use care and support.

### **Achievements and performance**

This report covers our activities for the year ended 31 March 2021 and includes work for our key client DHSC, as well as other activity to support the social care sector.

In the first quarter of the year, our focus was to respond to the needs of employers during the pandemic which meant reviewing, flexing and changing our activity to adapt to the needs of the sector. This approach continued throughout the year.

The key workforce priority themes were recruitment and retention of staff and workforce development.

#### **Recruitment and retention of staff**

Recruiting to the social care workforce is a challenge at any time, but during the COVID-19 pandemic the challenge has been even greater, and the need to have values led, skilled people working in social care has never been greater. There are 112,000 vacancies in adult social care every day and we have a very high turnover rate with 30.4% of staff leaving their jobs in adult social care in 2019/20.

We supported the sector to undertake safe and swift recruitment during the pandemic. This included support to use our '5A' values-based recruitment model which consists of the following five stages: Articulate, Attract, Apply, Assess and Assimilate which we launched to 264 people.

We gathered and shared innovative recruitment practice and initiatives to tackle workforce capacity during the winter, including working closely with partners from the Care Provider Alliance, ADASS and LGA.

We gave practical support to providers to recruit remotely including webinars accessed 14,000 times on supporting employers in practice with attracting people to work in social care, recruiting remotely and safely and recruiting new managers.

#### **Regulated workforce**

Our regulated workforce of nurses, social workers and occupational therapists, are a core part of the adult social care workforce. It is essential that we support people to come into these professions, to be developed and to remain. We have worked to support this including:

**Registered nurses:** Registered nurses enable people with care and support needs, many of whom have multiple co-morbidities and complex health issues, to live positively in their homes. The number of registered nurses in social care has reduced by 7% since 2012/13 and they have a higher turnover rate (41.3%) than National Health Service counterparts (9.4% for registered nurses and health visitors). We coordinated the redeployment of nurses into social care during COVID-19. We increased engagement with nurses with 45% more accessing our Nursing News email bulletin last year (2,293 people in total). To support nurse development, we worked with The Queen's Nursing Institute to publish the first ever standards for nurses working in residential care homes. This included a Practice Portfolio and benchmarks to assess the skills and knowledge that a registered nurse will need to demonstrate in a care home.

**Occupational therapists:** 3,500 occupational therapists work in adult social care to support people to do the things they want and need to do, identifying strengths and facilitating connections with families, friends and communities to keep healthy and well. 1,600 occupational therapists attended our virtual conferences which supported their

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

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

#### **Achievements and performance** *(continued)*

development. The conferences culminated with CEOs of Skills for Care and Royal College of Occupational Therapists giving a keynote speech and taking part in a Q&A session with participants.

**Social workers:** There are 22,000 social workers playing a central role in social care, planning care and support, undertaking assessments and making the best use of the resources available to enable people to have a better life. We supported 1,192 Newly Qualified Social Workers in their first year of practice as part of the Assessed and Supported Year in Employment (ASYE). We explored themes as part of our quality assurance process around inclusion, equality and diversity. All employers acknowledged the importance of anti-racist practice but were at different stages in thinking through the issues.

#### **Workforce planning and integration**

The Adult Social Care Workforce Data Set (ASC-WDS) gives us data on around 700,000 staff in social care. ASC-WDS is Governance Digital Service standard and continues to provide highly valued data and is used constantly to inform planning, funding and policy making decisions, as well as providing expert analysis. It was viewed 10.5 million times.

ASC-WDS allows us to understand the social care workforce. Our analysis in our reports showed that the number of people working in adult social care in England has increased again to 1.52 million workers carrying out 1.65 million jobs, spread over 18,200 organisations and 38,000 establishments. It also allowed us to give comprehensive workforce characteristics about the entire adult social care workforce in England such as age, gender, ethnicity, and specific job role information.

It has been used to inform our policy and influencing activity, including submitting written evidence to the Health and Social Care Select Committee and to inform key speeches, including the Future Social Care Coalition event.

Our new benchmarking feature allows users to benchmark themselves against those offering the same service in the same local authority area. They will see at-a-glance information on how they are performing on key workforce metrics including staff turnover, care worker pay and staff sickness to help make decisions within their business. It will also encourage users to log in more often and keep their data up to date.

We use our unique position with our dataset and our area connections and networks to support Integrated Care Systems (ICS) boards, regional NHS organisations and DHSC regional assurance leads to understand the variety and diversity of the sector and engage with providers. This allowed better insight and understanding of issues around personal protective equipment, testing and infection prevention controls.

#### **Support for social care systems**

As we enter a period of anticipated government reform, we have established a Policy and Public Affairs team to offer advice and guidance to the Chair, Board, CEO and key officers on the evolving political and policy landscape. Skill for Care is a member of the All-Party Parliamentary Group (APPG) on Adult Social Care. The APPG brings together a cross-party group of parliamentarians from both houses with an interest in adult social care in England. The Co-chairs of this group meet regularly with a monthly working group consisting of Skills for Care, sector employers, people with lived experience of accessing care and support and employer representatives. The group is developing Vision and Values reports to help parliamentarians better understand the sector before the reform proposals are published.

We have prepared detailed submissions on the adult social care workforce to influential select committees and have responded to an evidence call by the Housing, Communities and Local Government Committee inquiry into long term funding of adult social care, submitted written evidence to the Health and Social Care Select Committee inquiries into social care funding and workforce, and the current inquiry into workforce burnout and resilience in the NHS and social care.

We have also worked closely with sector stakeholders to develop joint workforce priorities and policy positions; making use of collective data and evidence to develop solutions that the sector can implement alongside the reforms we think will improve social care systems and support the workforce.

#### **Workforce development**

Workforce development is a core part of what we do. Some examples of specific areas for development we have focused on include:

## Trustees' report (continued)

### Strategic report (continued)

#### Achievements and performance (continued)

**Digital skills:** We supported the sector to understand how to get the right technology to support people, data protection and cyber security, including working in partnership with Barclays Digital Eagles to provide digital support and training to adult social care employers.

**Developing the individual Employer (IE) and Personal Assistant (PA) workforce:** We supported IE's to build their understanding of their responsibilities as an employer and on the importance of thinking about wellbeing for IE's. The webinars attracted nearly 400 delegates and an average usefulness score of 8 out of 10. We supported a further 15 IE's that receive Personal Health Budget direct payments and 209 of their personal assistants to achieve 656 learning outcomes.

**Learning from events:** 1,600 learners accessed 'Learning from events' to support managers in carrying out reviews following incidents or near misses, such as a COVID-19 outbreak. 97-99% learners reported they would apply their learning to their work, feel confident in using the module, and will promote it to their peers.

**COVID-19 new skills and knowledge:** We developed support and guidance for providers and Registered Managers to understand what they need to know, plan and prepare for the verification of expected death in COVID-19 times. 84% of the 70 attendees on the webinar felt able to carry out verification of expected death. We also worked with DHSC to develop training for new staff, volunteers and refresher training.

**Workforce working with people with learning disability and autistic people:** We are working with HEE to co-ordinate the development of mandatory learning disability and autism training for health and social care staff. This is called Oliver McGowan mandatory training. It is being co-produced and delivered by autistic people, people with a learning disability and family carers.

**Leadership:** 21% of workers identified as being of an ethnicity that was black, Asian, mixed, or minority ethnic (BAME). However, Registered managers and senior managers have a relatively low proportion of those with a BAME background (15% and 17% respectively). Our Moving Up programme tackles some of the issues that cause under-representation. We delivered 8 webinars accessed by 200 people and developed resources on the key workforce challenges identified as part of our BAME workforce survey. We also delivered leadership programmes focused on building collaborative leadership, leading in public services and leading change.

As well as building specific skills, we disbursed the Workforce Development Fund (WDF) to support development on behalf of the DHSC. WDF funding supported:

- 18,849 qualifications, learning programmes and digital modules for 14,037 individuals, from 2,351 establishments. 30% of the funding was for leadership and management and 31% of the funding claimed has been for apprenticeships.
- 13 individual employers and 316 PAs to achieve 1,250 learning outcomes.
- 20 User Led Organisations (ULO) which in turn supported 2,385 people to achieve 3,656 learning outcomes in a range of subjects including training to be an employer of PAs, introduction to the PA role, first aid, infection prevention and control, assisting and moving and a range of condition specific awareness. The majority of organisations (17) reported that they would not have been able to deliver the training without this funding. All but one ULO said they would apply for this funding again.

None of this could have been done without our local and national coverage of endorsed providers, able to offer a range of digital and face to face learning opportunities both accredited and non-accredited. We improved access to endorsed learning providers and endorsed 35 successful new applications.

#### Wellbeing

COVID-19 shone a light on the importance of wellbeing for colleagues working in adult social care. We worked with key partners to launch a wellbeing resource finder to support people to access resources suited to social care. Since its launch in February 2021, the resource finder has been visited 1,889 times and 693 resources have been downloaded, the most frequently used resources being the Person/Care de-escalation tool and the Building your own resilience, health and wellbeing resource.

#### Supporting Registered Managers

We are the membership body for Registered Managers (RM) in Adult Social Care.

At the beginning of the pandemic, we realised that Registered Managers needed more support to respond to the COVID-19 crisis. We set up a dedicated COVID-19 helpline, our Facebook group for those with RM membership



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

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

#### **Achievements and performance** *(continued)*

was opened to non-members and RM networks, which provide peer-to-peer support, were supported to set up WhatsApp groups. The total number of managers now engaging via the Facebook group is 3,461, from a baseline of 644, and 78% of networks now have a WhatsApp groups. We have a new podcast, "The Care Exchange" which has had 1,140 downloads. Our webinars provided practical support on topics like wellbeing, difficult conversations and risk assessments and have had 14,484 views. Feedback shows that they helped providers identify where changes need to be made and reinforced some of the things that providers are already doing.

We now have nine deputy manager networks which support deputies in their development and with peer support.

Our Good and Outstanding care guide, Guide to safe staffing and Guide to improvement, remain some of our most popular downloads and have attracted over 8,967 downloads during the year.

#### **Local stakeholder engagement**

Our networks and connections are important to make sure that we can support the sector. This year, we worked with 3,709 new social care providers as well as the 13,750 providers we have supported in the past. We have extensive or moderate engagement with all 151 Local Authorities and health bodies in England and significant positive engagement with local care provider organisations. This helped inform our market intelligence reports, which supported DHSC and other partners, to make sure that the sector was being heard and that responses worked for the sector.

#### **Financial review**

##### **Financial internal control environment**

Skills for Care engaged RSM 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 including disbursements, digital, business development, procurement, payroll and follow up audits on risk management, procurement, digitalisation and disbursements and payroll. All audits and advisory review have taken place with the exception of business development which was deferred to next year. All recommendations are due to be completed as scheduled. We also sought advice on budget improvements and monitoring and recording risk recommendations and actions. The advisory reviews on value for money and performance management & key performance indicators (KPI's) reported to Audit and Risk Committee in July 2021. Management have mapped the recommendations and produced action plans and our Corporate Resource Improvement Group (CRIG) are taking these forward overseen by the leadership team.

Our 21/22 audit plan, agreed in May 2021 by the Audit and Risk Committee, includes ASC-WDS, information management, employer engagement, risk management and disbursements, plus follow up audits of progress against 20/21 audit recommendations.

##### **Incoming resources**

Despite this year being a very difficult one with the impact of COVID-19 and the uncertainty that this brought to us by delays in agreement of DHSC funding, the charitable group was successful in securing total incoming resources of £36.2m (2020: £36.9m) representing a 2% decrease (2020: 9% decrease) on the previous year. This is a great achievement resulting from the hard work and efforts from all staff involved. This year, more than ever, the sector needed our support and demonstrates how important our charitable funds are for us to maintain delivery and support to the sector.

**DHSC funds:** Our main client, DHSC, agreed to provide restricted funding for the delivery of our annual work programme. Due to COVID-19, funding was agreed in an initial six-month work programme and an initial 'Up to maximum of' £13.2m grant agreement. Some activity was paused, some activity ceased, and some new activity was planned to support the sector. A refined final grant addendum and six month's work programme activity was finally agreed and signed on 19 November 2020. We ensured the programme and resources allocated were flexible to meet new and emerging priorities and secured additional funds in year for specific activity as new priorities emerged. Total funds for the year are £27.1m (2020: £26.8m) for the delivery of the agreed work programme, of which £0.69m (2020: £0.77m) relates to committed activity that spans the financial year into 21/22. The total cost of the DHSC work programme was funded by DHSC and Skills for Care (SfC) securing sector co-funding as set out in note 14.

**Other charitable funds:** We were successful in negotiating other restricted charitable funds of £6.8m (2020: £6.3m), an increase of 8% (2020: 25% decrease). This includes £5.8m (2020: £4.4m) from the Department of

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

### **Financial review** *(continued)*

#### **Incoming resources** *(continued)*

Education (DfE) contract to disburse the Child and Family ASYE and National Assessment and Accreditation System (NAAS). In addition, £0.7m (2020: £1.1m) has been received and deferred in creditors as activity relates to next year, as set out in note 12. We also secured the rollover one-year contract in April 2021.

**Other added value non charitable activity:** We generated £1.4m income, a reduction of 46% (2020: £2.6m), as activity was affected by COVID-19. One source of income in Skills for Care Solutions (SfCSL) is the certification of apprenticeships £0.16m (£0.27m) 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. Trading activity income accounted for in the subsidiaries is set out in notes 3 and 14. Our activity within Affina Organisation Development Ltd (AOD) exceeded our revised budgets and forecast as the company embraced virtual delivery to teams who required their support throughout the period. We will continue to aim to diversify our income streams and bring about more commercial insight as part of our new strategy launched in May. In addition, £1m (2020: £0.5m) income has been secured in 20/21 which relates to 21/22 delivery and is therefore deferred in group creditors as detailed in note 12.

Skills for Care and Development (SfCD) UK activity generated £0.04m (2020: £0.03m), from its four UK partners where Skills for Care is the host and England partner contributing £0.01m (2020: £0.01m).

Our bank interest reduced further as interest rates remain low £0.003m (2020: £0.02m). Other income relates to COVID-19 grant specifically to fund furloughed staff, that were not funded elsewhere. Pension interest is set out in note 17.

#### **Resources expended**

Our Finance Directorate includes Finance, Procurement, Disbursement and Compliance teams. We support all business plan activity to ensure we assess and manage our risks by adequate assessment and planning of financial resources. Third party and corporate costs are managed within our standing financial instructions, budget holder responsibilities and within our procurement and competitive tendering as appropriate. We ensure our resource allocations are appropriate and spend is eligible, within funders' terms.

COVID-19 significantly affected the way we engaged with DHSC our key funder, how we allocated our people, digital, engagement and financial resources and how we delivered our comprehensive business plan activity in year. As we went into lockdown, the Leadership Team (LT) as budget holders, facilitated by our excellent project management office and finance teams worked very closely with funders including DHSC and policy leads and with all Directorates, budget holders and budget keepers to refine plans and deliverables, associated budgets and business plan activity including the DHSC work programme. We significantly reprioritised and started some new priority activity, paused and ceased some activity and planned different ways to allocate resources, deliver and engage with the sector, our partners, our Board and Committees and our people.

Throughout the year, we maintained a continuous effort to manage third-party costs, our people, engagement, digital and other essential corporate resource support costs. We achieved savings across many cost categories, including travel and subsistence, venues, conferences and exhibitions and workshops and meetings, by taking further opportunities to embrace digital and virtual ways of working and engagement with our people, our customers and the sector. We delivered some work by engaging external contractors, where appropriate. We sought to take advantage of all opportunities including embracing and investing in our virtual engagement and digital ways of working. We aim to be as flexible and adaptable with our resources to deliver the outcomes of our business plan including DHSC work programme and our added value business development activities. We took advantage of efficiencies and cost savings as appropriate and after Board agreed, Sfc invoked the break clause on our London office lease to secure future savings.

We submitted our DHSC grant monitoring forms and year end submissions in May 2021, and we had successful quarterly accountability meetings with DHSC on our DHSC work programme.

Our People Directorate continued to oversee our people and business development resource allocations. In house people capacity continued to be stretched throughout the organisation as we flexed our resources to adapt to the ever-changing COVID-19 environment and new emerging priorities, coming from the changing programme of work. We used fixed term and temporary recruitment to deliver our outcomes, where vacant posts were not fulfilled in the year. We continue this approach. We further reviewed the structure of our Directorates and Leadership Team

## Trustees' report (continued)

### Financial review (continued)

#### Resources expended (continued)

and restructured to include Directors of Strategy, Influence & Policy and Commercial to further align with the development of our new strategy with the sector. We also welcomed a new Director of Operations on the departure of Andy Tilden. We continued investing in our key asset, our People and agreed with the Board a cost-of-living award and reward for 2021, plus wellbeing and benefits for the new financial year.

Our Digital Directorate continued to adopt a hybrid approach to digital resourcing using third party digital partners and internal digital resources for key business critical activity such as our Adult Social Care Workforce Data Set (ASC-WDS). We aim to seek additional funding to support our limited resource spend so we can enhance our digital offer for the sector. We have invested DHSC funds in a discovery to enhance our WDF disbursement and engagement process, which we will be taking forward in 2021/22. As part of our strategy, we will be working with other Directorates on further business improvements.

Our Engagement Directorate continued to invest our charitable resources to maximise engagement; delivering and embedding our offer, gaining critical insights and intelligence and working to influence key stakeholders. Some activity was hindered by planned activity falling within cabinet office "advertising, marketing and communications" spend controls. This meant that £0.05m was reallocated across other key priorities with a focus on strengthening and growing our established channels into the sector so that we minimised the impact on our engagement as far as possible.

Our Operations Directorate supported by our Finance and Engagement directorates continued to disburse funding to the sector. We continued to use our 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. A new funding approach to support the completion of leadership and management learning programmes continued with endorsed providers. Due to COVID-19 and delays to the agreement of our DHSC work programme, the traditional mainstream fund was disbursed at a slower rate than usual. During the year we disbursed 100% of the WDF fund.

We disbursed £1.6m (2020: £1.6m) of DHSC funds to NQSW and £5.1m (2020: £4.4m) of the Children's and Families ASYE and NAAS. We also have £0.1m (2020: £Nil) deferred in creditors. This increased from last year due to delays as a result of COVID-19. We completed a three-year programme disbursing Workforce Integrated funding on behalf of Health Education England for Kent, Surrey and Sussex.

During this difficult year of COVID-19, we continued to seek charitable and trading funding opportunities which have supported the sector and have generated the best financial results. Resources have been used efficiently delivering activities virtually and the price to clients covered all costs, and where appropriate, included a surplus.

With a transfer to home working and virtual delivery throughout 2021, AOD has identified further opportunities to reduce overheads. Whilst some elements are short-term savings, many are longer term and sustainable in post pandemic business operations.

#### Total funds carried forward

All funds received during the year and expenditure incurred as shown in the Statement of Financial Activities. The detailed movements in specific restricted and unrestricted funds are shown in note 14.

**Restricted:** £0.69m (2020: £0.76m including £0.6m rapid induction) DHSC funds are committed to DHSC work programme activities spanning the financial year end. Other restricted funds, if not expended, have been deferred in creditors, as appropriate.

**Unrestricted:** Funds are committed to fund activities as set out in the reserves policy and detailed in note 14.

#### Reserve policy

The charity has a reserves policy of maintaining free unrestricted reserves. The Finance and General Purposes (F&GP) Committee monitor the reserves policy and underlying assumptions. They make recommendations of designations of those reserves to the SfC board at least on an annual basis.

#### Free reserves

Free reserves are accumulated to fund 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

## Trustees' report (continued)

### Financial review (continued)

#### Free reserves (continued)

applicable, lease and pension liabilities and to cover necessary costs and commitments during an unforeseen period of difficulty. On 31 March 2021, there are sufficient free reserves to fund the maximum £8.34m (2020: £10.5m maximum) potential liabilities (excluding pension).

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 SfCSL Board, AOD Board, F&GP Committee and Skills for Care Board have oversight 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 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 F&GP 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. CCLA stands for Churches, Charities and Local Authorities and is an organisation that invests funds on behalf of the three sectors. The portfolio is invested in a blend of CCLA's specialist Charities Official Investment Fund (COIF) charities funds. The funds held during the year were the COIF Charities Ethical Investment Fund (Annual Management Charge (AMC) 0.60% rebated to 0.50% for balances over £10m); the COIF Charities Fixed Interest Fund (AMC 0.22%); the COIF Charities Property Fund (AMC 0.65%).

The total return on our investments during the year was 14.1% (2020: 2.2%). The rate of return in any one year will depend substantially on market conditions and in the underlying asset classes. We did not realise any gains or losses during the year (2020: nil). We had an unrealised gain of £3.96m (2020: £0.4m) arising in the year as shown on note 9.

The company has a policy of placing funds in our investments which are not required for managing working capital. F&GP members regularly monitor the return of the funds invested and compare 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 F&GP is provided with an explanation.

The strong returns in the year under review reflect a sharp rally in equity investment markets following the downturn experienced towards the end of last year's reporting period. That downturn, and the subsequent recovery, were substantially driven by market reaction to the onset of the COVID-19 pandemic and then to the expectation of rapid economic recovery and supportive policy responses. Equities, which make up the majority of our largest COIF fund holding, the multi-asset Ethical Fund, represent approximately 45% of our total portfolio value. Other asset classes significantly represented in the portfolio, through the multi-asset Ethical Fund and the two single-asset funds, are infrastructure, contractual income, UK commercial property and sterling-denominated bonds from both government and non-government issuers.

The Company has a policy of placing funds, not invested with the investment manager, or not immediately required for cash flow 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% (2020: 0.05% - 0.35%) on bank balances, against a background of continued low bank base rates.

#### Plans for future periods

We are pleased to be launching a new three-year strategy in 21/22 under the following four strategic priority areas:

1. **Increasing workforce capacity:** We have enough people working in social care with the right values now and to meet future needs.
2. **Supporting the workforce's capabilities:** Leaders, professionals and staff at all levels in social care have the right skills, knowledge, competencies and behaviours to drive quality and productivity, and to enable the aspirations for workforce capacity and culture to be fulfilled.
3. **Improving adult social care's systems:** Social care is well funded and reformed which so leads to the sector having we have the right number of people, with the right skills in the right jobs.

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

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

4. **Supporting culture and diversity:** The workforce feels equal, valued and included, is supported to stay well, stay and progress in the sector

Our strategy is congruent with DHSC's two priority themes: recruitment and retention of staff and workforce development.

We will continue to 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.

To help us resource our support for the adult social care sector we undertake other added value activities and reinvest the funds to increase our reach and impact. This activity includes:

- Added value services such as seeking funding opportunities via bids, proposals, sponsorship and possible new investments that support workforce projects, Apprenticeship Certification Service, hosting our UK wide partnership SfCD and our trading activities within SfCSL and AOD.
- Corporate activities including the development of corporate enabling plans to deliver the three-year strategy 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 several directorates. We have also been establishing relationships with new colleagues at DHSC, who are leading on key policy areas relevant to the workforce and reform, this includes both policy leads and new Deputy Directors. We also engage with other government departments including DFE, Department of Work and Pensions (DWP) and Ministry of Housing, Communities & Local Government (MHCLG) on relevant work programme strands.

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 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 continue to work closely with the Federation for Industry Sector Skills & Standards (FISSS).

We work in collaboration with national and representative bodies, recent activity includes a joint response following the Queen's speech. Furthermore, we work with LGA and ADASS on the collaborative workforce priorities.

### **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 on 31 March 2021 was 14 (2020: 14).

#### *Appointment of trustees*

As set out in 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 lead the trustee recruitment process and regularly

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

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

consider succession planning and the skills and knowledge of trustees to identify any gaps. 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.

#### *Trustee induction and training*

The Chair and Chief Executive Officer induct new trustees, so they have a clear understanding of the work of Skills for Care 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.

#### *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. 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. The assessments within the three-year cycle of board evaluation (described below) are based around the principles of the Code. A trustee handbook is in development, to replace the trustee induction pack, and will be structured around the seven principles.

#### *Evaluation*

A rolling three-year evaluation cycle has been introduced which consists of a trustee questionnaire in year 1, in year 2 a self-assessment by executive colleagues, and a full external evaluation in year 3. All three evaluations are an assessment against the governance code principles and identify areas for improvement. In 20/21 trustees were asked to complete a questionnaire to assess the overall governance of Skills for Care against the principal statements with the Charity Governance Code. It also included open questions on the performance and effectiveness of the board and committees. The results were presented to trustees in October 2020 where some recommendations were agreed to better meet the principles of the Code. This has since been developed into an action plan for colleagues to take forward. In 21/22 we are conducting a self-assessment against the principle of the Code to track progress as part of a wider governance review.

The board continues to regularly evaluate its performance by reviewing the effectiveness of every board and committee meeting to ensure they all meet their objectives. Trustees also 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.

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

Last year saw 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. As last year, we have considered the size criteria and how this applies to the Skills for Care Group and whilst we are still 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

## Trustees' report *(continued)*

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

whole and, in doing so, have taken into consideration due regard (amongst other matters) to the factors (a) to (f) which are as follows:

- (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 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 five-year corporate plan for 2018-23 and our new strategy launched in May 2021 set out our longer term aims and how decisions may affect the longer term.

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

The continuing impact of COVID-19, long COVID and the wider social care effects of lockdown raise considerable challenges for the DHSC and the sector we support as well as our own operations. We have remained flexible in our approach to delivery and engaged with all concerned and especially our own employees to ensure we could continue our delivery, albeit in a different form. Engagement with our employees is always important and regular updates are provided so everyone is aware of our own road map for recovery. We have embraced using Microsoft Teams and Zoom for our meetings with our colleagues which ensure we are engaging not only with our own team but with the wider community to respond to the COVID-19 crisis.

We are an organisation who always strives to maintain a reputation for high standards and business conduct. As explained in our financial internal control section above 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.

As the group has a limited carbon footprint, the Board of Trustees have chosen not to formally report the specific criteria required by legislation 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.

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.

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

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

As an organisation we continue to review ways in which we can reduce our carbon footprint and reduce the business miles we incur. We have continued working from home since the start of the pandemic in March 2020 significantly reducing the impact of our usual travel and use of office space upon the environment. Having had this experience, we have taken the decision to invoke the break clause on our London office and are looking at reset plans for Leeds which will include options to reduce the space we occupy and limit the number of colleagues working in an office environment.

#### *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. We are developing our corporate risk register to align with the new strategy, risk appetite assessment and directorate registers.

#### *Principal risks and uncertainties*

Significant risks and uncertainties are reviewed by the Leadership Team through the corporate and directorate risk registers. Regular in-depth reviews are undertaken for known key risks and emerging risks. LT review key and emerging risks, together with any escalated project risks, monthly. It is the remit of the A&R Committee to seek assurance that risks are being managed and ensure that any major risks are reported to the board. They are also responsible for identifying with LT a number of activities for internal audit each year as part of the risk assurance process; 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 at each meeting. Periodically members review the directorate risk registers in more detail and undertake a more in-depth review of key risks facing the organisation.

At each board meeting, trustees receive the corporate risk register along with an update of our risk management activity. Any risks that trustees need to be made aware of are reported as part of the CEO report. SfC and its subsidiaries have an agreed risk appetite for each risk category, which has been reviewed. All risks that are rated above the risk appetite or outside of the risk tolerance are brought to the attention of the board.

Both trading subsidiary companies have corporate risk registers which are reviewed by each individual company board. The risk registers for both subsidiaries were reviewed and updated during the year. The main risks facing the subsidiaries in this last year arose from the pandemic halting delivery of some of our products and services until alternative methods for virtual delivery were developed.

During the year the major risks reported to the SfC board arose from the uncertainty caused by the ensuing pandemic. During this time our main risks were delayed funding and responding to the rapid changes in priorities to support the sector. We responded rapidly and responsively to address emerging priorities using our risk management framework to support decision making. We used our business continuity planning and pandemic planning to enable the mitigation of risks, particularly those around staff safety and mass home working. The organisation has used the risk processes to identify the many risks that have emerged during the pandemic, and to manage and achieve our objectives. The trustees reviewed and monitored these risks throughout the year and were re-assured that they are being mitigated and managed effectively.

In May 2021, the Board reviewed its risk appetite and management are now considering how this may align and affect our risk management process and decision making in future.



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

### **Reference and administrative information**

On 31 March 2021, there were 14 board members.

<b>Trustees</b>	<b>Date of appointment or resignation</b>
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	

### **Chief Executive**

Oonagh Smyth

### **Audit & Risk Committee**

Louise Bladen (Chair)  
Suzie Bailey  
Susan McMillan  
Steve Scown  
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 policies and procedures are followed including health and safety, complaints, and other compliance policies, and ensures relevant legislation and statutory requirements are adhered to.

### **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 financial reporting requirements and provides direction to the Investment Manager and monitors their performance at agreed intervals. It also manages organisational performance, and receives updates in relation to people, digital transformation, and communications.

### **Remuneration & Nominations Committee**

Susan McMillan (Chair)  
Moira Gibb  
Mark Lever (from 3 March 2021)  
Paul Snell  
Neil Taylor (until 3 March 2021)

The Committee makes recommendations to the board on matters relating to the remuneration package of the Chair and CEO and on any changes to the Leadership Team structure and remuneration based on proposals from the CEO. It also leads on the recruitment of new trustees including the Chair's recruitment process and considers succession planning and the composition of the board to ensure it has the skills and knowledge to continue to operate effectively.

## Trustees' report (continued)

### Reference and administrative information (continued)

#### 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 09698766	(Dormant)

All accounts are drawn up to 31 March 2021.

#### Leeds head office

Westgate  
6 Grace Street  
Leeds  
LS1 2RP

#### Advisors

##### External auditor

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

##### Solicitors

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

##### Bankers

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

#### London office (now closed)

Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT

##### Internal auditor

RSM  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

##### 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

Trustees will approve the reappointment Brown Butler as external auditors of the group at the board meeting 13 October 2021.

#### Approval

This report is approved by the board of trustees on 15 July 2021 and is signed on its behalf.

By order of the board

  
Moira Gibb (Jul 25, 2021 10:50 GMT+1)

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;
- assess the groups 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**

### **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 2021, which comprise the Consolidated Statement of Financial Activities, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 charitable parent company's affairs as at 31 March 2021 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;
- 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 charitable parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or charitable parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of Skills for Care Ltd** *(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 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 Charities Act 2011 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the charitable parent 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 purpose 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 charitable parent 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**

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 available 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.

### **Capability of the audit in detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The key laws and regulations we have considered in this context included the Companies Act 2006, the Charities Act 2011, pension and tax legislation. In addition, we have considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's and charitable parent company's ability to operate or to avoid a material penalty. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

## **Independent Auditor's Report to the Members of Skills for Care Ltd** *(continued)*

- Using our general commercial and sector experience and through discussions with the trustees and other management, we identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements as well as those arising from management's own assessment of the risks that irregularities may occur either as a result of fraud or error.
- We examined the group's and charitable parent company's regulatory and legal correspondence and discussed with the trustees and other management any known or suspected instances of fraud or non-compliance with laws and regulations.
- We communicated identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In addressing the risk of management override of controls, we tested the appropriateness of journal entries. We also challenged assumptions and judgements made by management in their significant accounting estimates and judgements.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentation, or through collusion.

### **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

Date: *10 August 2021*

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

	Note	2021 Unrestricted £	2021 Restricted £	2021 Total £	2020 Total £
<b>Income</b>					
Trading activities	4	1,391,422	-	1,391,422	2,578,448
Investments	4	3,486	-	3,486	24,086
Charitable activities	4	70,076	33,889,395	33,959,471	33,374,488
Other income	4	45,074	-	45,074	-
Pension	4, 17	768,000	-	768,000	868,000
<b>Total income</b>	4, 14	<b>2,278,058</b>	<b>33,889,395</b>	<b>36,167,453</b>	<b>36,845,022</b>
<b>Raising funds</b>					
Raising funds	5	841,488	-	841,488	1,443,833
Investments	5	3,543	-	3,543	3,375
Charitable activities	5	2,807,204	31,141,774	33,948,978	33,372,542
Pension	5, 17	550,000	-	550,000	1,367,000
<b>Total resources expended</b>	5	<b>4,202,235</b>	<b>31,141,774</b>	<b>35,344,009</b>	<b>36,186,750</b>
<b>Net (outgoing) / incoming resources before transfers</b>					
		(1,924,177)	2,747,621	823,444	658,272
Transfers	14e	2,824,477	(2,824,477)	-	-
<b>Net incoming / (outgoing) resources</b>					
		900,300	(76,856)	823,444	658,272
<i>Other comprehensive income</i>					
Actuarial loss on pension scheme	14, 17	(1,083,000)	-	(1,083,000)	(298,000)
Net unrealised investment gain	9, 14	3,956,341	-	3,956,341	438,896
<b>Net movement in funds</b>					
		3,773,641	(76,856)	3,696,785	799,168
<b>Total funds brought forward</b>	14	<b>25,847,561</b>	<b>767,946</b>	<b>26,615,507</b>	<b>25,816,339</b>
<b>Total funds carried forward</b>	14	<b>29,621,202</b>	<b>691,090</b>	<b>30,312,292</b>	<b>26,615,507</b>

The notes on pages 25 to 47 form part of the financial statements.


## Consolidated group balance sheet

at 31 March 2021

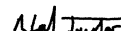
	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Intangible assets	8	4,407,287		4,033,270	
Tangible assets	8	121,347		203,851	
Investments	9	32,023,044		28,066,703	
			36,551,678		32,303,824
<b>Current assets</b>					
Stock		24,257		35,422	
Debtors due within one year	11	1,168,529		1,355,409	
Cash at bank in hand		11,266,720		10,873,970	
		12,459,506		12,264,801	
Creditors: amounts falling due within one year	12	(9,983,892)		(10,065,734)	
<b>Net current assets</b>			2,475,614		2,199,067
<b>Total assets less current liabilities</b>			39,027,292		34,502,891
Provision for liabilities and charges	13		(100,000)		(137,384)
<b>Net assets before pension liability</b>			38,927,292		34,365,507
Pension liability	17		(8,615,000)		(7,750,000)
<b>Net assets after pension liability</b>			30,312,292		26,615,507
<b>Funds</b>					
Unrestricted (before pension)	14		38,236,202		33,597,561
Pension liability	14		(8,615,000)		(7,750,000)
Unrestricted funds	14		29,621,202		25,847,561
Restricted funds	14		691,090		767,946
<b>Total group funds</b>	14,15		30,312,292		26,615,507

The notes on pages 25 to 47 form part of the financial statements

These financial statements were approved by the board of trustees on 15 July 2021 and were signed on its behalf by:

  
Moira Gibb (Jul 25, 2021 10:50 GMT+1)

Dame Moira Gibb  
Trustee and Chair of Board

  
Neil Taylor (Jul 26, 2021 09:13 GMT+1)

Neil Taylor  
Vice Chair

Company registered number: 03866683



## Company balance sheet

at 31 March 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Intangible assets	8	4,385,584		3,989,743	
Tangible assets	8	121,347		203,851	
Investments	9	32,023,044		28,066,703	
Investment in subsidiaries	10	20,000		63,526	
			36,549,975		32,323,823
<b>Current assets</b>					
Debtors due within one year	11	1,196,950		1,836,511	
Cash at bank and in hand		10,017,553		9,453,546	
		11,214,503		11,290,057	
<b>Creditors: amounts falling due within one year</b>	12	(8,759,292)		(9,100,062)	
<b>Net current assets</b>			2,455,211		2,189,995
<b>Total assets less current liabilities</b>			39,005,186		34,513,818
Provisions for liabilities and charges	13		(100,000)		(137,384)
<b>Net assets before pension liability</b>			38,905,186		34,376,434
<b>Pension liability</b>	17		(8,615,000)		(7,750,000)
<b>Net assets after pension liability</b>			30,290,186		26,626,434
<b>Funds</b>					
Unrestricted (before pension)	14		38,214,096		33,608,488
Pension liability	14		(8,615,000)		(7,750,000)
Unrestricted funds	14		29,599,096		25,858,488
Restricted funds	14		691,090		767,946
<b>Total charitable company funds</b>			30,290,186		26,626,434

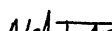
The notes on pages 25 to 47 form part of the financial statements

These financial statements were approved by the board of trustees on 15 July 2021 and were signed on its behalf by:



Moira Gibb (Jul 25, 2021 10:50 GMT+1)

Dame Moira Gibb  
Trustee and Chair of Board



Neil Taylor (Jul 26, 2021 09:13 GMT+1)

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

	Note	2021 £	2020 £
<b>Net incoming resources before transfers</b>		<b>823,444</b>	658,272
<i>Adjustment for:</i>			
Depreciation and amortisation	5, 6, 8	2,424,557	1,894,545
Disposal of fixed assets	8	-	32,135
Interest income	4, 6	(3,486)	(24,086)
Net pension movement	14, 17	(218,000)	499,000
		<hr/>	<hr/>
		<b>3,026,515</b>	3,059,866
Decrease in debtors	11	<b>186,880</b>	1,991,218
Decrease in stock		<b>11,165</b>	16,228
(Decrease) in creditors	12	<b>(81,842)</b>	(2,913,361)
(Decrease) in dilapidations provision	13	<b>(37,384)</b>	-
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>3,105,334</b>	2,153,951
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Interest received	4, 6	<b>3,486</b>	24,086
Acquisition of intangible fixed assets	8	<b>(2,634,964)</b>	(2,826,482)
Acquisition of tangible fixed assets	8	<b>(81,106)</b>	-
Purchase of investments	9, 10	-	(61,581)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		<b>(2,712,584)</b>	(2,863,977)
		<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>392,750</b>	(710,026)
Cash and cash equivalents at 1 April		<b>10,873,970</b>	11,583,996
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>		<b>11,266,720</b>	10,873,970
		<hr/>	<hr/>

### Analysis of changes in net debt

	1 April 2020 £	Cash flow £	Other non-cash change £	31 March 2021 £
Cash and cash equivalents	10,873,970	392,750	Nil	11,266,720
	<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 consistently applied 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 funding our pension liability as part of the West Yorkshire Pension Fund and the potential deficit valuation is provided by AON who are independent actuaries. The present value of the future deficit payments is recognised in the balance sheet and the underlying assumptions of the pension liability calculation are detailed in note 17. The liability as at 31 March 2021 is £8.6m (2020: £7.7m).

**(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 provide for delivery of the activity. Total income deferred is £1.7m (2020: £1.7m)

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

Management regularly to review the development of its major depreciable asset, ASC-WDS to estimate its useful life. The impact of agile working and responding to ongoing user research in line with DHSC Government digital services means the amortisation of the asset is calculated as costs are incurred. Total amortisation of the ASC-WDS asset for the year is £1.9m (2020: £1.2m).

**(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 at 31 March 2021 is £0.3m (2020: £0.2m) and is now fully amortised.

**(v) COVID-19**

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 again this year due to Treasury commitments as a result of COVID-19. This does bring some uncertainty 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).

**1.2 Going concern**

The DHSC funded element of SfC's group's business plan forms the majority of our annual activity. The financial statements have been prepared on a going concern basis, as discussions around shaping the DHSC work programme for 2021/22 are expected to be concluded shortly and our DHSC sponsor has verbally indicated funds for the 2021/22 year will be based on a workforce department 'flat cash' settlement for revenue and capital funding, plus indications of funding from other DHSC departments. Due to COVID-19 and pressures on Treasury, including consideration of the longer-term spending review, we understand that DHSC finance business planning for 2021/22 has not yet been finalised. We have executed formal grant letters and received an interim cash payment for April and May 2021 of £4.4m. Our sponsor has prepared an annual funding submission to go to the Minister and annual grant agreements will be executed and associated funding is therefore expected to be forthcoming in the near future. The charity has unrestricted reserves at 31 March 2021, which the Trustees believe are sufficient

## Notes (continued)

### Accounting policies (continued)

to allow the charity to continue for a period of at least 12 months from the date of signing these financial statements and would enable the Trustees to implement an exit strategy, for the organisation in an orderly manner, should further funding from DHSC not be received, as currently anticipated. As a result, the Trustees believe it is appropriate to prepare the financial statements on a going concern basis, considering 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 Organisation Development Ltd (AOD) 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.

The group owns a minority interest in the ordinary share capital of Care Friends Limited and due to the size of the shareholding this is not accounted for as a subsidiary or associate (see 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 to deliver the required outcomes. Activities requiring commissioned work with outstanding milestones as at 31 March 2021 or relating to the outcomes of the 20/21 work programme are accounted for on an accruals basis and the costs relating to these milestones are included in the accounts. Commitments to meet future outcomes are not included in the financial statements and are shown in note 14(f).

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 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. Termination of the London office lease break clause was invoked in September 2020 and associated costs have been included in these financial statements.

#### 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 for in accordance with FRS102 '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

## Notes (continued)

### Accounting policies (continued)

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 used to fund potential commitments and projects as agreed by SFC board and for the purpose of funding potential closure costs and periods of financial uncertainty in accordance with the reserves policy. At 31 March 2021, the unrestricted funds are sufficient to fund the estimated closure liabilities as detailed on note 14. Additionally, funds are designated to meet the pension FRS102 valuation of £8.6m (2020: £7.7m) as per note 17. As we do not currently plan to exit from this scheme, this does not include orphan or exit valuations.

### 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 are 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.

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

- the fair value of the consideration (excluding contingent consideration) transferred; plus
- estimated amount of the 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.

## Notes (continued)

### Accounting policies (continued)

#### 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 are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

Other intangible assets including software and ASC-WDS that are 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 five 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 maybe 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 acquisition is being amortised over two years.

### 3. Subsidiary undertakings

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

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. SfCSL contributed income of £0.9m (2020: £1.9m) and net profit of £0.6m (2020: £1.1m) to SfC charitable group. Of this £0.3m is sector income cofunding the DHSC WP and £0.3m contributed to funding SfC corporate costs. AOD contributed income of £0.6m (2020: £0.7m) and net profit of £0.1m (2020: £0.03m).

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

**Notes** (continued)

**4. Income**

	<b>Group 2021 £</b>	<b>Group 2020 £</b>
<b>Restricted</b>		
DHSC	27,127,343	26,839,183
Other funders	<b>6,762,052</b>	6,317,532
	<hr/>	<hr/>
<b>Total restricted income</b>	<b>33,889,395</b>	33,156,715
	<hr/>	<hr/>
<b>Unrestricted</b>		
Trading activity (less trading bank interest)	1,391,422	2,578,448
Bank interest	3,486	24,086
Charitable income	70,076	217,773
Other income – Job retention scheme	45,074	-
FRS 102 pension income (note 17)	<b>768,000</b>	868,000
	<hr/>	<hr/>
<b>Total unrestricted income</b>	<b>2,278,058</b>	3,688,307
	<hr/>	<hr/>
<b>Total income</b>	<b>36,167,453</b>	36,845,022
	<hr/>	<hr/>
Workforce revenue	<b>23,470,000</b>	23,300,000
Workforce capital	<b>2,790,000</b>	2,790,000
Workforce supporting people with a learning disability and autism	<b>579,996</b>	203,877
Office of the Chief Social Worker	<b>237,347</b>	299,183
Liberty Protection Safeguards	-	246,123
Supporting personal relationships	<b>50,000</b>	-
	<hr/>	<hr/>
<b>Total DHSC restricted income</b>	<b>27,127,343</b>	26,839,183
	<hr/>	<hr/>
Dept for Education	<b>5,810,793</b>	4,449,863
Health Education England	<b>453,261</b>	1,515,820
NHS England	<b>240,644</b>	257,195
Local Authorities	<b>61,996</b>	15,665
Federation for Industry Sector Skills & Standards (FISSS)	-	36,892
Registered Nursing Home Association	<b>117,720</b>	-
Other organisations	<b>77,638</b>	42,097
	<hr/>	<hr/>
<b>Total other restricted income</b>	<b>6,762,052</b>	6,317,532
	<hr/>	<hr/>
<b>Total restricted income</b>	<b>33,889,395</b>	33,156,715
	<hr/>	<hr/>
<b>Total unrestricted and restricted income</b>	<b>36,167,453</b>	36,845,022
	<hr/>	<hr/>

**Notes** (continued)

**5. Total resources expended**

	Note	Staff costs 5 (a) £	Other costs £	Group Total 2021 £	Group Total 2020 £
Trading activity cost of raising funds	14	487,844	353,644	841,488	1,443,833
Investments	5b	3,543	-	3,543	3,375
Charitable activities	5c	8,507,644	25,441,334	33,948,978	33,372,542
Pension	17	(378,000)	928,000	550,000	1,367,000
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Charitable activities</b>	5c	<b>8,133,187</b>	<b>26,369,334</b>	<b>34,502,521</b>	34,742,917
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total resources expended</b>	14	<b>8,621,031</b>	<b>26,722,978</b>	<b>35,344,009</b>	36,186,750
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Unrestricted</b>		<b>474,147</b>	<b>3,728,088</b>	<b>4,202,235</b>	5,457,703
<b>Restricted</b>		<b>8,146,884</b>	<b>22,994,890</b>	<b>31,141,774</b>	30,729,047
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	5d	<b>8,621,031</b>	<b>26,722,978</b>	<b>35,344,009</b>	36,186,750
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

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:

	2021 £	2020 £
Trading activities	58,892	61,272
Investment	3,543	3,375
Charitable activities	456,144	454,795
	<u>          </u>	<u>          </u>
<b>Total</b>	<b>518,579</b>	519,442
	<u>          </u>	<u>          </u>

This includes governance costs of £138,544 (2020 £113,947)

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

5e) Disbursements of £18.4m (2020: 17.1m) include £11.7m (2020: £10.5m) WDF, £6.7m (2020: £6.6m) Adults and Child & Family ASYE.



**Notes** (continued)

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

		2021	2020
	Notes	£	£
Payroll costs	7	8,621,031	9,332,336
Agency costs	7	39,604	50,283
Training and recruitment		88,747	96,688
Travel		23,277	580,548
Contracts and consultancy		2,501,470	2,373,647
Disbursements	5e	18,410,906	17,136,102
Graduate bursaries		-	411,774
Workshops and meetings		28,650	476,141
Board and committees		5,429	7,634
Conferences and exhibitions		15,019	173,751
Rent, rates, utilities and lease termination		1,243,162	1,070,604
Insurance		32,129	19,121
Cleaning and maintenance		38,420	49,866
Software, telecoms and equipment		219,175	460,093
IT leases, rentals and licenses		407,441	312,258
Postage and courier		44,393	91,377
Printing and stationery		55,157	223,071
Subscriptions and publications		39,680	39,702
Promotion and advertising		24,791	146,084
Fees paid to external auditors	6	41,296	48,676
Accountancy and legal costs		121,490	80,753
Bad debt provision		(9,900)	72,257
Corporate office costs		85	4,234
Pension interest	17	928,000	1,033,000
Loss on sale of assets		-	2,205
Depreciation and amortisation	8	2,424,557	1,894,545
<b>Total resources expended</b>		<b>35,344,009</b>	<b>36,186,750</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	
	2021	2020
	£	£
<i>After charging:</i>		
Auditors' remuneration - audit of these financial statements	30,956	35,200
Auditors' remuneration - audit of financial statements of subsidiaries	10,340	6,000
Auditors' remuneration - taxation and compliance services	5,711	6,142
Internal audit services - remuneration	40,249	26,713
Operating lease rentals - buildings and equipment	1,062,814	997,537
Amortisation of goodwill and intangible assets and depreciation of tangible fixed assets (note 5 and 8)	2,424,556	1,894,545
Loss on disposal of assets	-	2,205
Other pension interest (note 17 and note 5)	928,000	1,033,000
<i>And after crediting:</i>		
Bank interest receivable (note 4)	3,486	24,086
Other income - FRS102 interest adjustment (note 17 and note 4)	768,000	868,000

## 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 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 overall financial context and other reward and wellbeing initiatives.

As no staff are employed by the subsidiary company Skills for Care Solutions Ltd, resources utilised to deliver trading activities are charged within the service level agreement with the subsidiary for £299,182 (2020: £579,962). The average number of staff employed by the group during the year, analysed by category, was as follows:

#### Group – number of employees

	2021	2020
Key management personnel (Leadership Team)	9	6
Programme heads, project managers, heads of areas and locality managers	101	102
Project management office, engagement and other project support	40	41
Corporate resources	30	35
Digital and data analysts	22	23
SfCD UK partnership hosted staff	1	1
	<u>203</u>	<u>208</u>

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

	2021	2020
	£	£
Gross salaries	8,306,376	8,261,446
Labour costs capitalised	(994,771)	(869,402)
	<u>7,311,605</u>	<u>7,392,044</u>
Employer's social security costs	849,882	844,836
Employer's pension costs (before FRS102 adjustments)	837,544	761,456
	<u>8,999,031</u>	<u>8,998,336</u>
Employer's pension contributions including one off lump sum payments	(1,086,000)	(760,000)
Current service cost	708,000	806,000
Past service cost	-	288,000
	<u>8,621,031</u>	<u>9,332,336</u>

The above payroll costs exclude agency and secondment staff costs of £0.02m (2020: £0.12m).

The above costs include £0.2m (2020: £0.2m) 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 (excluding Employer pension and National Insurance Contribution (NIC)) fell within each of the following bands was:

	<b>2021</b>	2020 Restated excluding E'rs contributions	2020
£60,001 - £70,000	<b>1</b>	3	12
£70,001 - £80,000	<b>5</b>	2	9
£80,001 - £90,000	-	-	2
£90,001 - £130,000	-	-	3
£130,001 - £150,000	<b>1</b>	1	1
	<u>          </u>	<u>          </u>	<u>          </u>

Total pension contributions for the above employees totalled £102,224 (2020 restated £88,667; 2020: £267,308).

SfC used the agreed recommended contribution rate of 28.5% (2020 23.9%) for the employer's contribution paid to the WYPF scheme. Deficit payments totalling £0.5m (2020 £0.03m) were made. The charity also operates a stakeholder pension scheme as set out in note 17.

Due to the COVID-19 pandemic and the board operating virtually during 2021, no trustees (2020: 14) were reimbursed (2020: £8,678) for travel and subsistence.

Trustee indemnity insurance was covered under the Directors and Officers policy with Axa Insurance Limited. The trustees consider that the officers and members liability insurance is adequate.

<b>Trustee directors' emoluments</b>	<b>2021</b>	2020
	<b>£</b>	£
Aggregate emoluments (including employer's NIC) (pension £nil)	<b>38,620</b>	38,641
	<u>          </u>	<u>          </u>

The Chair is entitled to £35,000 per annum (2020: £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 intangible assets (note 8d and 14)	Group intangible assets	Office furniture & equipment	Hardware & project assets	Group and company tangible assets (note 8c)	Total group for info only
	£	£	£	£	£	£	£	£	£
<b>Cost</b>									
At beginning of year	2,237,004	4,971,892	7,208,896	361,116	7,570,012	347,569	399,329	746,898	8,316,910
Additions	125,225	2,509,739	2,634,964	-	2,634,964	6,784	74,322	81,106	2,716,070
<b>At end of year</b>	<b>2,362,229</b>	<b>7,481,631</b>	<b>9,843,860</b>	<b>361,116</b>	<b>10,204,976</b>	<b>354,353</b>	<b>473,651</b>	<b>828,004</b>	<b>11,032,980</b>
<b>Amortisation</b>									
At beginning of year	1,640,116	1,579,037	3,219,153	317,589	3,536,742	191,267	351,780	543,047	4,079,789
Charge for the year	356,034	1,883,089	2,239,123	21,824	2,260,947	96,904	66,706	163,610	2,424,557
<b>At end of year</b>	<b>1,996,150</b>	<b>3,462,126</b>	<b>5,458,276</b>	<b>339,413</b>	<b>5,797,689</b>	<b>288,171</b>	<b>418,486</b>	<b>706,657</b>	<b>6,504,346</b>
<b>Net book value</b>									
<b>At 31 March 2021</b>	<b>366,079</b>	<b>4,019,505</b>	<b>4,385,584</b>	<b>21,703</b>	<b>4,407,287</b>	<b>66,182</b>	<b>55,165</b>	<b>121,347</b>	<b>4,528,634</b>
<i>At 31 March 2020</i>	<i>596,888</i>	<i>3,392,855</i>	<i>3,989,743</i>	<i>43,527</i>	<i>4,033,270</i>	<i>156,302</i>	<i>47,549</i>	<i>203,851</i>	<i>4,237,121</i>

8b) The ASC-WDS system includes workforce intelligence from employers across the adult social care sector in England.

8c) All company and group intangible assets and 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.

**Notes** (continued)

**9. Investments**

<b>Group and Company</b>	<b>2021</b>		<b>2020</b>	
	<b>Cost</b>	<b>Bid value</b>	<b>Cost</b>	<b>Bid value</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of year (note 9a)	<b>21,471,432</b>	<b>28,066,703</b>	21,334,851	27,491,226
Additions during the year (note 9b)	-	-	136,581	136,581
Unrealised gain in year	-	<b>3,956,341</b>	-	438,896
<b>At end of year</b>	<b>21,471,432</b>	<b>32,023,044</b>	<b>21,471,432</b>	<b>28,066,703</b>

9a) 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.

9b) Included in investments is a charitable investment in a company whose activities include social care recruitment and retention digital solutions. The consideration was partly settled in cash last year. £45,202 remains deferred to be settled in the form of funding for future promotional activity and is represented by a creditor in these financial statements.

**10. Fixed asset investments - Company**

	<i>Note</i>	<b>Shares in group undertakings £</b>
<b>Costs</b>		
At beginning and end of year	3	<b>309,185</b>
<b>Provisions</b>		
At beginning of year		<b>245,659</b>
Impairment		<b>43,526</b>
<b>At end of year</b>		<b>289,185</b>
<b>Net book value</b>		
<b>At 31 March 2021</b>		<b>20,000</b>
<i>At 31 March 2020</i>		<b>63,526</b>

**Notes** (continued)

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

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	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	2021 Total	2020 Total
	£	£	£	£
Turnover	874,811	557,885	1,432,696	2,585,468
Cost of sales	(301,890)	(224,904)	(526,794)	(961,368)
<b>Gross profit</b>	<b>572,921</b>	<b>332,981</b>	<b>905,902</b>	1,624,100
Administrative expenses	(76,744)	(237,162)	(313,906)	(482,465)
Operating profit	496,177	95,819	591,996	1,141,635
Interest receivable	554	5	559	2,640
Profit on ordinary activities before taxation	496,731	95,824	592,555	1,144,275
Tax on profit on ordinary activities	-	-	-	(790)
<b>Profit for the year</b>	<b>496,731</b>	<b>95,824</b>	<b>592,555</b>	1,143,485

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

Assets and liabilities:	Skills for Care Solutions	AOD	2021 Total	2020 Total
	£	£	£	£
Current assets	446,269	1,075,506	1,521,775	2,038,498
Current liabilities	(436,269)	(1,065,102)	(1,501,371)	(2,018,094)
<b>Total net assets</b>	<b>10,000</b>	<b>10,404</b>	<b>20,404</b>	20,404
Called up share capital	10,000	10,000	20,000	20,000
Profit and loss account	-	404	404	404
<b>Shareholders' funds</b>	<b>10,000</b>	<b>10,404</b>	<b>20,404</b>	20,404

**Notes (continued)**

**11. Debtors**

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	1,054,308	1,028,145	837,939	578,310
Amounts owed by group undertakings	-	-	250,246	1,063,439
Prepayments, other debtors and accrued income	114,221	327,264	108,765	194,762
	<u>1,168,529</u>	<u>1,355,409</u>	<u>1,196,950</u>	<u>1,836,511</u>

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	272,976	383,624	218,258	333,910
Other creditors	399,290	912,709	252,420	657,581
Accruals (note 12a)	7,617,068	7,088,787	7,572,047	6,975,642
Deferred income (note 12b)	1,694,558	1,680,614	716,567	1,132,929
	<u>9,983,892</u>	<u>10,065,734</u>	<u>8,759,292</u>	<u>9,100,062</u>

12a) Accruals include disbursements and contract for services of £6m (2020: £5.9m) which are committed to the payment of milestones relating to activities undertaken during the year. The remainder of the accruals are purchase orders of £0.7m (2020: £0.6m) and other accruals of £0.9m (2020: £0.5m).

12b) Deferred income includes £0.18m (2020: £0.5m) HEE, £0.12m (2020: £0.3m) DfE Child and Family ASYE contract, £0.14m NHS England (2020 Nil), £0.25m (2020: £0.3m) from other funders to be disbursed to the sector and £1m AOD and Skills for Care Solutions customers invoiced and received in advance.

**13. Provision for liabilities and charges**

	2021	2020
	£	£
At beginning of year	137,384	137,384
Charge in year	22,000	-
Release of provision for terminated London office premises	(59,384)	-
<b>At end of year</b>	<u>100,000</u>	<u>137,384</u>

The provision at the beginning of the year is for Leeds and London office potential dilapidation costs. This provision is reviewed annually and is released on the termination of the leases, when costs to revert the premises back to its original condition are incurred. During the year, the decision to terminate the lease and close the office in London was taken and specific expenditure incurred and accounted for.

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 14f)	At end of year
	£	£	£	£	£	£	£	£	£
<b>Restricted</b>									
<b>DHSC</b>									
Revenue grant	613,307	23,470,000	(23,894,994)	-	-	290,150	478,463	(478,463)	-
Capital grant	-	2,790,000	-	-	-	(2,716,074)	73,926	(73,926)	-
Learning disability and autism	-	579,996	(471,567)	-	-	4	108,433	(108,433)	-
Office of the Chief Social Worker	-	237,347	(282,739)	-	-	45,392	-	-	-
Personal relationships	-	50,000	(26,059)	-	-	-	23,941	(23,941)	-
Liberty protection and safeguarding	154,639	-	(148,312)	-	-	-	6,327	(6,327)	-
	<b>767,946</b>	<b>27,127,343</b>	<b>(24,823,671)</b>			<b>(2,380,528)</b>	<b>691,090</b>	<b>(691,090)</b>	
<b>DHSC work programme</b>									
DfE	-	5,810,793	(5,589,972)	-	-	(220,821)	-	-	-
Others	-	951,259	(728,131)	-	-	(223,128)	-	-	-
		6,762,052	(6,318,103)			(443,949)			
<b>Other restricted funding</b>									
	<b>767,946</b>	<b>33,889,395</b>	<b>(31,141,774)</b>			<b>(2,824,477)</b>	<b>691,090</b>	<b>(691,090)</b>	
<b>Total restricted</b>									



	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 14 f)	At end of year
	£	£	£	£	£	£	£	£	£
<b>14. Reserves (continued)</b>									
<b>Unrestricted</b>									
Unrealised investment gain	6,595,271	-	-	-	3,956,341	-	10,551,612	-	10,551,612
Fixed asset reserve	4,193,586	-	(2,402,732)	-	-	2,716,070	4,506,924	-	4,506,924
SfCD business continuity	124,541	52,050	(43,540)	-	-	-	133,051	-	133,051
SfC business plan and strategy (14 d)	1,171,062	74,487	(403,312)	-	-	3,457,763	4,300,000	-	4,300,000
SfC business continuity	3,298,418	-	-	-	-	(1,401,204)	1,897,214	-	1,897,214
SfC closure reserve	7,986,357	-	-	-	-	(886,092)	7,100,265	-	7,100,265
Lease renewal	2,388,534	-	-	-	-	(1,430,329)	958,205	-	958,205
AOD cumulative return/business continuity	47,193	-	(1,193)	-	-	95,824	141,824	-	141,824
Dilapidation reserve to fund	137,384	-	(37,384)	-	-	-	100,000	-	100,000
Dilapidation provision	(137,384)	-	37,384	-	-	-	(100,000)	-	(100,000)
AOD goodwill amortisation	53,526	-	(43,526)	-	-	-	10,000	-	10,000
SfCSL and AOD gift aid	-	592,555	-	-	-	(592,555)	-	-	-
Pension reserve to fund liability accrued below	7,750,000	-	-	-	-	865,000	8,615,000	-	8,615,000
<b>Unrestricted (before pension)</b>	<b>33,608,488</b>	<b>719,092</b>	<b>(2,894,303)</b>	-	<b>3,956,341</b>	<b>2,824,477</b>	<b>38,214,095</b>	-	<b>38,214,095</b>
Pension liability	(7,750,000)	768,000	(550,000)	-	(1,083,000)	-	(8,615,000)	-	(8,615,000)
<b>Unrestricted</b>	<b>25,858,488</b>	<b>1,487,092</b>	<b>(3,444,303)</b>	-	<b>2,873,341</b>	<b>2,824,477</b>	<b>29,599,096</b>	-	<b>29,599,096</b>
<b>Total company funds c/f</b>	<b>26,626,434</b>	<b>35,376,487</b>	<b>(34,586,077)</b>	-	<b>2,873,341</b>	-	<b>30,290,185</b>	<b>(691,090)</b>	<b>29,599,095</b>

14. Reserves (continued)	At beginning of year	Incoming resources	Resources expended	Gift aid payment and taxation	Unrealised gain/(loss)	Transfers and designations (note 14 d, e)	At end of year	Commitments (note 14 f)	At end of year
	£	£	£	£	£	£	£	£	£
<b>Total company funds b/f</b>	<b>26,626,434</b>	<b>35,376,487</b>	<b>(34,586,077)</b>	-	<b>2,873,341</b>	-	<b>30,290,185</b>	<b>(691,090)</b>	<b>29,599,095</b>
SfCSL	-	875,365	(378,634)	(496,731)	-	-	-	-	-
AOD	-	557,890	(461,662)	(95,824)	-	-	404	-	404
<b>Total trading activities</b>	-	<b>1,433,255</b>	<b>(840,296)</b>	<b>(592,555)</b>	-	-	<b>404</b>	-	<b>404</b>
<b>Total aggregate funds</b>	<b>26,626,434</b>	<b>36,809,742</b>	<b>(35,426,373)</b>	<b>(592,555)</b>	<b>2,873,341</b>	-	<b>30,290,589</b>	<b>(691,090)</b>	<b>29,599,499</b>
AOD eliminated	(10,927)	(49,734)	60,661	-	-	-	-	-	-
AOD investment amortised	(53,527)	-	43,527	-	-	-	(10,000)	-	(10,000)
Goodwill accounting reserve	53,527	-	(21,824)	-	-	-	31,703	-	31,703
Gift aid eliminated	-	(592,555)	-	592,555	-	-	-	-	-
<b>Consolidating adjustments</b>	<b>(10,927)</b>	<b>(642,289)</b>	<b>82,364</b>	<b>592,555</b>	-	-	<b>21,703</b>	-	<b>21,703</b>
<b>Group unrestricted funds</b>	<b>25,847,561</b>	<b>2,278,058</b>	<b>(4,202,235)</b>	-	<b>2,873,341</b>	<b>2,824,476</b>	<b>29,621,202</b>	-	<b>29,621,202</b>
<b>Total group funds</b>	<b>26,615,507</b>	<b>36,167,453</b>	<b>(35,344,009)</b>	-	<b>2,873,341</b>	-	<b>30,312,292</b>	<b>(691,090)</b>	<b>29,621,202</b>

**Notes** (continued)

**14 a) Unrestricted reserves**

The charity has a policy of maintaining free unrestricted reserves to meet any potential funding gap in accordance with the Skills for Care reserves policy. The F&GP 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 2021, the designated funds were sufficient to fund the minimum potential liabilities. The F&GP 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 and company are as follows:

	2021	2020
	£	£
<b>Unrestricted reserves (before pension)</b>	<b>38,236,202</b>	33,597,561
<b>14 b) Non free reserves</b>		
Investment reserve	(10,551,612)	(6,595,271)
Fixed asset reserve	(4,506,924)	(4,193,586)
Goodwill accounting reserve	(31,703)	(53,526)
	<u>23,145,963</u>	<u>22,755,178</u>

**Investment reserve:** 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:** 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.

**AOD investment / goodwill:** investment not amortised representing nominal value of shares.

	2021	2020
	£	£
<b>14 c) Free reserves</b>		
<i>Made up of the following designations detailed in 14d):</i>		
FRS102 pension	8,615,000	7,750,000
Sfc closure	7,100,265	7,986,357
Sfc business plan and strategy	6,197,214	4,458,553
Lease renewal	958,205	2,388,534
AOD business continuity / cumulative return on investment	141,824	47,193
Dilapidation reserve	100,000	137,384
Dilapidation accrued	(100,000)	(137,384)
SfCD business continuity	133,051	124,541
AOD reserves	404	-
	<u>23,145,963</u>	<u>22,755,178</u>

## Notes (continued)

### 14 d) Free reserves designations

**FRS102 pension:** The company makes contributions to the WYPF, a multi-employer defined benefit scheme. The pension scheme FRS102 valuation gave rise to an estimated deficit of £8.6m as at 31 March 2021 (2020: £7.7m). Trustees designated reserves to meet the increased deficit. As at the last triannual valuation at 31 March 2019 the pension exit valuation of £12.6m is higher than the current year end £8.6m FRS102 accounting valuation.

**SfC closure reserve:** Funds designated by the Trustees to fund potential closure costs which may be incurred if the company ceased activities in the future. As at 31 March 2021, the minimum potential closure liability (excluding £8.6m pension) is £7.1m (2020: £7.3m) and the maximum is £12.1m (2020: £14.3m). The liabilities have decreased as we have terminated the lease in our London office and have not signed a replacement.

**SfC business plan and strategy:** Funds designated by the Trustees to meet any business plan commitments and liabilities which spanned the year ends and to fulfil any potential future funding gap or investment requirements where business cases meet the criteria agreed by members. At March Board, Trustees agreed the principal to support the funding of the newly emerging strategy. Funds were estimated at c£4.3m and would be drawn down using business cases.

**Lease renewal:** Funds designated to fund the Leeds lease to the end of contracted term.

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

**Dilapidation's reserve and provision:** Funds designated by the Trustees to meet potential future costs if the company vacates the Leeds premises. We invoked the termination clause in the London office and all associated costs have been included in these financial results. The remaining reserve is for the Leeds office.

**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.

**AOD:** Reserves retained in AOD subsidiary that have not been donated to SfC.

### 14 e) Transfers

The following transfers were made during the year:

**Restricted funds £2.8m (2020: £2.4m): transferred to unrestricted funds are:**

- **DHSC funds £2.4m:** To deliver the overall DHSC WP activity we secure funds from other sources including the sector and other DHSC units, outside the main adult social care workforce sponsoring unit, to co fund the overall programme. Transfers include £2.7m (2020: £2.9m) capital grant funded additions capitalised in the balance sheet represented by the transfer to fixed asset accounting reserve, £0.3m (2020: £0.8m) sector funding from unrestricted funds to cofund DHSC WP activity and £45k transfer between revenue and OCSW as resources are deployed across the whole of the registered professional's programme.
- **Other funds: £0.4m (2020: £0.4m)** surplus on charitable projects, that have no further restrictions, were transferred to unrestricted funds to contribute towards funding corporate activity and governance.

### 14 f) Commitments relating to DHSC work programme

The company has £0.691m (2020: £0.767m) committed to work programme activities spanning the financial year end which were not due for payment before the year end but funded from grant income received during the year.

**Notes** (continued)

**15. Commitments and contingent liabilities**

Commitments under non-cancellable operating leases are as follows:

	2021		2020	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
<i>Operating leases where payments are due:</i>				
Within one year	319,402	9,258	805,050	28,890
Within second to fifth years	931,588	13,547	2,271,485	27,536
	<u>1,250,990</u>	<u>22,805</u>	<u>3,076,535</u>	<u>56,426</u>

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

	Note	Restricted	Unrestricted funds	Total
		£	£	£
Tangible fixed assets	8a	-	121,347	121,347
Intangible assets	8a	-	4,407,287	4,407,287
Investments	9	-	32,023,044	32,023,044
Current assets		8,220,833	4,238,671	12,459,504
Creditors falling due within one year	12	(7,529,743)	(2,454,149)	(9,983,892)
Creditors falling due after more than one year	17	-	(8,715,000)	(8,715,000)
<b>Net assets as at 31 March 2021</b>		<u>691,090</u>	<u>29,621,200</u>	<u>30,312,290</u>
<i>Net assets as at 31 March 2020</i>		<u>767,946</u>	<u>25,847,561</u>	<u>26,615,507</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 (2020: £0.2m). There were no outstanding contributions at the end of the financial year.

**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 triennial actuarial valuation of Skills for Care's liabilities took place as at 31 March 2019. Liabilities have been estimated by the 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 FRS102 purposes were:

**Notes** (continued)

**17. Pension schemes** (continued)

<b>Key assumptions (% per annum)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Discount rate for liabilities	<b>2.1</b>	2.3	2.4
Customer Price Index (CPI) inflation	<b>2.7</b>	2.0	2.2
Pension increases	<b>2.7</b>	2.0	2.2
Pension accounts revaluation rate	<b>2.7</b>	2.0	2.2
Salary increases	<b>3.95</b>	3.25	3.45

**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>2021</b>	<b>2020</b>
<b>Males</b>		
Member aged 65 at accounting date	<b>21.9</b>	21.8
Member aged 45 at accounting date	<b>22.6</b>	22.5
<b>Females</b>		
Member aged 65 at accounting date	<b>24.7</b>	24.6
Member aged 45 at accounting date	<b>25.8</b>	25.7

<b>Asset allocation</b>	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
Equities	<b>78.9</b>	77.5
Property	<b>4</b>	4.5
Government bonds	<b>9</b>	9.6
Corporate bonds	<b>4.8</b>	5.1
Cash	<b>1.3</b>	1.9
Other**	<b>2</b>	1.4
<b>Total</b>	<b>100</b>	100

\*\* 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>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Fair value of assets	<b>41,268</b>	32,877
Present value of defined benefit obligation	<b>(49,883)</b>	(40,627)
<b>Pension (liability) recognised on the balance sheet</b>	<b>(8,615)</b>	(7,750)

**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:

	<b>2021</b>	2020
	%	%
Active members	<b>37</b>	37
Deferred pensioners	<b>28</b>	28
Pensioners	<b>35</b>	35
<b>Amount recognised in the income statement</b>	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Operating cost</b>		
Current service cost	<b>708</b>	806
Past service cost	-	76
Past service cost – 2018/19 McCloud and GMP indexation	-	212
<b>Financing cost</b>		
Interest on net defined benefit liability/(asset)	<b>160</b>	165
<b>Pension expense recognised in profit and loss</b>	<b>868</b>	1,259
Allowance for administration expenses included in current service cost £'000	<b>7</b>	7
<b>Amounts recognised in other comprehensive income</b>	<b>2021</b>	2020
	<b>£'000</b>	£'000
Asset gains / (losses) arising during period	<b>6,859</b>	(3,867)
Liability (losses) / gains arising during period	<b>(8,160)</b>	3,569
Total amount recognised in other comprehensive income and (charged) to SOFA	<b>(1,301)</b>	(298)
<b>Changes to the present value of the defined benefit obligation</b>	<b>2021</b>	2020
	<b>£'000</b>	£'000
Opening defined benefit obligation	<b>40,627</b>	43,402
Current service cost	<b>708</b>	806
Interest expense on defined benefit obligation	<b>928</b>	1,033
Contributions by participants	<b>156</b>	167
Re-measurement gains / (losses) on liabilities	<b>8,160</b>	(3,569)
Net benefits paid out	<b>(696)</b>	(1,500)
Past service cost	-	76
Past service costs – 2018/19 McCloud and Guaranteed Minimum Pension indexation	-	212
<b>Closing defined benefit obligation</b>	<b>49,883</b>	40,627

**Notes** (continued)

**17. Pension schemes** (continued)

<b>Changes to the fair value of assets</b>	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of assets</b>	<b>32,877</b>	<b>36,449</b>
Prior year adjustment	<b>218</b>	-
Interest income in assets	<b>768</b>	868
Re-measurement gains/(losses) on assets	<b>6,859</b>	(3,867)
Contributions by employer *per note 5	<b>1,086</b>	760
Contributions by participants	<b>156</b>	167
Net benefits paid	<b>(696)</b>	(1,500)
	<hr/>	<hr/>
<b>Closing fair value of assets</b>	<b>41,268</b>	<b>32,877</b>
	<hr/>	<hr/>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Actual return on assets</b>		
Interest income on assets	<b>768</b>	868
Gains / (Losses) on assets	<b>6,859</b>	(3,867)
	<hr/>	<hr/>
<b>Actual return on assets</b>	<b>7,627</b>	<b>(2,999)</b>
	<hr/>	<hr/>
	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
<b>Amount credited to other income</b>		
Interest income on assets	<b>768</b>	868
Interest cost	<b>(928)</b>	(1,033)
	<hr/>	<hr/>
<b>Net expected return on pension assets</b>	<b>(160)</b>	<b>(165)</b>
Current service cost *per note 5	<b>(708)</b>	(806)
Past service cost	-	(76)
Past service cost – 2018/19 McCloud and GMP indexation	-	(212)
	<hr/>	<hr/>
<b>Net amount credited / (charged) to statement of financial activities (SOFA)</b>	<b>(868)</b>	<b>(1,259)</b>
	<hr/>	<hr/>

Included in note 5, resources expended is the difference of £0.378m 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 2021 are as follows:

	<b>2022</b>
	<b>£'000</b>
<b>Current service costs</b>	<b>966</b>
Net internal cost on net defined benefit liability	<b>173</b>
	<hr/>
<b>Total estimated pension expense</b>	<b>1,139</b>
	<hr/>
Allowance for administration expenses include in current service cost	<b>6</b>
Estimated pensionable payroll over period	<b>2,126</b>
	<hr/>



**Notes** (continued)

**18. Related party transactions**

Trustees of the Charity are appointed for 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>Organisation</b>	<b>Relationship of board member with organisation</b>	<b>Type of contracts awarded to organisation</b>	<b>2021</b>	<b>2020</b>
				<b>£</b>	<b>£</b>
Suzie Bailey	The Kings Fund	Employed as Director of Leadership & Organisational Development	Contract with AOD for work completed by Professor Michael West to support the King's Fund strategic priority on Supporting People and Leaders and work done as part of the RCN Foundation commissioned research on the mental health and wellbeing of nurses and midwives.	24,959	Nil
Rachael Wardell	Surrey County Council	Executive Director of Children, Families and Lifelong Learning	Adults ASYE	22,815	13,664

## **Glossary of terms**

A&R	Audit & Risk Committee
ADASS	Association of Directors of Adult Social Services
AMC	Annual Management Charge
AOD	Affina Organisation Development Limited
ASC-WDS	Adult Social Care Workforce Dataset
ASYE	Assessed and Supported Year in Employment
BAME	Black, Asian and Minority Ethnic
CEO	Chief Executive Officer
COIF	Charities Official Investment Fund
CPA	Care Provider Alliance
CPI	Customer Price Index
CQC	Care Quality Commission
DfE	Department for Education
DHSC	Department of Health and Social Care
DWP	Department of Work and Pensions
F&GP	Finance & General Purposes Committee
FISSS	Federation for Industry Sector Skills & Standards
FRS	Financial Reporting Standard
FTE	Full Time Equivalent
GDS	Government Digital Service
GMP	Guaranteed Minimum Pension
HEE	Health Education England
HEEKSS	Health Education England for Kent, Surrey and Sussex
ICS	Integrated Care System
IE	Individual Employer
IPC	Infection Prevention Control
KPI	Key Performance Indicator
LCIC	Leading Change, Improving Care
LGA	Local Government Association
LGPS	Local Government Pension Scheme
LT	Leadership Team
LTAPS	Leading Together across Public Services
MHCLG	Ministry of Housing, Communities & Local Government
NAAS	National Assessment and Accreditation System
NHS	National Health Service
NHSLA	NHS Leadership Academy
NIC	National Insurance Contribution
NQSW	Newly Qualified Social Worker

**Glossary of terms** *(continued)*

PA	Personal Assistant
PASS	Professional Assurance (for cabinet office spend control)
PPE	Personal Protective Equipment
QNI	Queen's Nursing Institute
RCOT	Royal College of Occupational Therapists
RM	Registered Manager
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
TLAP	Think Local Act Personal
ULO	User Lead Organisation
VAT	Value Added Tax
WDF	Workforce Development Fund
WP	Work Programme
WRES	Workforce Race Equality Standards
WYPF	West Yorkshire Pension Fund